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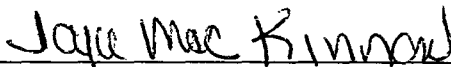
AN EVALUATION OF A FINANCIAL INCENTIVE PROGRAM  
FOR THE PAYMENT OF PHYSICIANS BASED ON HEALTH  
EMPLOYER DATA AND INFORMATION SET (HEDIS)  
MEASURES

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## ABSTRACT

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# AN EVALUATION OF A FINANCIAL INCENTIVE PROGRAM FOR THE PAYMENT OF PHYSICIANS BASED ON HEALTH EMPLOYER DATA AND INFORMATION SET (HEDIS) MEASURES

### Introduction/Background

Health care delivery is moving away from decision-making based on opinion and past practice towards decision-making that is founded on science, research, and evidence. Since the recognition of highly unexplained variation in medical practice, managed care has developed a goal to direct the behavior of individual health care providers. Financial incentives that are well-constructed have the potential to be powerful tools in motivating physicians to drive the efficient delivery of health care.

### Objective(s)

The primary goal of this investigation was to evaluate the effectiveness of a financial incentive program for the payment of physicians tied to their adherence to Health Employer Data and Information Set (HEDIS) measures. Secondary goals included the evaluation of the effect of physician characteristics, patient population characteristics, the size of the financial incentive, and survey responses on success or failure with the incentive program.

## Methodology

A primary care physician (PCP) group began monitoring adherence with HEDIS measures in 2003 and added a financial incentive in 2004. A retrospective cohort design was used to determine changes in physicians' adherence to HEDIS measures after the addition of a financial incentive to reward such adherence. Physician characteristics, patient population characteristics, and incentive eligibility data were obtained from the administration of the PCP group. A survey to measure physicians' attitudes about their work environment and financial incentive programs based on established quality measures was developed and validated in a pilot study population of physicians.

## Results/Conclusions

A statistically significant association between the addition of the financial incentive and physicians' adherence to the HEDIS measures was demonstrated. The characteristics of this particular program may be well-suited for common use. Characteristics of this HEDIS financial incentive program that have also been shown in previous literature to promote effectiveness include the following: the incentive is individually based, included administrative quarterly feedback to educate physician's about their adherence status, and paid in the form of a bonus rather than a withhold. The survey developed for use in this study, while in its infancy and requiring further validation and reliability testing, demonstrated adequate validity for this study.

Joyce Mac Kinnon, EdD, PT—Chair

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