Initiative to Align Hospital and Physician Incentives

Powered by

AMS Performance Based Incentive System®

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Program Overview:

Applied Medical Software, Inc. (AMS), has developed a program to assist providers with creating an infrastructure that will support the alignment of physician and hospital goals through enhanced clinical quality and operational efficiency. Often referred to as “gainsharing,” the methodology facilitates the direct payment of incentives by hospitals to physicians, based on performance. AMS’ proprietary tool kit for hospital associations, their member hospitals and health systems facilitates program implementation and administration. The program has proven results at both community hospitals and academic medical centers, as well as with employed physicians and independent or voluntary medical staff.

How the Program Works:

- The program is strictly voluntary, but requires formal enrollment for eligible physicians.
- Incentive payment is based on individual physician performance on quality and efficiency measures—bonus only, no penalties.
- Standards of performance (Best Practice Norms, or BPN) are developed using statewide data for all physician specialties.
- A BPN is established using DRGs adjusted for severity of illness.
- The severity of illness adjustment ensures that physicians seeing more difficult/complex cases are not disadvantaged.
- Incentive payments are intended to replace lost professional income that may be related to improved efficiencies, such as a decreased length of stay.
- The program is physician-driven and guided by a Steering Committee comprising at least 50% physicians. In addition to utilization metrics, the Steering Committee sets quality measures and benchmarks for the program.
- Quality metrics may involve clinical outcomes and administrative practices such as surgical site infections, readmissions, and medical record and operating room (OR) dictation completion.

5 Key Quality and Efficiency Improvements achieved by other hospitals and their medical staff:

- More efficient discharge planning, such as discharging before noon and on weekends
- More timely consultations
- More efficient use of ORs
- Appropriate reduction in length of stay
- Evidence-based selection of medical devices and hardware

AHRQ Health Care Innovations Exchange Profile

"The initial [NJ gainsharing] demonstration program reduced costs per admission by roughly 8.5 percent, with these reductions generally increasing over time. Total savings for the 12 participating hospitals reached nearly $113 million, of which roughly 17 percent (just under $19 million) was paid out in incentives. Performance on various quality measures either remained the same or improved throughout the program." (2014, July 16)

Why Applied Medical Software?

AMS is a national leader in linking health care data and analytics. The AMS Gainsharing Program, powered by its proprietary methodology AMS PBIS® is an all-inclusive system of targeted, highly defined financial incentives -- covering all inpatient cases and costs. AMS' seasoned principals have extensive provider and regulatory experience.

For more information, go to www.amspbis.com, or contact:

Jo Surpin
President
Applied Medical Software
595 Haddon Avenue
Collingswood, NJ 08108
856.858.3822, x205
jsurpin@amspbis.com

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595 Haddon Avenue
Collingswood, NJ 08108
www.appliedmedicalsoftware.com
856.858.3822