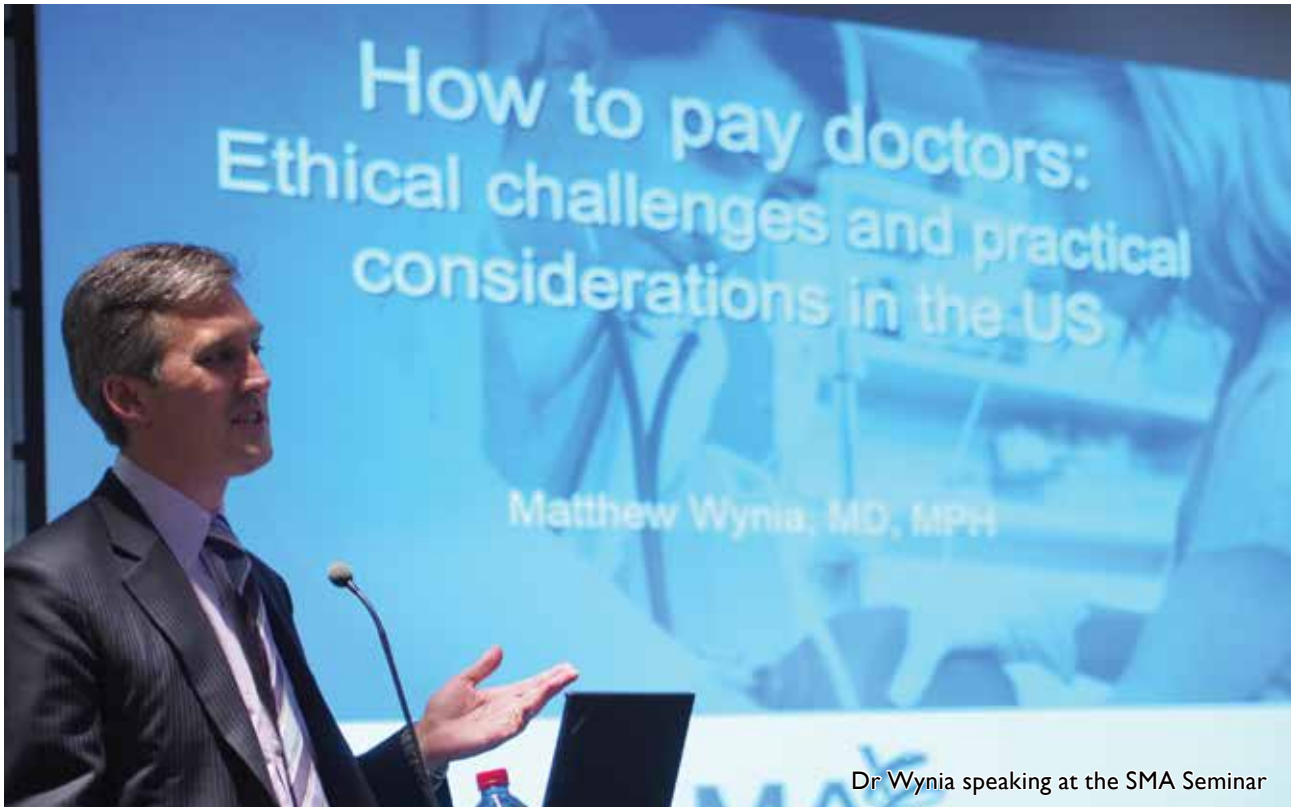
Pondering Physician Payments

By Loy Mong Shi



Dr Wynia speaking at the SMA Seminar

What are the paying options available for the medical profession? Is there an optimum method to pay doctors? How should we pay doctors so that they will be motivated to provide high-quality care? These questions were undoubtedly on the minds of an audience comprising more than 50 doctors and healthcare professionals that Dr Matthew K Wynia spoke to at the SMA Seminar: How to Pay Doctors – Ethical Challenges and Practical Considerations in the United States, held on 8 November 2013 at the Mount Elizabeth Novena Hospital Auditorium.

Dr Wynia is the Director of Physician and Patient Engagement for Improving Health Outcomes at the American Medical Association. He was recently in Singapore as a Health Manpower Development Plan Visiting Expert in Medical Ethics and Professionalism, arranged by the Academy of Medicine, Singapore (AMS), which SMA collaborated with to host this seminar.

Dr Wynia started his talk with a slew of data to explain the need for the US to embark on much needed healthcare reform and increase efforts to reform physician payments. He pointed out that employees appear to be the ones bearing the brunt of increasing healthcare costs in the America. Their wages, not corporate profits, are sacrificed to pay for the rising costs. The employers and workers are unhappy with the healthcare system because of its increasingly high costs but perceived low quality of care.

