Comprehensive Payment to Support Comprehensive Care

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Capital District Physicians’ Health Plan, Inc.
Senior VP, Chief Medical Officer

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Who We Are

• Not-for-profit health plan
• Physician-founded and guided
• 350,000+ members in 29 counties in New York and seven counties in Vermont
• 15-member board of directors comprised of eight community physicians and seven business leaders
Accolades

• NCQA Excellent Accreditation for CDPHP, CDPHP UBI, CDPHN, and NCQA Full Deeming status for CDPHP Medicare Choices

• All CDPHP plans recognized by 
    – CDPHP UBI ranked #14, CDPHP HMO ranked #15, and CDPHN ranked #23.
    – #6 Medicaid plan in the country.
    – #10 Medicare plan in the country.

• Best disease management program in upstate New York for fourth consecutive year
  Health Industries Research Companies (HIRC)

• CDPHP is one of the “Best Companies to Work for in New York.”**

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*Ranking for the CDPHP HMO, PPO, ASO, Medicaid and Medicare plans by U.S. News & World Report/NCQA “America’s Best Health Insurance Plans 2009-10.”
†America’s Best Health Insurance Plans is a registered trademark of U.S. News & World Report.
**New York State Society for Human Resources Management and the Best Companies Group
Pilot Practices

Three practices, 16.12 MD FTEs, ~ 13,500 members
• **Community Care - Latham (7,108)**
  – 8.06 physicians, 2 PAs
• **Community Care – Schodack (2,420)**
  – 5.06 physicians, 2 PAs, 1 NP
• **Capital Care – Clifton Park (3,972)**
  – 3 physicians, 3 NPs

Practice Selection Criteria:
1. Significant number of CDPHP members
2. Already had EHR installed
3. Physicians thought of as leaders in the community
The CDPHP Medical Home Project

- January 2008: Board approves virtual all payer model
- May 2008: Practice reform begins
- January 2009: Payment reform begins
- December 2010: Project concludes
- June 2011: Final report out
CDPHP Pilot

Payment Reform

Practice Reform
Practice Reform
TransforMED Activities

- Initial office assessments (operations, workflow, leadership capabilities)
- Leadership team development
- Site visits/conference calls
- Collaborative meetings
- Care management integration
- Population management
- NCQA Level 2 and 3 designation
Payment Reform
The “Evils” of RBRVS Reimbursement (aka FFS)

- Significant driver of the primary care crisis
- Incent more care, not better care
- No incentive for care coordination
- No incentive for better outcomes
- Limits innovation in care delivery
- Leads to dissatisfaction for providers and patients by driving down the length of visit
Payment Reform

- Comprehensive payment for comprehensive care
- Align financial incentives
- Create an opportunity to significantly increase primary care physician income (35% to 50%)

Payment Reform – Compensation Today

**CDPHP Today**
- 90-94% FFS
- 6% Quality Payment
- $1 pmpm Care mgmt Fee

**Typical MH Pilot**
- 80-90% FFS
- 10% Quality Payment
- $5 pmpm Care mgmt Fee
Payment Reform – CDPHP Pilot

- 63% Risk-Adjusted Comprehensive Payment *
- 27% Bonus Payment
- 10% FFS - RBRVS

*Targeted at improving base reimbursement by approximately $35,000
Pilot Practice Opportunity

- Per physician with average panel size/risk:
  - $35,000 base payment increase to cover medical home expenses
  - $50,000 bonus potential

- Performance will be reported at the individual physician level and the practice level.

- All payments will be made at the practice level.
Risk-Adjusted Comprehensive Base Payment
Risk-Adjusted Base Capitation

- Primary Care Activity (PCAL):
  Patient-specific risk score calculated using Verisk / DxCG model

- Conversion Factor:
  Product-specific $ factor

Capitation = PCAL x Conversion Factor ($)

Example: 2009 Rates by Product (Risk-Adjusted Base Capitation)

<table>
<thead>
<tr>
<th>Product</th>
<th>Base</th>
<th>PCAL Increment</th>
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<tbody>
<tr>
<td>Commercial HMO</td>
<td>$128.80</td>
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<td>Commercial non-HMO</td>
<td>$105.16</td>
<td>$49.65</td>
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<td>Medicaid</td>
<td>$90.74</td>
<td>$42.74</td>
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<td>Medicare</td>
<td>$101.83</td>
<td>$48.08</td>
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</table>

**Example:**
A Medicare patient with a PCAL of 2.3 would generate a comprehensive annual payment of

\[
101.83 + 2.3(48.08) = 212.41 \text{ (or } \$17.70/\text{month})
\]
Bonus Payment Model
Challenge of Bonus Measure Design

To identify metrics that are strongly correlated to lesser costs and the maintenance or improvement of quality and that can be used as a base for bonus payments.
Bonus (IHI Triple Aim)

