# 7 steps to developing a pay for performance program (P4P)

A step-by-step description to help states, health plans, regional systems of care, counties, provider associations, accountable care organizations, independent provider associations, health systems, and more implement a practical, best-practices approach to P4P.
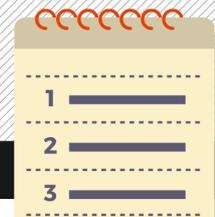
**#1**

## Identify what's Important

Identify the performance measures that are important for the population your are serving.

Pay careful attention to the national performance measurement work that is continuing to grow.

**#2**

## Select the Vital Few

Crosswalk the performance measures to the service areas that should be accountable for each measure.

Select the "vital few" measures for each service area that are high value candidates for the P4P program

## Complete a Gap Analysis

Determine the data collection and infrastructure requirements to implement the P4P model at the provider and payor levels.

Assess existing capabilities, and estimate the time and cost required to fill the gaps at each level.

**#3**

## Revise & Phase your Design

Revise the list of measures based on what was learned in step 3.

Organize the P4P program into 2-4 Phases based on provider and payor readiness: 1) Pay for Participation; 2) Pay for Reporting; 3) Pay for Performance; 4) Pay for Success.

**#4**

## Identify Baseline & Benchmark Metrics

Gather performance data to identify the Baseline Metrics for each Measure for each Provider (where you are now).

Determine the Benchmark Metrics that you will set for each P4P Measure ( your goal).

**#5**

## Develop your Payment Model

Determine the size of the P4P funding pool.

Decide the payment frequency and algorithm you will use to recognize improvement.

Recommendation: Providers earn their Bonus if they: 1) Show Improvement; or 2) Hit the Benchmark).

**#6**

## Implement

Begin Phase 1 of the P4P program.

Carefully monitor data flow and improvements, identify and address problems.

Move into the next Phases until the program is fully implemented.

**#7**