The Right Way to Pay for Primary Care

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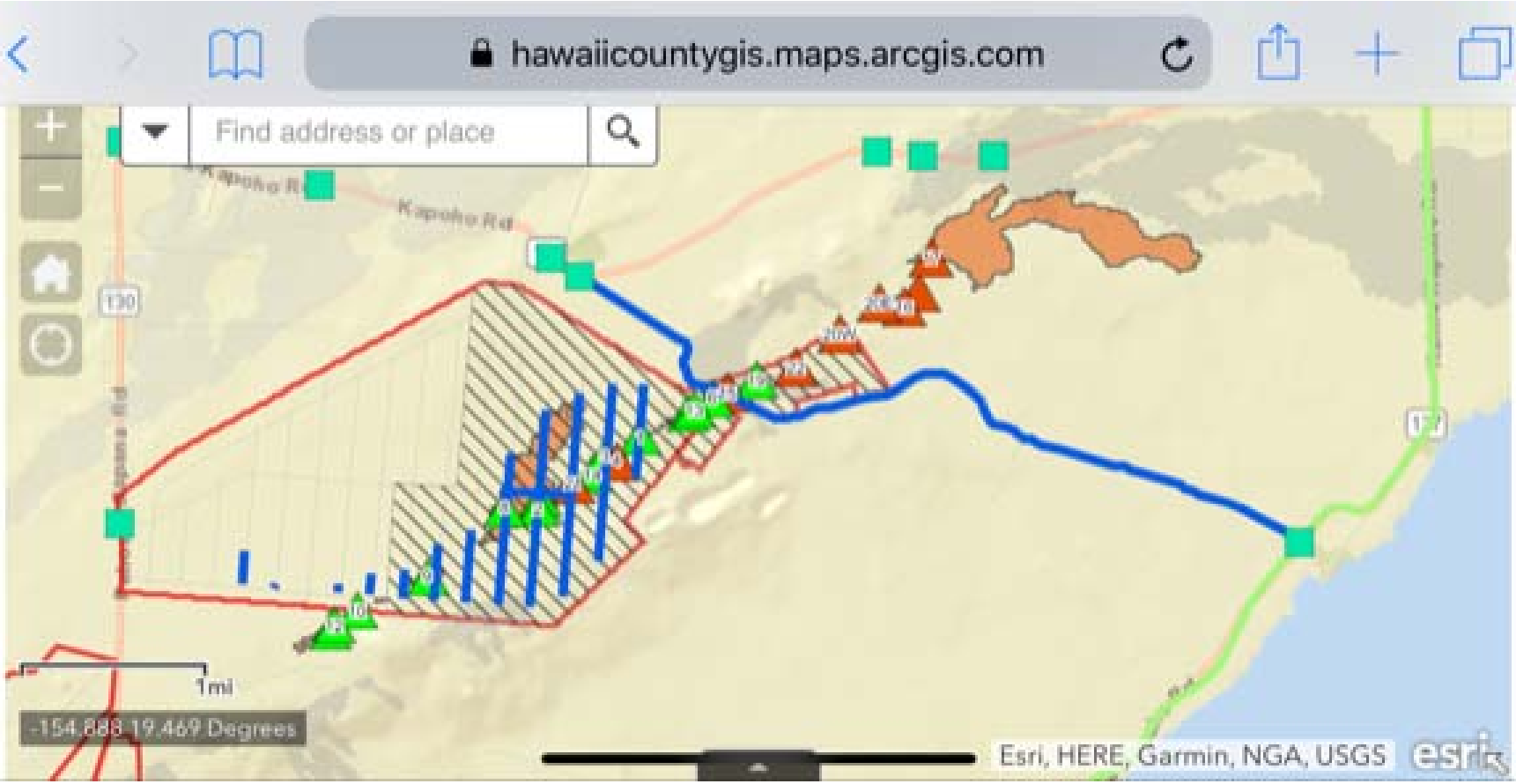
HawaiiFamilyHealth