- **Satisfaction**
  - Enhance patient’s care experience

- **Effectiveness (quality)**
  - Improve health of the population

- **Efficiency (cost)**
  - Reduce or at least control the per capita cost of care
Bonus Model

• **Satisfaction** (CG-CAHPS) - threshold for bonus eligibility
  – Want to ensure no deterioration in patient satisfaction (access) during the pilot

• **Effectiveness** (quality) - creates the bonus opportunity
  – Ensures that the quality of health care delivery is at least maintained or preferably enhanced under this payment model

• **Efficiency** (cost) - distributes the bonus opportunity
  – Ensures that bonus payments are associated with aggregate cost savings to allow for a sustainable payment model
Effectiveness/Quality (Creating the Bonus Opportunity)

18 HEDIS Quality Metrics

- Five domains
  - **Population Health**
    - cervical cancer, breast cancer, colorectal cancer, chlamydia, glaucoma, adolescent well care visits
  - **Diabetes**
    - eye exam, HbA1c testing, LDL testing, nephropathy attention
  - **Cardiovascular**
    - complete lipid profile, persistent medication management-ACE/ARB, persistent medication monitoring diuretics
  - **Respiratory**
    - antibiotic use for acute bronchitis, asthma medications, Tx for children with pharyngitis, Tx for children with UTI
  - **Imaging Studies for Lower Back Pain**

- Scoring methodology based on practice comparison to CDPHP network performance and practice improvement year to year
## Sample Scoring of Effectiveness

**MH Practice C0226-32**

<table>
<thead>
<tr>
<th>Population Health</th>
<th>Possible Points</th>
<th>Practice HEDIS '08</th>
<th>Plan HEDIS '08 75th Percentile</th>
<th>Plan HEDIS '08 90th Percentile</th>
<th>Performance</th>
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<th>Total</th>
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<tr>
<td>Cervical Cancer Screening</td>
<td>16.67</td>
<td>87.89%</td>
<td>77.90%</td>
<td>86.11%</td>
<td>89.18%</td>
<td>0.75</td>
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<tr>
<td>Breast Cancer Screening</td>
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<td>83.71%</td>
<td>74.09%</td>
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<td>Eye Exam</td>
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<td>HgBA1c Testing</td>
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<td>LDL C Testing</td>
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<td>85.82%</td>
<td>82.30%</td>
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<td>Nephropathy Attention</td>
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<td>72.24%</td>
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<td>95.83%</td>
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<td><strong>Cardiovascular</strong></td>
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<td>12.00</td>
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<tr>
<td>Complete Lipid Profile</td>
<td>33.33</td>
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<td></td>
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<tr>
<td>Appropriate Antibiotic Use for Acute Bronchitis</td>
<td>25</td>
<td>11.43%</td>
<td>16.37%</td>
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<tr>
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<tr>
<td>Appropriate Tx for Children with Pharyngitis</td>
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<td>92.68%</td>
<td>78.83%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>1</td>
<td>25.0</td>
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<tr>
<td>Appropriate Tx for Children with URI</td>
<td>25</td>
<td>71.79%</td>
<td>87.66%</td>
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<td>100.00%</td>
<td>0.5</td>
<td>12.5</td>
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<tr>
<td>Imaging Studies for Low Back Pain</td>
<td>100</td>
<td>66.10%</td>
<td>73.01%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>0.5</td>
<td>50</td>
<td>0.10</td>
</tr>
</tbody>
</table>

**Score of 90% or meet/exceed network 90th percentile**

<table>
<thead>
<tr>
<th>Possible Points</th>
<th>Practice HEDIS '08</th>
<th>Plan HEDIS '08 75th Percentile</th>
<th>Plan HEDIS '08 90th Percentile</th>
<th>Performance</th>
<th>Actual Points</th>
<th>Weight</th>
<th>Total</th>
</tr>
</thead>
</table>

Score of 90% or meet/exceed network 90th percentile: 1
Meet or exceed 75th percentile: 0.75
Meet or exceed network average: 0.65
Less than network average but improvement over last year: 0.5
Less than network with no improvement: 0

Scoring for measures at less than 50th percentile assumes improvement over prior year.

Available Bonus: 66.9% x $50,000 = $33,448
Summary of Efficiency Metrics

A. Population-Based
   • Specialty care and other outpatient hospital
   • Pharmacy
   • Radiology

B. Episode-Based
   • Specialty care and other outpatient hospital
   • Pharmacy
   • Radiology

C. Utilization
   • Inpatient hospital admissions (selected)
   • Emergency room encounters (selected)
A. Utilization-Based

1. Hospitalization rates (inpatient admissions per 1,000 patients)
   • Hospitalization rates will be calculated only for ambulatory care sensitive conditions
A. Utilization-Based (cont.)

