From Primary Care to Accountable Care: The Evolution of PCMH Payment Models

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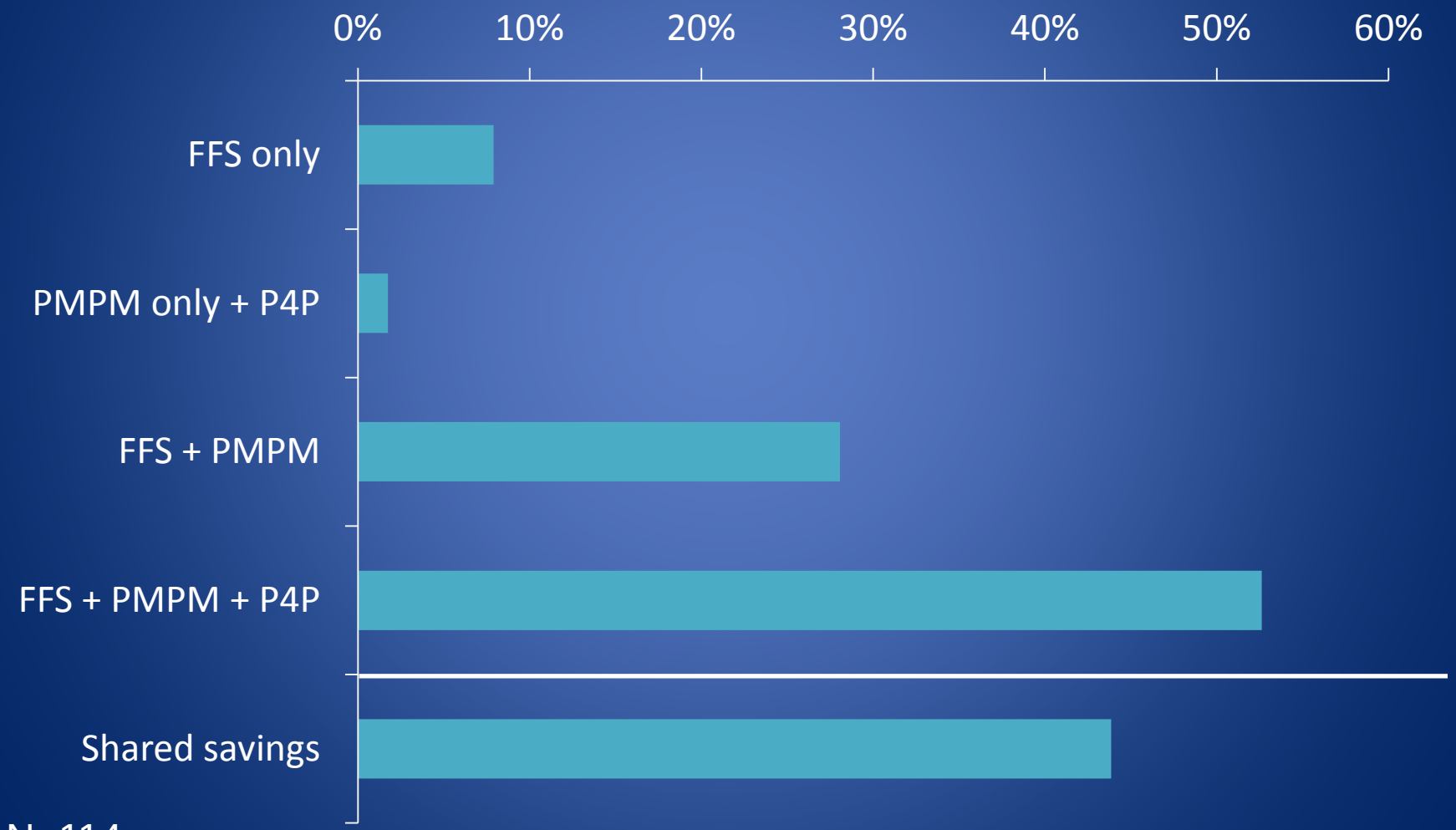
Foundational Principles of the PCMH