KAUA'I
O'AHU
MOLOKA'I
MAUI
LANA'I
HAWAI'I

U.S. Geological Survey/AP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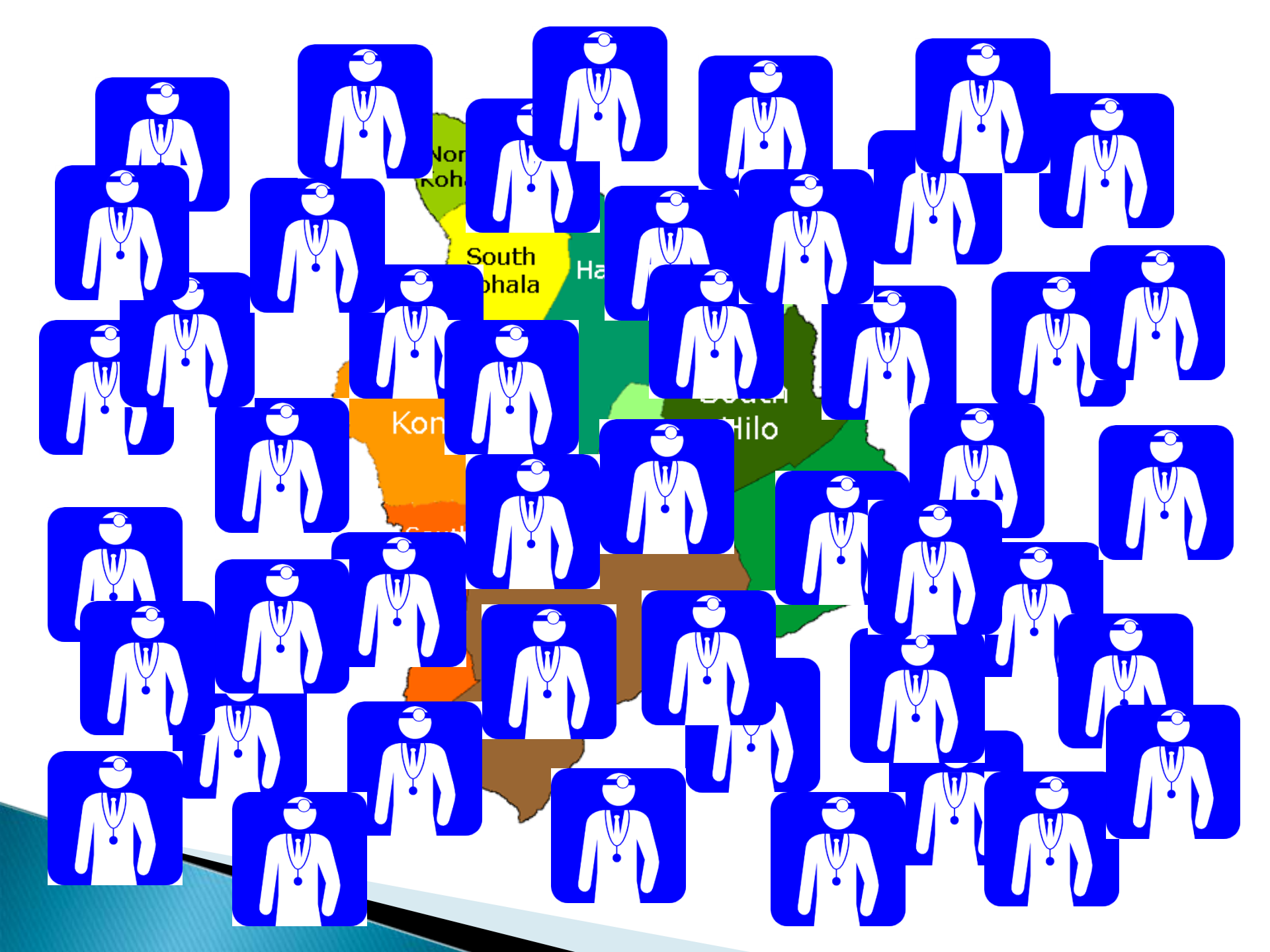

South
Kon
Hilo

Hawaii Family Health Goals

- Exceptional Medical Care
- Maximize the number of patients served
- Ensure fair pay for our employees

How many patients should we have?

