Cost Containment: Physicians
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Information on Physician Performance

In the current healthcare market, many consumers lack data to make informed decisions on selecting a physician. Most rely on word of mouth recommendations or other informal channels of information. A healthcare database could improve consumer choice by providing comparative information on physicians. This information could include data on physician quality (i.e. health outcomes, use of electronic information systems, and attention to chronic disease management) and cost-effectiveness. Purchasers of care, such as individual consumers, employers, government organizations, and insurers could use this information to select high quality and cost-effective physicians. In theory, this would also encourage providers to improve the quality of their care, and reduce unnecessary costs (i.e. decreasing medical errors and improving health outcomes while minimizing the need for additional care).

Incentives for chronic disease management and prevention

Quality chronic disease prevention and management has the potential to prevent costly health complications and reduce the number of hospital stays and emergency room visits. However, health providers lack incentives to provide this care due to the current reimbursement structure. Many insurers provide low reimbursements for primary and preventive care and case management and they typically compensate providers at greater rates for acute care than for counseling and ongoing care, which are important components of care for the chronically ill. Changes in reimbursement policies could realign financial incentives in healthcare. Rewarding physicians for providing chronic disease management and preventive care may correct the absence of appropriate incentives in the current healthcare system. Such changes have been made in Medicare’s Chronic Care Improvement Pilot Program and pay-for-performance initiatives. Instead of compensating providers for specific services, the Medicare program pays providers a monthly fee for “management of patients with specific conditions.” Pay-for-performance strategies reward providers that demonstrate measurable improvements in care management strategies and patient health outcomes.

Electronic Medical Records

Electronic medical records (EMRs) may improve the quality and efficacy of care. EMRs can take multiple forms including medication lists and disease registries. Medication lists provide up-to-date and accurate information for physicians to obtain information about a patient's medication history, information that is not always readily available in a paper-based system. It may also make it easier to alert physicians to drug allergies and potentially dangerous drug interactions. Chronic disease registries automatically identify patients who failed to “obtain scheduled preventive services or follow-up visits.” By creating easy to access information on patient medical history, the healthcare system may derive benefits from reductions in the duplication of services and minimizing medical errors. The benefits of increased administrative efficiencies are decreased staffing expenses such as “transcriptionist, medical record, data entry, billing, and receptionist costs.” Despite these well publicized benefits, there remains physician resistance to adopt EMR, which often stems from the substantial startup costs and the extra time it takes for physicians to learn a new system and input information.

Education and Enforcement of Best Practices

This method entails physicians integrating best available evidence from clinical research with their own expertise to achieve the optimal treatment decision-making process for individual patients. The use of “clinically effective” care guidelines could reduce healthcare costs by minimizing the use of care that does not
demonstrate greater improvements in patient health. More “clinically effective” care results in better health outcomes, potentially decreasing the need for future major medical interventions. Unfortunately, it has proven difficult to ensure physicians incorporate clinical science into clinical practice. Reasons that providers fail to adopt best practices include a lack of awareness of best practices, lack of clear strategies on how to apply science into everyday medical care, inappropriate financial incentives, and poor accountability. Potential solutions to reduce these barriers are to require physicians to adopt best practices and to create physician-friendly guidelines on clinical efficacy.

3 Ibid.
4 Ibid.