- The current primary care system is dysfunctional
- Primary care (in some form) is good
  - For patients
  - For the health system overall
- Need to put in place policies and incentives to achieve a high functioning primary care system

PCMH Initiatives

- Organized by health plans, state, purchasers, or other groups
- Seek to use alternative primary care payment models to create an environment that supports the transformation of primary care practices to PCMHs
- Aided by:
  - Learning collaboratives
  - Practice coaches
  - Data and feedback

PCMH Payments are Diverse



N=114

Source: Edwards, Bitton, Hong, Landon. *Health Affairs*. 2014.

PMPM

	Median of Mean PMPM (IQR)
All	
Mean PMPM	$5.00 (3.00-8.00)
Small Commercial Single Payer	
Mean PMPM	$4.00 (3.50-7.00)
Large Commercial Single Payer	
Mean PMPM	$5.00 (2.50-8.00)
Multipayer	
Mean PMPM	$7.25 (5.35-24.00)
Medicaid Only	
Mean PMPM	$5.00 (3.00-12.15)

Notes: PMPM was collected as minimum and maximum. We used the midpoint as the mean PMPM. Excludes programs that only pay PMPM fees for patients with multiple chronic diseases.

Comparison of PCMH initiatives in 2009 and 2013

	2009 (N=26)	2013 (N=114)
Total patients	4,971,070	20,970,277
Time limited initiatives (%)	62%	20%
Median patients per initiative	30,000	40,986
# Multi-payer initiatives	9	22
Median patients in multi-payer	39,000	146,636
Use shared savings (%)	0%	44%
PMPM (range)	$0.50-$9.00	$0.25-$60.00
Use Learning Collaborative and Consultants	15%	36.8%
Performing Program Evaluation	40%	92%

Source: Edwards, Bitton, Hong, Landon. *Health Affairs.* 2014.

Operational Tools of PCMHs

- Multidisciplinary teams
- Enhanced use of HIT and chronic disease registries for population health management
- Data to inform care management
- Online patient portals for proactive management of acute and chronic conditions
- Focus on care transitions and care coordination

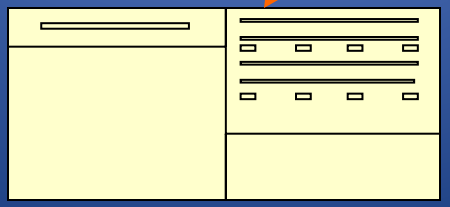
From the Medical Home…

Sub-specialist and Ancillary Services

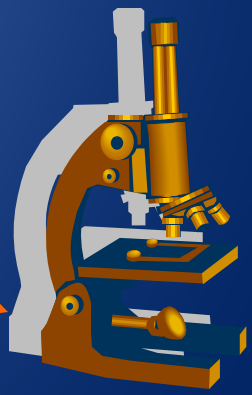
Hospital

Patient-Centered Medical Home

Insurer



Data Center



ACOs and the PCMH

- In order to succeed, most ACOs will need to build upon a solid primary care foundation
- Attributes of enhanced primary care are fully aligned with the goals of ACOs
- Yet, current ACO programs do not specifically change payment for primary care

Strategies for Integrating the PCMH into ACOs

- ACO contracts could include explicit support for enhanced primary care
- ACOs could invest in developing PCMH capabilities internally
  - HIT investments
  - Expanded PCP/urgent care access
- ACOs can change how physician performance is measured and compensated (e.g., based on size/complexity of panel, quality or utilization metrics, non-visit-based services)

Conclusions

- PCMH payment models are evolving over time
- Payments are larger, more divorced from typical FFS payment, and including incentives based on spending and utilization
- More integration of risk sharing and accountability → similar to ACOs
- The PCMH will likely serve as the foundation of ACOs, but ACOs likely will need to incorporate reformed payments to support enhanced primary care

Thank you!

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