Opinions

Pay for Performance: The Wrong Time, the Wrong Place?

Steven Lewis

It sounds like such a good idea: don't pay people to show up and scurry about, pay them for proven performance. It's the new Big Thing in healthcare financing. As usual, the Brits have pursued it most vigorously. Some Canadian healthcare executives get bonuses for achieving certain targets. The US Medicare plan has quit reimbursing hospitals for the costs of dealing with avoidable mishaps such as falls and bed sores. Healthcare cheques should come with performance strings attached. About time, right?

Well, yes, if you overlook the P4P track record. Renowned British health economist Alan Maynard found lots to be cautious about in his review of experiences to date. The Hay Group believes that even 5% to 10% of income at risk is insufficient to produce a significant effect, let alone the 1% to 2% typically on the table in such arrangements. In the UK, the vaunted GP bonus schemes - which can add tens of thousands of pounds to physician incomes - have turned into base pay. The average GP practice scores 95% of the bonus-triggering points available and virtually all get 90% or more. But the number of complaints per practice - one reasonable measure of satisfaction - varies considerably.

On examination, the very essence of P4P is troubling. It is a profoundly pessimistic concept of what makes people tick in health care: we can't rely on organizational culture, professionalism, devotion to public service, or commitment to excellence to get the desired results, so let's just concede that it's all about the money. Managers and practitioners are hardened cynics for whom *pecunia vincit omnia* - cash conquers all. So let's tell them what to accomplish, ring the economic bell and watch the Pavlovian throng stampede to improvement via the cash-stuffed trough.

Dishearteningly, P4P writ large becomes a self-fulfilling prophesy. Adopt its assumptions and fund or pay accordingly and you will indeed turn civilized people into econocentric shadows of their selves. Set up the game and people will learn the rules and play accordingly. Moreover, the game will inevitably lack sophistication, because to dole out the rewards, the goals must be clear and simple; the results easily measurable and immediate; and the reach modest (no one will play if it's too hard to win). All nuance and complexity are obliterated by the basic algebra of the payout. So it's hardly any wonder that British GPs are walking away with the dough. Ask not for what the bell tolls - it tolls for fee.

But what if we're just learning, and eventually get it right, particularly if we learn from our masters in the private sector? You're doubtless as inspired as I am by the corporate CEOs with incomes almost entirely driven by the value of their (occasionally back-dated) stock options and the quarterly earnings statements. They sure knew how to tally up the performance points. You get what you pay for, and the denizens of Wall Street decided to pay for scams so absurd that they make the Nigerian please-be-my-agent-for-millions howler look like Protestant-ethic capitalism at its sober best. IKEA CEO Anders Dahlvig refuses to take his company public precisely to avoid the tyranny of get-rich-quickism that makes a virtue of impatience and myopia and rewards Ponzi schemes over substance. But he never claimed to be as smart as the guys who ran Lehman Brothers.

For the hundredth time in a seemingly infinite series, the world is learning two key lessons: you don't get something for nothing, and appealing to baser instincts will improve neither humans nor their achievements. Healthcare is a uniquely fraught enterprise that deals with uncertainty, vulnerability, tragedy, hope, and trust. Of course it involves great amounts of money to which neither individuals nor organizations can be indifferent. Healthcare takes place in a messy world, not a monastery. But money is a resource for achieving other ends, and if it defines us or crowds out nobler preoccupations, the means become the end, the aperture narrows, and the golden calf beckons.

Doesn't it seem odd that we would have to coin the notion of "pay for performance" in the first place? What the hell else are we paying for? When did "doing one's job" uncouple from "doing one's job well"? Suggesting that ordinary performance - not spectacular, but merely satisfactory, like being nice to your patients or doing Pap tests at the recommended interval - deserves a bonus debases the entire enterprise. It creates a cultural norm in which lousy performance is the natural state and the passable is redefined as extraordinary. It dumbs performance down and leaves out the hard parts.

Show me a P4P system that rewards first class care of the frail elderly, life-enhancing management of multiple chronic conditions, reduced need for surgery fifteen years from now, or ending one's career with sunny disposition and compassion intact, and I'm all ears. But in my preferred world, the first dollar and the last pay for excellence across the board, an ethos of care, devotion to the public good, and the perpetual search for knowledge. Pay individuals well and fund organizations fairly. Settle the money issues swiftly so all can focus on what the money is supposed to achieve. Do this well and we'll have pay for performance - not as cause-and-effect, but as a harmonious feature of a thriving culture.

Providers who practice to chase income targets and dangled bonuses are different from providers who want a reasonable income to pursue their callings out of love for what they do and a drive to serve people better. For those who crave the buzz of the financial transaction, there is a vast world beyond healthcare to explore. Healthcare that takes its cues from the rantings of the

Chicago School and the MBA culture imperils its values and its practitioners. If those twin intellectual frauds can take down an economy, they can easily corrupt healthcare. Healthcare culture needs more than a behaviourist tweak and tuck. The worst imaginable outcome would be that P4P as currently conceived actually worked as intended, for that would prove just how far we have fallen. HQ

About the Author

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