- Estimated average panel size: **2500**
  - Origin – speculation by authors of an article in Family Practice Management, 2000
- Survey of panel size: **2300**
  - Origin – survey of physicians published in Journal of General Internal Medicine, 2005
- Number of physicians who can accurately estimate their panel size: 1/3
  - Origin – Journal of the American Board of Family Medicine, 2014

How much time does patient care require?

- To provide all recommended acute, chronic and preventive care for 2500 patients: **21.7 hours/day**
  - Origin: Prevention of Chronic Disease 2009; American Journal of Public Health 2003; Annals of Family Medicine 2005.
- To provide chronic care management to the top 10 chronic conditions for 2500 patients, if controlled: **3.5 hours/day**
  - Origin: Annals of Family Medicine, 2005
- To provide chronic care management to the top 10 chronic conditions for 2500 patients, if *not* controlled: **10.6 hours/day**
  - Origin: Annals of Family Medicine, 2005

Reality

- Estimated number of patients that a solo physician can successfully manage with quality care: 983
  - Origin: Annals of Family Medicine, 2012

Time Management Models

Level of Team Work	Number of Patients
Highly Delegated	1,947
Moderately Delegated	1,523
Less Delegated	1,387

Annals of Family Medicine 2012

- Delegated portions of preventative and chronic care only
- All acute care was left to physician

Hawaii Family Health Approach

- Train RNs to work to their maximum level in primary care
  - Prevention
  - Chronic Care Management
  - Acute Care
  - Refills
  - Phone triage
- All under the direct collaboration/supervision of physician

HFH Payment Models

- Fee For Service
  - 2008 – current
- CPC+ (Track 2)
  - 2017 – current
- Per Member Per Month (global)
  - 2017

HFH Costs / Revenue 2017

- Total practice revenue $671,819
  - Usual practice revenue ~$950,000
- Total practice costs $821,172
  - Usual practice costs ~ 850,000

-$149,353

CPC+ Revenue

Performance Based Incentive Payment (PBIP)	Care Management Fee (CMF)	Comprehensive Primary Care Payment (CPCP)
Annual	Quarterly	Quarterly
Quality Measures	Risk Stratification	Hybrid PMPM / FFS

CPC+ Revenue

Performance Based Incentive Payment (PBIP)	Care Management Fee (CMF)	Comprehensive Primary Care Payment (CPCP)
Repaid to CMS if measures not met at end of year reporting	Tiered payment for each patient	Partial PMPM (40%)
9 measures at 70% + CAHPS	Based on individual medical complexity	Reduced FFS (60%)

CPC+ Additional Costs

- CPC+ Consultant Services
  - Caravan $1125 / month
- CPC+ In-Office Management
  - RN at 20 hours/week ~$2,500 / month

