Pay-for-performance programs may worsen medical disparities, study finds

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Rewarding primary care physicians for providing better care to patients could end up widening medical disparities experienced by poorer people and those belonging to racial and ethnic minorities, according to a new RAND Corporation study.

Researchers found that under a typical pay-for-performance program medical practices that serve vulnerable populations would likely receive lower payments than other practices, a result of existing gaps in the quality of health care received by patients in these groups.

The finding suggests that pay-for-performance programs could divert resources away from medically needy communities, further eroding the quality of medical care rather than driving improved quality.

"Paying for performance may have the unintended effect of diverting medical resources away from the communities that need these resources the most," said Dr. Mark Friedberg, the study's lead author and an associate natural scientist at RAND, a nonprofit research organization. "If you don't watch where the money goes, pay-for-performance programs have the potential to make disparities worse."

The study is the first to simulate the impact of pay-for-performance on physician practices that serve medically vulnerable communities. The findings are published in the May edition of the journal *Health Affairs* that is devoted to issues in primary care.

Pay-for-performance programs are an increasingly popular strategy for improving the quality of medical care. For example, recently passed federal health reform legislation encourages the Medicare program to expand the new strategy. Under such programs, physician groups may receive a bonus if they meet certain performance goals, such as frequently providing recommended blood tests to patients with diabetes

Simulating the impact of a typical pay-for-performance program on primary care physicians in Massachusetts, researchers found that average-sized physician practices serving the highest proportion of vulnerable populations would receive about $7,100 less annually than other practices. That difference could be even larger if greater amounts of money are put at stake in future pay-for-performance programs.

Researchers note that there are relatively fewer physicians and other medical providers located in communities with large medically vulnerable populations. If these providers receive lower reimbursements than other providers, new resources may be diverted elsewhere, making it difficult to reverse existing disparities.

Researchers say their findings suggest that pay-for-performance programs need to be structured to account for the payment shortfalls that could worsen medical disparities. One approach could be to provide targeted grants to physicians for caring for vulnerable populations, which could offset resource disparities while preserving the incentive to improve care for these populations.

"We found that practices that treat vulnerable populations have room for performance improvement, so it's important to preserve the incentive to improve quality of care while taking steps to prevent an increase in disparities," Friedberg said.

The study simulated how a pay-for-performance plan used in a Medicare

demonstration project would affect primary care physician group practices in Massachusetts that treated patients enrolled in any of the five largest commercial health plans in the state. A total of 438 primary care practices and their patients were included in the study, which used performance information from 2007.

In a second study appearing in the May 4 edition of *Health Affairs*, RAND researchers conclude that the best way to strengthen primary care in the United States is to reorient the focus of the health system rather than solely focusing on training more primary care providers.

There is emerging consensus that strengthening primary care will provide Americans with better health care and help restrain the growth of health care spending. RAND researchers reviewed existing studies about primary care and its impact on health care quality, outcomes and costs.

"There is limited evidence that simply increasing the number of primary care physicians in the nation will improve health and slow the growth of health care costs unless we also reorient the system to focus on primary care," said Dr. Eric Schneider, a senior natural scientist at RAND and an author of the study.

Important steps that should be a part of any health system reorientation include encouraging patients to use primary care providers as coordinators of their health care, shifting investment from high-technology services to instead support community-based primary care, and improving communication between specialists and primary care providers.

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