Paying for the Medical Home: New Models, New Opportunities

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bailit health PURCHASING

Payment Reform: Types of Payments

A. Payment for discrete services such as nurse visits, telephone consultation, e-mail/secure messaging and group visits

B. Infrastructure support payments cover initial start-up costs, e.g.,
   - Building and populating a patient registry
   - Programming EMR reports
   - Conducting practice assessments
   - Attending learning collaborative sessions

C. Payments for Medical Home activities not traditionally reimbursed, such as:
   - Practice team meetings
   - Care Coordination
   - Clinical Care Management
   - Producing and analyzing reports for care planning and QI purposes

D. Reward or incentive payments, such as P4P or shared savings, to align practice incentives with desired Medical Home performance

Many Approaches to Reforming Payment!

1. Fee-for-Service (FFS) with discrete new codes
2. FFS with higher payment levels
3. FFS with lump sum payment
4. FFS with PMPM fee
5. FFS with PMPM fee and with P4P
6. FFS with PMPY payment
7. FFS with lump sum payment and shared savings
8. FFS with PMPM payment and shared savings
9. FFS with PMPY payment and shared savings
10. FFS with at risk PMPM payment and shared savings
11. Comprehensive payment with P4P
12. Grants

Early Models

- Early models focused on supplemental payments linked to NCQA recognition, sometimes with a P4P component.
- These models – still common – trust that
  - NCQA recognition equates to improved practice performance in terms of quality and efficiency
  - Practices will invest the added funds in ways that will improve practice performance
- These assumptions are increasingly (and appropriately) being questioned.

New Models

- Newer payment models sometimes have one or more of the following characteristics:
  - Payment is linked to performance on quality and efficiency (utilization) measures
    - Incentive payments
    - Shared savings arrangements
  - Payment is linked to performance relative to specific medical home capabilities that the payer believes are linked to improved performance
  - Payments are partially at risk if utilization decreases don't at least cover the costs of the prospective supplemental payments

New Opportunities

- The PPACA has sparked dramatic rethinking of how care is delivered and how it is reimbursed.
  - 74% of hospital executives anticipate operating as an ACO within the next five years (Health Leaders survey)
- Increasing emphasis and value are being placed upon the essential role of primary care in coordinating patient care delivery.
- Medical home functionality is viewed as an essential capability for primary care practices operating within larger networks and delivery systems.

New Challenges

- "ACOmania" is causing some payers and providers to move faster than they should.
  - Medical home capability not yet developed
  - Role of the medical home vis a vis the rest of the delivery system not well-defined
  - No assurance of continued investment in primary care, both financially and operationally
- This is happening to a lesser degree in Medicaid than with Medicare and commercially insured populations…but Medicaid usually follows market trends.