Ambulatory Care Sensitive Conditions

- Epileptic convulsions
- Severe ear, nose, and throat infections
- Chronic obstructive pulmonary disease
- Bacterial pneumonia
- Asthma
- Congestive heart failure
- Hypertension
- Angina
- Cellulitis
- Diabetes "A"
- Hypoglycemia
- Gastroenteritis
- Kidney/urinary infection
- Dehydration - volume depletion
- Iron deficiency anemia
- Pelvic inflammatory disease
A. Utilization-Based (cont.)

2. Emergency room rates (ER visit rate per 1,000 members)

Exclusions:
- ER visits with an eventual admission
- Trauma
- Random events
  - Acute
  - High-intensity/severe cancer, etc.
B. Population-Based

Population-based efficiency will be measured in three categories ($PMPM costs by type of service)

1. Specialty care and outpatient:
   - Includes all specialties
   - Includes all non-radiology, non-lab outpatient costs
   - Excludes inpatient, surgical centers, and ER costs

2. Radiology:
   - All professional and facility radiology costs
   - Excludes inpatient radiology costs

3. Pharmacy:
   - Pharmacy costs associated with pharmacy benefit
C. Episode-Based

- All medical costs associated with a given medical condition; adjusted for differences in case mix

- Selection criteria:
  - Clinical significance
    - High prevalence
    - High incidence
  - Economic significance
  - Sensitive/amenable to primary care, i.e., actionable
  - Demonstrated variations in cost/utilization of care
C. Episode-Based (cont.)

Episodes for selected medical conditions (cost per episode)
  • diabetes, asthma, CAD, CHF, sinusitis, GERD, hypertension, and lower back pain

Includes the same three types of services as population-based measures:
  1. Specialty care and outpatient
  2. Pharmacy
  3. Radiology
Bonus Distribution – Efficiency

- Each practice’s Composite Efficiency Score will be ranked relative to its peer group of primary care physicians in the network

- Ranking determines the payout of the available bonus
## Example: Efficiency Indices Report

<table>
<thead>
<tr>
<th>Utilization</th>
<th>Population-Based</th>
<th>Episode-Based</th>
<th>Composite</th>
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</thead>
<tbody>
<tr>
<td>ER Enc Index</td>
<td>Inp Adm Index</td>
<td>Spec Index</td>
<td>Rx Index</td>
</tr>
<tr>
<td>0.84</td>
<td>0.79</td>
<td>0.98</td>
<td>1.03</td>
</tr>
<tr>
<td>5%</td>
<td>5%</td>
<td>35%</td>
<td>15%</td>
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</table>
Efficiency Model (Distributing Bonus Opportunity)

- Ingenix Efficiency Score Ranking
- Pilot Year 1 Scoring:
  <60%  $25,000 opportunity
    » $1,000 per point of improvement from prior year
  >60%  $25,000 opportunity plus
    » $625 per point between 60 and 90
  >90%  $50,000 opportunity per MD

Note: $50,000 max per 1.0 FTE MD
Example: Practice Bonus Calculation

• **Create the Bonus Opportunity** (Effectiveness)
  – Amount from HEDIS performance
    $33,448 per FTE MD

• **Distribute the Bonus Opportunity** (Efficiency)
  – At 73% performance for year 1 (60% at baseline), practice would earn $33,125 per FTE MD
    • (25K + [73-60] @ 625 per point = $33,125)
Preliminary Findings
Effectiveness (Quality) is improving across all practices

and

Efficiency (Cost) is variable
### Effectiveness Measure

**MH Practice C0055-06**  
**CapitalCare Clifton Park**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Possible Points</th>
<th>Practice HEDIS 08</th>
<th>Practice HEDIS 09</th>
<th>Plan HEDIS 09</th>
<th>Plan HEDIS 09 75th Percentile</th>
<th>Plan HEDIS 09 90th Percentile</th>
<th>08 Rating</th>
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<td>Cervical Cancer Screening</td>
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<td>80.01%</td>
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<td>79.06%</td>
<td>66.36%</td>
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<tr>
<td>Complete Lipid Profile</td>
<td>33.33</td>
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<td>98.25%</td>
<td>88.44%</td>
<td>100.00%</td>
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<tr>
<td>Appropriate Antibiotic Use for Acute Bronchitis</td>
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<td>17.02%</td>
<td>28.57%</td>
<td>50.00%</td>
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**Total:** $77.02  
$38,510
### Effectiveness Measure

#### Population Health

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<th>09 Rating</th>
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#### Diabetes

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#### Cardiovascular

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#### Imaging Studies for Low Back Pain

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**Total Effectiveness Measure: $46.85**