- Total additional Costs
  - ~$39,000

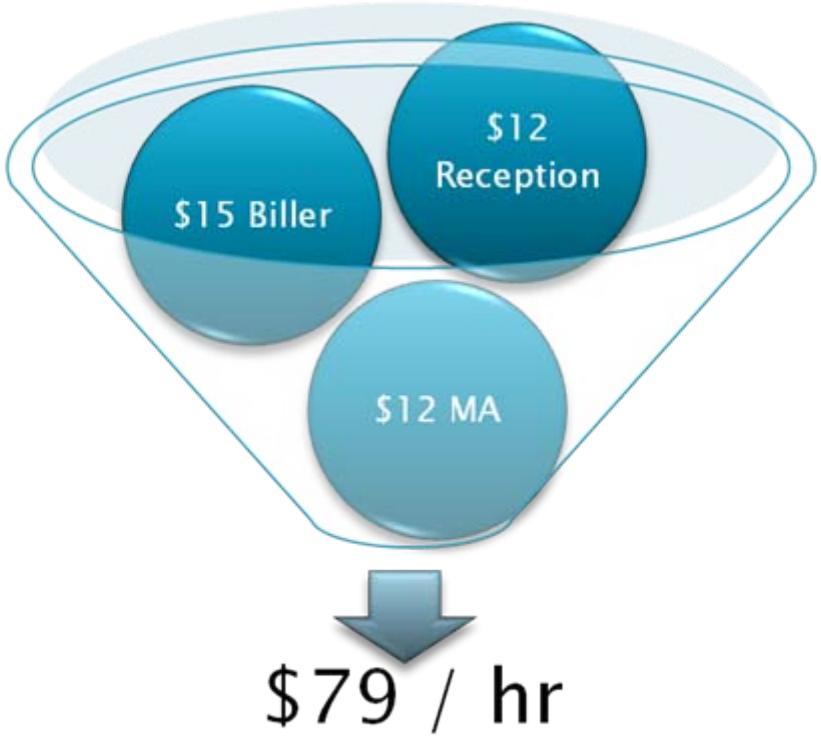
Per Member Per Month

- Full FFS → Full global (PMPM)
  - No transition period
- Based on 3 previous years of billables
  - Average PMPM ~$24
- ~1000 patients (50%)

- No Care Management Fee (CMF)
- Pay for Quality (PBIP) – quarterly
  - Removed if practice reverted back to FFS
  - By entering data on a separate website (not CMS website)

