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Using State Insurance Exchanges

to drive better, more cost effective care

Patient Centered Primary Care Collaborative

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Executive Summary

States find themselves at the center of many efforts to reduce the fragmentation, inefficiency, and cost of care in the health system, and State policymakers have the potential to play a significant role in this transformation. As they develop their State Health Insurance Exchanges, State policymakers are encouraged to build health care payment and delivery redesign directly into their Exchanges by advancing a patient-centered medical home model for health care. Using Exchanges to both expand access to affordable health insurance AND promote a value-based health delivery system makes economic sense for States, employers, consumers, and providers.

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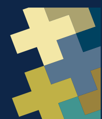


Introduction

Under the Affordable Care Act, States are actively developing health insurance Exchanges to make health coverage easier and more affordable. Starting in 2014, Exchanges will allow individuals and small businesses to compare health plans, get answers to questions, find out if they are eligible for tax credits for private insurance or health programs like the Children's Health Insurance Program (CHIP), and enroll in a health plan that meets their needs. However, States can use the Insurance Exchanges to do even more. States can use their Exchanges to build patient centered medical homes that can improve health and save money.

What is a Patient Centered Medical Home?

A Patient-Centered Medical Home (PCMH) is a model for health care delivery that facilitates partnerships between individual patients, their personal providers, and when appropriate, the patient's family. It involves:

- **Support for whole person care.** This comprehensive approach to health care delivery recognizes that patients and their families are central to their own care and encourages patient engagement and self-management. It also includes a focus on promoting wellness, disease prevention, and population health.

- **Delivering high quality health care services through team-based care.** Primary care clinicians and other health professionals (including nurses, care managers, pharmacists, social workers, behavioral health specialists, and others) practice team-based care and develop an on-going relationship with the patient in order to manage the patient's health care needs.

- **Incentivizing care coordination and improved access.** Fundamental to the principles of primary care, the health care team aligns and integrates appropriate resources and services for the patient within a medical neighborhood (to include specialists, hospitals, long term care, etc). It does this through enhanced access to care, supplementing traditional delivery methods through open scheduling, expanded hours, telephone health information lines, and email communication.

- **Enhanced focus on quality and safety.** PCMHs promote accountability for outcomes, utilizing evidence-based medicine and health information technology to identify opportunities for improvement and measure progress.

- **Support for payment reform that rewards value.** New payment methods that reward performance and care co-ordination, and support innovation in health care treatments, while adding value to the health care delivery system are critical for the success of the PCMH.[1]

How can States benefit from promoting PCMH principles in their Health Insurance Exchanges?

States all across the country have been piloting the PCMH to achieve cost savings and improve health system delivery. Examples include:

Colorado

Colorado is the home of HealthTeamWorks, a multi-stakeholder PCMH covering 30,000 patients. The practice relies on a well-rounded team of primary care physicians, specialists, as well as other health providers including mental health specialists and social workers, payers, and patients. Structuring the practices to expand access and incorporate coordinated, team care resulted in an 18 percent reduction in hospital admissions and decreased Emergency Department (ED) utilization by 15 percent.[11]

New Jersey

New Jersey, teaming up with Horizon Blue Cross Blue Shield brought together a wide range of providers to promote preventive care, reducing unnecessary hospital admissions. Not only has this PCMH produced fewer hospital admissions and increased cost savings, but both physicians and patients are grateful for the extra time spent geared toward managing each patient's health. This pilot's success encouraged Horizon to expand the PCMH to the Medicaid population of New Jersey, reaching 24,000 more patients, many with more complex medical cases. The program hopes to translate similar cost savings to the Medicaid population.[12]

Arizona

Arizona, UnitedHealthcare, and IBM developed a PCMH pilot, primarily in Phoenix and Tucson, consisting of seven practices. UnitedHealthcare partnered to help these seven practices develop the infrastructure and technology necessary for a successful venture. Since 2009, the program has been recognized for focus on health care safety and quality while driving down the costs of health care.[13]

Rhode Island

Rhode Island collaborated with Blue Cross Blue Shield to develop a three-year pilot PCMH. Blue Cross Blue Shield of Rhode Island teamed up with 79 primary care providers to primairly focus on boosting quality of care. Assistance with implementing an electronic health record (EHR) not only improved family and children's health by 44 percent, but also women's care improved by 35 percent, and internal medicine quality indicators improved 24 percent. This increase in quality is staggering especially when coupled with the 17 to 33 percent cost reduction not achieved among non-participating sites.[14]

Comparing Exchange models in Utah and Massachusetts

Utah addressed the rising costs of health care by implementing a free-market approach in an attempt to reduce costs while increasing access to health insurance. With the consumer as a key factor of the equation, the Utah Health Insurance Exchange was created. The program was designed to provide accurate, transparent, and consistent information connecting the consumer to the necessary information to purchase health insurance. Valuing personal responsibility, Utah developed a technological portal for consumers to access information about health insurance to make informed choices about their health insurance.[6]

What makes the Utah Health Insurance Exchange unique is not only that the system builds upon existing technology, but now several key players within the health care system are now collaborating with one another. The capability for employers to make a defined contribution to the Exchange and the consumer's capacity to access reliable and transparent information, almost 250 small employer groups have participated in the exchange, partnering with providers and patients to cover more than 5,500 beneficiaries.[7]

On the other end of the spectrum, the Massachusetts Health Connector addresses the rate of uninsured and reduces the costs of health insurance with an active purchaser mechanism in place. The state selects participating insurance plans that meet the Connector's "Seal of Approval" to offer a wide range of plans and options to both individual consumers and small businesses.[8]

Based on standardized benefit plans, health plans must submit four tiers of health insurance benefits, driving down costs in the process. Additionally, through the certification process, the Connector both reduces overall premium bids while accepting plans that measure well in quality of care.[9] As a result, consumers can evaluate insurance options, comparing benefit features, deductibles, and premiums.

