

Pay for Performance in Healthcare

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April 2017



ASSOCIATION EUROPÉENNE DES DIRECTEURS D'HÔPITAUX
EUROPÄISCHE VEREINIGUNG DER KRANKENHAUSDIREKTOREN
EUROPEAN ASSOCIATION OF HOSPITAL MANAGERS

What is PFP?



- An approach used to provide incentives to physicians and health care provider organizations to achieve improved performance
- Also known as 'value-based purchasing' where financial incentives are offered to physicians, hospitals, medical groups etc. for meeting various targets
- Designed as an alternative to pay for service
- Can take the form of a payment or a penalty (reduction in payment)

What is rewarded?

- Service provision
- Quality
- Resource management
- Innovation
- Facilities



Issues to be considered

Pros

- Intuitively good to do
- Highlights issues to be addressed
- Aligns interests of Providers and Funders
- Funds can be used to support activities

Cons

- Issues of goal-setting in healthcare
- Challenge of unintended consequences
- Patient centered care vs targets
- Cost of administration/policing
- Not appropriate to deal with system issues
- Not proven to be effective



Examples of usage

- GPs asked to take on additional (kinds of) patients
- Payments subject to ratings on compliance, e.g. checking weigh of patients
- Improvement in outcomes, e.g. blood pressure of stroke patients
- Patient experience/satisfaction rating



