IBC launches new provider incentive program

August 2011

Dear Valued Benefits Administrator:

Independence Blue Cross (IBC) has recently launched an innovative new hospital/physician incentive program. We are writing to share information with you about this program, which has been designed to reward the delivery of high-quality and cost-effective care.

IBC REWARDS PROVIDERS FOR PERFORMANCE

With medical costs trending higher every year, IBC is taking a proactive approach to enhancing the quality of care for our members while effectively managing the cost of health care. IBC’s new hospital/physician incentive program, called the Integrated Provider Performance Incentive Plan (IPPIP), is designed to reward the delivery of high-quality and cost-effective care by primary care physicians, specialists, and hospitals.

IPPIP incentive payments are tied to improvements that participating hospitals make in quality measures and medical cost management:

- **Quality measures.** Providers receive scores for improving quality based on three key standards: Appropriate Care Measures, such as ensuring patients receive all of the recommended treatments for a heart attack; Potentially Preventable Readmission Rates; and Hospital Acquired Infection Rates.
- **Medical cost management.** Providers are also measured by their improvement in medical cost management (MCM). They are rewarded by reducing costs below certain medical cost targets. If the provider’s actual medical costs are lower than the targets, a portion of the surplus is eligible for sharing. It is important to note that participating providers are required to document that any proposed MCM and/or quality improvement activities will not adversely affect patient care or lead to a reduction in medically necessary services or items.

In addition to the hospital-based IPPIP arrangement, IBC has also developed a physician-based IPPIP arrangement. This model offers physicians and specialists similar incentives to the hospital-based IPPIP arrangement, with quality measures tailored to assess the physicians’ performance, such as ensuring patients receive recommended preventive screenings and immunizations.

FUTURE CONTRACTS TO INCLUDE IPPIP

IBC has successfully negotiated IPPIP into hospital system contracts this year. Our goal is to incorporate this program into all local hospital system contracts as they come up for renewal.

This new pay-for-performance model complements IBC’s Quality Incentive Payment System (QIPS) and other primary care incentives, strengthening our relationship with providers and helping to fulfill our mission of delivering high-quality, cost-effective health care to our members.
ENCLOSURE

We are enclosing an addendum to your administrative services contract with IBC that incorporates, among other provider incentive programs, the IPPIP program. It takes effect September 1, 2011.

Please read the addendum, and keep it with your administrative services contract. If you have questions concerning the addendum, please contact your IBC account executive.

Thank you for continuing to trust your company’s health insurance needs to IBC.

Sincerely,

Linda M. Taylor
Senior Vice President and Chief Sales and Marketing Executive