Increase patient/consumer satisfaction and shared decision-making. Patients and their families are key members of the process. Patient and family engagement aims to improve patients' understanding of their health and related conditions so they take a more active role in their health care through shared decision-making. Shared decision-making is a collaborative process that occurs between providers actively engaging the patient in understanding and managing health outcomes and making informed decisions in treatment.[10] It also encourages the involvement of patients' families, as many patients depend on their support.[18]

Ohio

Currently, a PCMH consisting of 11 internal and family medicine practices in Cincinnati that reaches over 80,000 patients has developed a work group known as, Aligning Forces, to help foster shared decision-making among the patients, physicians, and health plans. Tasked with reviewing the best practices and implementing a model that was best suited for this program, the work group devised a multi-pronged approach to providing tools that would improve and distribute information to aid in their decision making.[19]

Minnesota

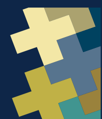
Through a joint effort, Minnesota's Department of Health and Department of Human Services have established an extensive network of PCMHs throughout the state. Addressing the challenges of forming and maintaining relationships between the care team and the patient, Minnesota recognized the value of care coordination and integration. Certifying almost 50 medical homes, the Minnesota Health Care Program (MHCP) reaches 80,000 enrollees. At the heart of this large endeavor is a strong focus on communication, collaboration, and innovation. [23]

What can States do to support the creation of Patient Centered Medical Homes?

More than ever, state governments need sustainable solutions that are flexible, easily scalable and configurable to integrate a full spectrum of services while operating under a tight budget. Working in collaboration with health providers, consumers, employers, health plans, and others to design the best model for their own state, policymakers can integrate key features of the PCMH model into their Exchanges in either a comprehensive or step-by-step building block approach. State Health Insurance Exchanges can be designed to reflect the unique needs of the States, striking a balance between current system infrastructure and new features. The flexibility of design offered by the Exchanges allows customization to provide systems that fall along a continuum from open market, passive purchaser designs to active purchaser arrangements.

The general structure of the Exchanges provides significant flexibility in the way programs are developed and regulated. As illustrated in the examples of Utah and Massachusetts, the infrastructure of an Exchange is not an either/or situation and components of a PCMH can be included in the design. Both the Exchange and the PCMH offer individual states the opportunity to drive health reform, especially to address the unique circumstance that states face.

- Adopt PCMH principles. States can work with stakeholders to adopt principles that are in alignment with the Patient-Centered Medical Home, setting a priority on improved outcomes and controlling costs while expanding access to affordable health insurance. The inherent structure of PCMHs supports this goal.
- Adopt quality measures and promote patient safety. States can require that health plans participating in the Exchange implement a quality improvement strategy that includes provider-level quality reporting, case management, care coordination, prevention of avoidable hospital readmissions, activities to improve patient safety, and activities to reduce health disparities.
- Encourage payment reform. States can encourage their Exchanges to participate in multi-payer pilot programs that test new patient-centered models of payment for health care delivery. Patients benefit most from innovative payment models that maintain a focus on quality measurement, preserve patient access to care, and incentivize continued innovation in heath care treatments.



Spotlight on the States

The Blue Cross Blue Shield Association (BCBSA) is collaborating with national and local industry stakeholders to enhance the practice and delivery of primary care on a national scale through the PCMH. This initiative is currently in 39 states across the country and covers over four million members, promoting greater patient involvement with their primary care physician and enhanced use of health information technology.[20]

The BCBSA works "with doctors and hospitals nationwide to develop new ways to improve the quality of care you receive and attack rising health care costs within the system. A significant example the innovative ways BCBSA supports PCMHs is through a contract model in Massachusetts, the Alternative Quality Contract (AQC), which encourages cost-effective, patient-centered care by paying participating physicians and hospitals for the quality, not the quantity of the care they deliver. This new contract model combines a per-patient global budget with significant performance incentives based on nationally endorsed quality measures tied to quality, health outcomes, and patient experience."[21]

- **Focus on patients.** States can require Exchanges to include governance structures that include patients/consumers and/or their families. This will ensure that the goals of the Exchange remain responsive to consumer demands as they reach out to new audiences of individuals and small employers and the needs of the taxpayers, who are subsidizing the exchanges.[5]

- **Support for primary care**. States can encourage Exchanges to promote primary care through health plan design, which will be at the forefront of strengthening our US health system.[4] Under a PCMH team model of care, all health professions practice at "the top of their license", ensuring that care is delivered in the most cost-effective and efficient manner.

- **Paying for care coordination.** States can require that health plans participating in the Exchange reimburse for care coordination, which will reduce duplicative services and integrating the appropriate treatments[2] and thus help to drive down overall health care costs. Additionally, states have significant latitude when designing incentives into the infrastructure that may actually drive down costs of care.

Conclusion

The PCMH concept combines the values of primary care with new technologies and approaches to practice to better serve the needs of patients. The PCMH guiding principles, much like those of state health insurance exchanges, are flexible and allow states to tailor programs around specific needs and conditions. The Department of Health and Human Services (HHS) released a final ruling that further extends the flexibility for setting up Exchanges. This framework preserves and, in some cases, expands the significant flexibility in the proposed rules, which would allow the states to incorporate PCMH principles into the infrastructure and operations of their Exchange.[22]

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