

# Health Insurance Industry Urges Congress to Consider Pay-for-Performance Practices

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Health Insurance Industry Urges Congress to Consider Pay-for-Performance Practices

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WASHINGTON

As Congress works to reform the U.S. health care system, the health insurance industry is urging policymakers to consider their private-sector pay-for-performance programs for doctors and hospitals as a way to slash high costs and improve the quality of care provided to patients.

Industry trade group America's Health Insurance Plans released a report it said shows measurable results from health plan pay-for-performance programs.

The results of the report, released last month, include physicians better adhering to evidence-based treatment guidelines for patients with chronic conditions, such as diabetes, asthma, and coronary artery disease; more physicians prescribing generic drugs; more physicians adopting technology; and fewer patients visiting emergency rooms.

"There is widespread agreement that delivery system reforms are needed to improve patient care and make health care more affordable," said Karen Ignagni, AHIP's president and chief executive officer, in a statement.

President Barack Obama is committed to tackling health reform this year, and legislation is expected to be drafted in Congress this summer.

The comprehensive agenda he put forth on the campaign trail to provide affordable and accessible coverage for everyone included the option of a new government plan to compete directly with private health insurers. That part of Obama's proposal has been embraced by several leading Democrats in the Democrat-controlled Congress, but likely has health insurers very worried (BestWire, Dec. 22, 2008).

Earlier this week, in meeting with Obama, a contingent of insurance leaders, including AHIP's Ignagni, as well as medical providers, the pharmaceutical industry and organized labor, pledged to produce savings of \$2 trillion in health care costs over the next 10 years. In a joint open letter to the president, the group said it would offer concrete initiatives to "transform the health care system" to cut 1.5 percentage points off the annual growth in health care spending (BestWire, May 12, 2009).

The groups have "not always seen eye to eye with each other or with our government on what needs to be done to reform health care in this country," Obama said at a press conference (BestWire, May 12, 2009).

According to Dr. Steven Udvarhelyi, senior vice president and chief medical officer of the Philadelphia-based Independence Blue Cross, poor physician practices cost the United States an additional \$1.8 billion a year in medical costs; up to 79,000 avoidable deaths and 66.5 million sick days.

"There is still wide variation across the country in how physicians practice and what care they give, and, as a result, research shows that Americans continue to spend significant health care resources on inappropriate and unnecessary care," Udvarhelyi said in AHIP's statement.

A story in the 2006 New England Journal of Medicine, AHIP said, reported that at least half of U.S. health plans included some pay-for-performance incentives in their provider contracts. Physicians and hospitals are evaluated

on several measures, including clinical quality and how often patients use their medical services.

"Rather than simply being reimbursed for the volume of care provided, physicians and hospitals should be rewarded for intervening early, managing care efficiently and improving health outcomes," Dr. Roberta Herman, chief medical officer and senior vice president at Harvard Pilgrim Health Care, said in AHIP's statement.

Last December, Grace-Marie Turner, president of the Galen Institute, said Obama's government plan proposal would lead to the deterioration of the private health insurance market and that the government "could undercut prices and offer generous benefits that private insurers couldn't match" (BestWire, Dec. 22, 2008).

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