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PAY-FOR-PERFORMANCE

The American Academy of Neurology (AAN) is a professional organization of 19,000 neurologists specially trained to provide care to patients with neurological disorders, including stroke, Parkinson disease, multiple sclerosis, dementia, epilepsy, and ALS. The Academy believes that maintaining access to specialists, including neurologists, is critical to the provision of quality health care.

In 2003, U.S. health care expenditures reached \$1.7 trillion. Physician services, which accounted for one-fifth of all U.S. health care spending, represented the second largest share of those expenses¹. The increasing strain of health care expenses on the federal, state, local, and corporate levels necessitates new approaches to achieve greater cost efficiencies. Current administrative and legislative proposals to implement programs based on a pay-for-performance (P4P) reimbursement system emphasize the need to deliver health care with improved quality and greater efficiency. The AAN supports these efforts as long as the **core principle of the program is the best quality care for the patient.**

The Academy believes that the design and implementation of a P4P system must take special care to ensure that program requirements promote quality of care and efficiency objectives. As P4P applies to Medicare, the AAN is concerned that the following issues, if not resolved, could limit the participation of neurologists in such a program.

Barriers to Participation

Efficiency versus Quality

The provision of high quality neurological care is a primary AAN objective. Efficiency measures are important, but must not be implemented at the expense of quality. Greater efficiency does not necessarily result in higher quality. Likewise, high quality may not always mean lower costs. Pay-for-performance needs to safeguard the integrity of clinical decisions. **Quality, patient safety and privacy must be paramount to statistical efficiency.**

Cost of Documentation

Approximately 53 percent of the AAN's U.S. members practice in small or solo group settings. The logistical and financial costs associated with data collection and reporting would impose a disproportionate burden on these practitioners. Data collection and reporting costs must be taken into account – either in the form of increased reimbursement rates or through the provision of subsidized or low-cost health information technology (IT) compatible with the P4P data reporting requirements.

General and Subspecialized Practices

It may be difficult to report sufficient amounts of data. For example, many general neurologists treat an array of neurological conditions but may not see a significant

¹ Smith, et al., "Health Spending Growth Slows in 2003," *Health Affairs*, 2005

number with a specific disease, but still provide high quality service. Conversely, several practices specialize in treating a specific condition but treat a small number of patients with other neurological conditions. Any measurement data collected must be of a sufficiently valid size to ensure accurate ratings. This may limit physician participation or eligibility for pay for performance programs.

Limited Specialty Experience

Compared to primary care, specialties have had less experience with P4P demonstration projects and have fewer established performance indicators. Most demonstration projects have focused on easily identifiable indicators and have not generally addressed areas of significant complexity, such as treating patients with multiple conditions or when several physicians are treating the same patients. The AAN recommends that the implementation of a P4P program be phased in incrementally to allow more specialties the opportunity to participate in their own demonstration projects and establish appropriate mechanisms for indicator development. The AAN strongly supports neurologically focused demonstration projects prior to full implementation of any P4P program. Until such opportunities have been afforded, physician participation should be voluntary.

Quality Indicator Development

It is the policy of the AAN that clinical quality indicator measures be important, valid, and practical to implement. Validity requires that measures be evidence-based and that the physician community be directly involved in their design and implementation. Aside from the management of acute stroke, there are few neurological conditions for which evidence-based and validated quality indicators presently exist. It will also take time to develop other non-clinical performance measures. The Academy is already taking the appropriate steps to create systems for the development and approval of these measures. Thus, any P4P program should provide for:

- Staged implementation to allow more time for thorough indicator development and to further increase the quality of clinical and other non-clinical measures.
- Grants to further the development of necessary evidence and data.

The Devaluation of Cognitive Medical Services

Patients with neurological conditions require a significant amount of time to properly diagnose and treat. These cognitive services are undervalued in the current reimbursement system. Left unaddressed, the AAN is very concerned that the underlying problems stemming from inequalities of payment will only become more serious. An unintended consequence is that current relative payments are distorted and represent a misaligned incentive system, encouraging diagnostic tests over thoughtful and skilled patient care. The AAN recommends addressing these underlying inequities before a P4P system is adopted.

Conclusion

The AAN recognizes that the increasing costs of health care in the United States pose an increasing problem to the federal budget, particularly with the current looming deficits. The question is whether federal mandates that incentivize specific types of clinical practice are desirable. As a nation, we need to thoughtfully assess the pros and cons of P4P proposals. P4P is likely to have a major impact on health care delivery. **Hasty implementation of untested methodologies is likely to result in unintended consequences that reduce rather than enhance the quality of our health care.**

The outcome of the debate on P4P is very significant for both patients and physicians. The conscientious and continued involvement of patients, the physician community, and government administrators, coupled with deliberative and cautious exploration of a P4P program is vital to promote our main goal: better quality of care for patients with neurologic disorders.