



## HEARING SUMMARY

**DATE:** May 17, 2005

**HEARING:** Examining Pay-for-Performance Measures and Other Trends in Employer-Sponsored Health Care

**COMMITTEE:** House Education and the Workforce Committee, Employer-Employee Relations Subcommittee

**WITNESSES:** Karen Ignani – CEO, America’s Health Insurance Plans  
Dr. Robert Galvin – Director, Corporate Health Care and Medical Programs, General Electric, on behalf of the HR Policy Association  
Meredith Rosenthal, Ph.D., Assistant Professor of Health Economics and Policy, Harvard School of Public Health  
Jeffrey Hanson, Verizon Communications, and President of Bridges to Excellence Coalition

On May 17, 2005, the House Education and the Workforce Committee, Employer Employee Relations Subcommittee, held a hearing to examine pay-for-performance measures and other trends in employer-sponsored health care. In addition to Subcommittee Chairman Sam Johnson (R-TX) and ranking Democrat Rob Andrews (D-NJ), Representatives Charles Norwood (R-GA), John Kline (R-MN), Charles Boustany (R-LA), Dale Kildee (D-MI), John Tierney (D-MA), Donald Payne (D-NJ), Rush Holt (D-NJ), and Betty McCollum (D-MN) attended the hearing.

AHIP CEO Karen Ignani told the subcommittee that health plans and providers are already working to develop quality measures. The Ambulatory Care Quality Alliance, which also includes the Centers for Medicare and Medicaid Services (CMS) and the Agency for Healthcare Research and Quality (AHRC) have reached agreement on 26 quality measures. AHIP has found that physicians will support the development of quality measures if they are evidence-based and the medical specialties are involved in the process.

Dr. Robert Galvin of General Electric (GE), who testified on behalf of the HR Policy Association, said employers are shifting to value-based purchasing in health care and away from purchasing based simply on cost. GE data shows that in every major market where it has employees the same level of health quality is available at prices that differ by 30-40 percent. Dr. Galvin said he was particularly encouraged by the recent announcement that the Medicare program is getting involved in pay-for-performance efforts. Rather than legislating in this area, the federal government would do more to help improve quality in the nation's health care system by "leading by example" and also using pay-for-performance and other initiatives in the Federal Employees Health Benefits Plan (FEHBP) and Tricare, the health system for the military. The two programs combined cover 18 million lives.

Meredith Rosenthal, Ph.D., Harvard University School of Public Health, said pay-for-performance has "promise" but there are also some challenges. There is an obvious need for coordination of measures across all payers and there is insufficient evidence that pay-for-performance will actually improve quality. In addition, pay-for-performance is not designed to reap cost savings for the health system. She recommended increased funding for AHRC and called on CMS to take a leadership role in the quality arena and contribute aggregate data to an all-payer data set from which reliable performance evaluation measures could be developed.

Jeffrey Hanson of Verizon Communications, who serves as the President of the Bridges to Excellence (BTE) coalition, a group of large employers that supports various physician pay-for-performance efforts around the country, discussed the coalition's initiatives.

During the question and answer period, the Members of Congress specifically asked about the response of physicians to pay-for-performance programs. Rep. Andrews asked if there were any problems or impediments raised by ERISA. Witnesses said they were not aware of any potential problems. Rep. Kildee asked if anyone had considered the possibility of civil actions by physicians who are not put on a list of "best doctors." Witnesses agreed it was a good question but they did not have an answer. There were also a number of questions regarding using the same criteria to judge a physician or hospital serving "at-risk" populations and those serving other populations. In particular, Members said they hoped any pay-for-performance program would distinguish between institutions that can meet standards but refuse and those who would meet the quality standards but cannot due to resource limitations. Overall, there was bipartisan support for pay-for-performance initiatives and an eagerness on the part of the subcommittee members to "help" in any way with efforts to improve health care quality.

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