

THE NEW HEALTH DIALOGUE BLOG

IN THE STATES: P4P More than OK for Duncan, OK

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We wouldn't expect **Duncan, Oklahoma**—the birthplace of Halliburton *and* Ron Howard—to be a bastion of pay-for-performance, which is why an article in Saturday's *Tulsa World*, caught our attention.

Four years ago, Duncan was in a bind, unable to control the rising costs of providing health care to city workers. Enter, Jeff Greene, CEO of **MedEncentives** with a program to improve health care and reduce costs by aligning the incentives between patients and doctors.

The web-based program—which a self-insurer like the City of Duncan paid to add on to its traditional insurance plan—is essentially pay-for-performance with a twist. Doctors receive as much as a 20 percent increase in their standard fees for confirming that they followed a set of evidence-based standards of care (or giving a justification for deviating from such program). Doctors are given the opportunity to prescribe "information therapy" for their patients which provides them with materials online to better manage their conditions and understand their treatments. Patients who complete this information therapy can then receive a reduction in co-pays. Both patient and doctor declare their compliance with the program, and each are asked verify the other's declaration. This creates another incentive for each to modify their behavior as neither side wants the other to think their not living up to their end of the bargain.

The results? Duncan's been able to limit cost increases to a manageable range of between 5 and 10 percent over the last four years and MedEncentives estimates that after the first year the program produced a return on investment of more than 900 percent.

A year ago, The Health Care Blog's Matthew Holt *interviewed* Greene about his program. It's a long conversation, (podcast [here](#)), but the take-home point for us was getting the incentives right so that all parties involved can share in the savings of payment reform. It's an important principle going forward and it's encouraging to see individuals in the private sector experimenting with ways to make it a reality.