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California Scorecard on Payment Reform Shows More than 40 Percent of Payments to Health Care Providers are Designed to Improve Quality and Cut Waste

Capitation with Quality Incentives Plays a Big Role

Sacramento—September 27, 2013—Catalyst for Payment Reform (CPR), an independent, non-profit organization of employers and other health care purchasers pushing for better value in health care, today released its [California Scorecard on Payment Reform](#). This baseline effort to benchmark the Golden State’s progress toward value-oriented payment in health care demonstrates that almost 42 percent of commercial payments to providers are tied to how well they deliver care and designed to create incentives to reduce waste. That means almost 58 percent of payments are not tied to quality, and are largely fee-for-service payments that reward volume, paying providers for every test and procedure they perform, regardless of necessity or outcome. This past March, CPR released the [National Scorecard on Payment Reform](#), which revealed that only about 11 percent of payments across the nation are value-oriented.

“California is well ahead of the rest of the country when it comes to measuring value-oriented payment, but it will be important to measure continued progress over time,” explains Suzanne Delbanco, Executive Director, CPR. “There is more we can do to support quality improvement and cost containment in the State.”

Of the 42 percent of payment that is value-oriented, almost all payments—97 percent—put providers at financial risk for their performance if they do not meet certain quality and cost goals. Payment “at-risk” includes capitation payments with a quality component; California has a much higher percent of payment to doctors and hospitals flowing through capitation with quality than the nation as a whole (32.5 percent v 1.6 percent).

California also has a larger percent of commercial, in-network health plan members considered to be attributed to providers participating in payment reform contracts. These include models such as ACOs or patient-centered medical homes, as well as other delivery models in which patients are attributed to a provider. In California, 36 percent of commercial health plan members are “attributed” versus two percent nationwide.

“The numbers show the influence that large, organized delivery systems have in California,” explains Maribeth Shannon, Director, Market and Policy Monitor Program, the California HealthCare Foundation, a co-funder of the Scorecard along with The Commonwealth Fund.

“Changing how we pay for care, so that we reward value, not volume, should make care more affordable and improve quality in the long term,” explains Delbanco. “CPR will be taking a closer look at the different types of payment methods we measured and teasing out which ones really support higher quality, more affordable care.”

About the Scorecard

The California Scorecard on Payment Reform was developed with data health plans submitted on a voluntary, self-reported basis to eValue8, the National Business Coalition on Health’s annual Request for Information to health plans, as well as directly to CPR. The plans responding to the Scorecard questions represent approximately 92 percent of covered commercial lives in California. While Scorecard findings are not wholly representative of health plans across California, they offer a preliminary baseline against which to measure private-sector progress toward value-oriented payment. Complete findings, including a breakdown of payment methods, a glossary of terms, and Scorecard methodology are [available online](#). Both the National Scorecard on Payment Reform and the California Scorecard on Payment Reform are supported by the California HealthCare Foundation and The Commonwealth Fund.

About Catalyst for Payment Reform

Catalyst for Payment Reform is an independent, non-profit corporation working on behalf of large health care purchasers to catalyze improvements to how we pay for health services and to promote better and higher-value care in the U.S. The Pacific Business Group on Health is a founding partner of CPR and is working collaboratively to advance payment design.