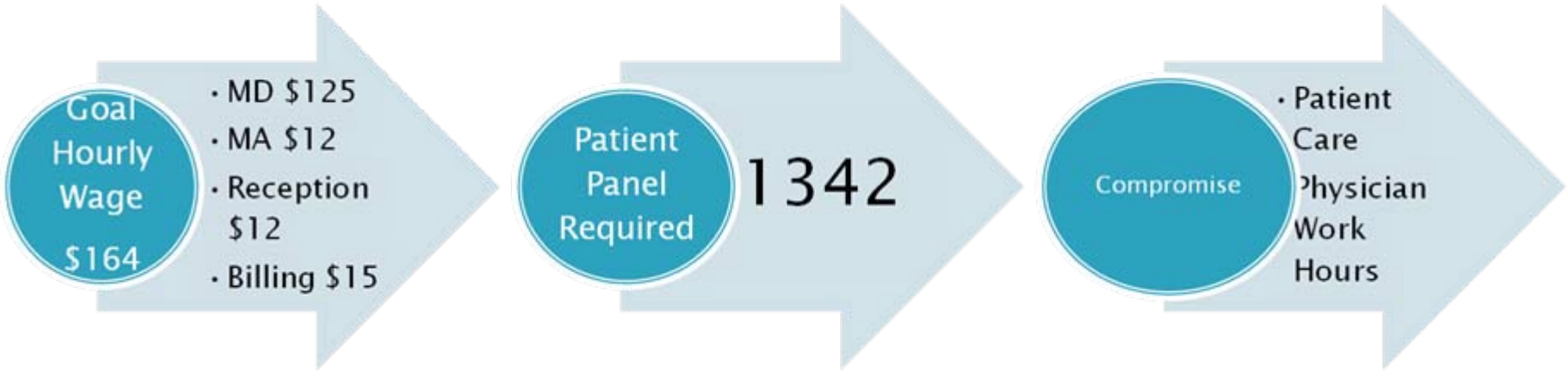
Hourly Income with $24 PMPM

Two weeks of vacation
Working 200 hrs /month
Hourly wage ~ $118



For overhead + staff benefits + MD salary

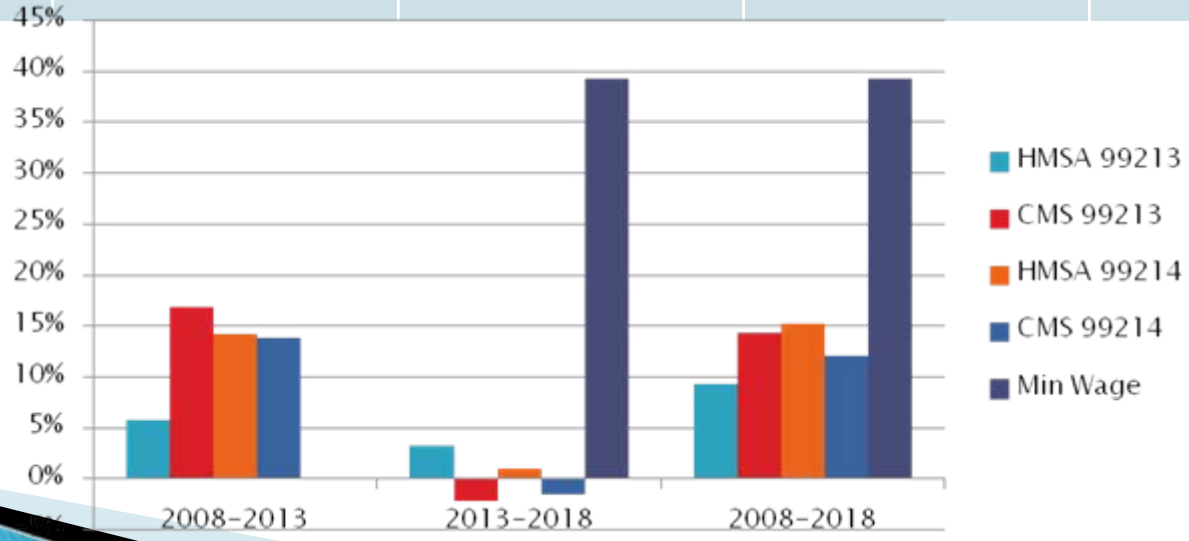
Reasonable Hourly Wage with PMPM



PMPM $24
Two weeks of vacation
Working 200 hrs /month
Hourly wage ~ $118

Fee For Service

CPT	2008	2013	2018	10 yr change
HMSA 99213	$ 61.69	$ 65.28	$ 67.41	9%
CMS 99213	$ 52.25	$ 61.04	$ 59.76	14%
HMSA 99214	$ 86.44	$ 98.70	$ 99.63	15%
CMS 99214	$ 78.45	$ 89.28	$ 87.96	12%
Minimum Wage	$7.25	$7.25	$10.10	39%



Disadvantages of Payment Models

CPC+	PMPM	FFS
Only provides money for direct Medicare patients (~10% of practice)	Huge upfront costs to practice	Reimbursements fail to keep up with inflation
Admin requirements	Only way to increase revenue is to increase number of patients ($24 PMPM)	Fails to manage the patient as a whole
Complex rules and changing requirements	Rewards for doing less for patients (over-referring, less point of care tests, use urgent care)	
	Admin requirements	
	P4Q incentivizes MD to discharge noncompliant or complex patients	

Fair and Reasonable Pay

- Doctors need to afford to repay their debt
- Multiple factors affect their income consideration:
  - Average medical school debt
    - $192,000
  - Average undergraduate debt
    - $40,000
  - Average age of completion of training
    - 30 years old

Working Backward to Fair and Reasonable Pay

- Determine a reasonable panel size for the provider and the support staff needed based on *evidence* and *local need*
  - Each region has its own costs and challenges
    - Big Island is isolated with solo practices
  - Team Based practices can care for more patients but need increased PMPM to support necessary clinical team
- Use this panel size and regional information to determine the hourly wage for a PMPM

Fair and Reasonable Pay Hybrid

- Determine a fair wage PMPM for support staff and provider
- Add an overhead correction factor to the PMPM
- Offer additional FFS for new patients
- Offer additional FFS for procedures
- Remove financial incentives for quality
- Simplify reporting