Driving quality up and costs down

Dr Wynia then explored three basic ideologies that attempt to drive quality up and costs down: markets, bureaucracy and professionalism.

Markets, the first ideology, refers to disclosing information and giving patients greater financial stakes in their healthcare decisions. Dr Wynia commented that this has not worked well due to information asymmetry of patients and their tendency to choose lesser of everything, including care that is necessary and important for them (for example, preventive services).

The second ideology, bureaucracy, refers to the government establishing quality healthcare standards and setting prices. Dr Wynia opined that it is a very blunt instrument and both physicians and patients may be discomforted with "cookbook" Medicine. Furthermore, in the US, the use of bureaucratic tools can face challenges from powerful lobby and interest groups.

Dr Wynia also touched on a third ideology, professionalism, where medical professionals set standards and act together, to monitor and improve quality and constraint costs.

He went on to introduce a method that is a combination of all the three ideologies – pay-for-performance (P4P). He explained that P4P is an extra payment for hitting performance targets (or penalty for failure) that is explicitly or implicitly based on guidelines. Therefore, P4P can be a "soft" enforcement of guidelines through the use of financial incentives. The payment can go to an individual, an organisation or a group. However, like other payment methods, P4P is not without shortcomings. Firstly, the attribution of P4P for team-based care can be tricky to handle. Secondly, patients who are unlikely to achieve good outcomes might be neglected. Thirdly, doctors might chose to focus on improving quality in the areas targeted by the programme and neglect other important aspects of care in the process. Dr Wynia was also concerned that organisations which have hit the P4P target will not be motivated to improve on their quality of care since there will not be any additional financial incentives given.

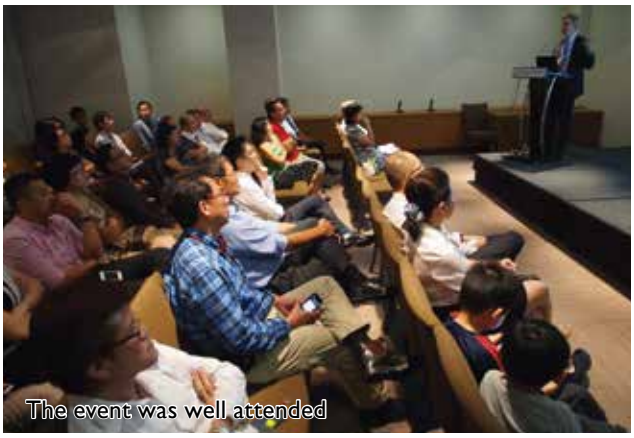
Elaborating on the point that P4P can harm quality of care, Dr Wynia quoted a statement made by Martin Roland from the UK's National Health Service: "Increasing external incentives reduces internal motivation. (The worst problem with P4P would be) if you ended up with a system where, essentially, doctors only did anything because they were paid for it and had lost their professional ethos."[1] He noted that altruism drives people to do good work, and financial benefits distort the reason for them to do so. Intrinsic motivation provides social benefit and financial reward can backfire on such motivation.

Dr Wynia concluded that there is no perfect system to pay doctors but payers are increasingly unwilling to pay for unclear quality measurements. He noted that some organisations have moved towards a balanced score card system to measure quality and outcomes, or pay using improvement targets instead of outcome targets. Dr Wynia ended his talk by saying there are many choices to pay doctors but none of them are great, and ideally, doctors have to be paid to do the right thing.

Questions and answers

Dr Wynia's talk was followed by a lively question and answer session. A doctor in the audience commented on the pricing differential among GPs, physicians and surgeons, and asked whether better health outcomes will be achieved if more money is put into primary care. Dr Wynia pointed out that the US is also experiencing the same situation, but work is being done to narrow the gap through reforms. He felt that there is a lot of awareness on the need for change, but not much agreement on how to pay primary care physicians better.

Another doctor asked about employment changes in the medical profession. Dr Wynia observed that the US is moving away from a fee-for-service model to P4P and employment contracts. In addition, he also mentioned that the earnings for doctors in the US, when adjusted for inflation, has generally been decreasing for the past ten years.


The event was well attended

Dr Wynia in his element


SMA 1st Vice President Dr Wong Tien Hua presenting Dr Wynia with a token of appreciation

Dr Wynia addressed a few more questions from the audience and they later adjourned to a buffet dinner where they continued to mingle and discuss issues. On that note, the seminar drew to a close. SMA would like to thank Dr Wynia for his effort and time in preparing and delivering the talk, and AMS for their collaboration and assistance in making this seminar a success. SMA

Reference

1. *Galvin R. Pay-for-performance: too much of a good thing? A conversation with Martin Roland. Health Affairs 2006; 25(5): 412-19. Available at: http://content.healthaffairs.org/content/25/5/w412.full. Accessed 4 December 2013.*