

How physicians are adapting to payment reform

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Private and public healthcare providers in the U.S. are increasingly turning to the "pay-for-performance" model, in which physicians and hospitals are paid if they meet healthcare quality and efficiency targets. This reimbursement model represents a shift away from the traditional "pay-for-service" structure and is designed to put greater emphasis on



paying for value, not volume, of care.

The increasing popularity of this model—which includes Medicare moving in 2015 to a new value-based reimbursement system for some physicians—is why two Northeastern University faculty members in the Center for Health Policy and Healthcare Research say now is a critical time for their new research study focusing on the mindset and behaviors of people who are implementing this pay-for-performance model at the ground level.

Professor Gary Young, who directs the center, and associate professor Timothy Hoff—both healthcare policy experts—began a research project this fall to better understand how primary care providers adapt their thinking and behaviors to this new payment incentives model and how healthcare organizations communicate about it. This data, they say, is critical to understand, especially as the U.S. continues to invest in these pay-for-performance and value-based purchasing strategies through their implementation of new organizational arrangements such as ACOs and patient-centered medical homes.

"No one has studied how physicians and their teams are thinking about this," said Hoff, who holds joint appointments in the D'Amore-McKim School of Business and the School of Public Policy and Urban Affairs. "It's a largely unproven model, and with this study we're trying to peer into the black box of practice-level behavior to identify how mindsets change in response to being paid in new and different ways, and what this change means for <u>patient care</u>."

Through this qualitative research study, they aim to inform the policy community on the best ways to implement payment reforms within everyday practice environments. They hope their research can serve as a baseline for identifying "tipping points" and inform the healthcare industry about how changes in the way physicians and nurses think about



and practice patient care can contribute to improved quality of care and lower costs.

Their pilot study, which began in October, involves interviewing dozens of physicians and staff at about 10 practices in Massachusetts that are part of the New England Quality Care Alliance. The research is funded by a grant from the Robert Wood Johnson Foundation.

Young, who holds joint appointments in the D'Amore-McKim School of Business and the Bouvé College of Health Sciences, said past studies have examined healthcare claims data but none have looked at how physicians and providers view and adapt to changes in these reimbursement systems.

"It's important for <u>physicians</u> to accept this for long-term sustainability in the marketplace," Young said, "so it's important to see how they're experiencing it and implementing it."

Provided by Northeastern University

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