**Total Cost: $23,427**
# Effectiveness Measure

**MH Practice C0226-32**  
**Latham Medical Group**

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<th>09 Rating</th>
<th>Actual Points</th>
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<td>77.86%</td>
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<td>88.54%</td>
<td>100.00%</td>
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<td>10.8</td>
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<tr>
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<td>65.77%</td>
<td>66.80%</td>
<td>74.11%</td>
<td>83.20%</td>
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<td>Eye Exam</td>
<td>25</td>
<td>57.45%</td>
<td>61.82%</td>
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<td>70.90%</td>
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<td>8.57%</td>
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**Total: $ 31,292**

**62.58**
Patient Centered Medical Home Practices - Inpatient Admits per 000

Commercial Product Performance in Pilot and Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008

<table>
<thead>
<tr>
<th>Practice</th>
<th>Trend</th>
<th>YTD 2Q 2008</th>
<th>YTD 2Q 2009</th>
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<td>Core 4</td>
<td>-4.02%</td>
<td>49,889</td>
<td>47,886</td>
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<td>Pilot</td>
<td>+0.46%</td>
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<td>41,895</td>
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<tr>
<td>Practice A</td>
<td>-8.35%</td>
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<td>Practice C</td>
<td>+11.74%</td>
<td>37,873</td>
<td>42,320</td>
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n = Number of Patients
Patient Centered Medical Home Practices - ER Visits per 000
Commercial Product Performance in Pilot and Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008

<table>
<thead>
<tr>
<th>Practice</th>
<th>YTD 2Q 2008</th>
<th>YTD 2Q 2009</th>
<th>Trend</th>
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<tbody>
<tr>
<td>Core 4</td>
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Patient Centered Medical Home Practices - Total Cost of Care
Commercial Product Performance in Pilot and Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008

Trend =  + 2.75%
Trend =  + 0.67%

Cost of Care Allowed Dollars PMPM

Core 4
- YTD 2Q 2008 = $195.52
- YTD 2Q 2009 = $200.90
- n = 159,127

Pilot
- YTD 2Q 2008 = $196.62
- YTD 2Q 2009 = $197.93
- n = 10,025
### Patient Centered Medical Home Practices - Total Cost of Care

**Commercial Product Performance in Pilot and Core-4 Counties**

**YTD Second Quarter 2009 Compared to YTD Second Quarter 2008**

<table>
<thead>
<tr>
<th>Practice</th>
<th>Cost of Care Allowed Dollars PMPM</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core 4</td>
<td>$195.52 $200.90</td>
<td>+2.75%</td>
</tr>
<tr>
<td>Pilot</td>
<td>$196.62 $197.93</td>
<td>+0.67%</td>
</tr>
<tr>
<td>Practice A</td>
<td>$208.66 $192.00</td>
<td>-7.99%</td>
</tr>
<tr>
<td>Practice B</td>
<td>$208.23 $205.55</td>
<td>-1.29%</td>
</tr>
<tr>
<td>Practice C</td>
<td>$205.55 $198.96</td>
<td>+7.07%</td>
</tr>
</tbody>
</table>

**Trend Analysis**

- **Core 4**: +2.75%
- **Pilot**: +0.67%
- **Practice A**: -7.99%
- **Practice B**: -1.29%
- **Practice C**: +7.07%

**Sample Sizes**

- Core 4: n = 158,591
- Pilot: n = 3,146
- Practice A: n = 3,063
- Practice B: n = 1,601
- Practice C: n = 5,228

**Notes**

- The data represents total cost of care for each practice over the specified quarters.
- The trend percentages indicate the change in cost of care from YTD Second Quarter 2008 to YTD Second Quarter 2009.
Trend of 'Practice A' PCMH Compared to Trend of Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008
Commercial Product Performance
(n = 3063)

Practice A with Core Trend of +2.75% Applied = $214.40

Practice A Actual Trend of -7.99% = $192.00

Bending the trend an additional -10.74% is worth $22.40 PMPM.
Trend of 'Practice B' PCMH Compared to Trend of Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008
Commercial Product Performance
(n = 1669)

Practice B with Core Trend of +2.75% Applied = $213.95

Practice B Actual Trend of -1.29% = $205.55

Bending the Trend an additional -4.04% is worth $8.40 PMPM.
Trend of 'Practice C' PCMH Compared to Trend of Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008
Commercial Product Performance
\( n = 5293 \)

Practice C with Core Trend of +2.75% Applied = $190.93

Practice C Actual Trend of +7.07% = $198.96

Bending the Trend by +4.32% above Core is a cost of $8.03 PMPM.

Practice C with Core Trend of +2.75% Applied = $190.93
Reimbursement Enhancement

Assuming 1750 patients per FTE MD, $85,000 equates to $4.05 pmpm
Trend of Pilot Groups PCMH Compared to Trend of Core-4 Counties  
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008  
Commercial Product Performance  
(Total Pilot: n = 10,025)

Pilot with Core Trend of  
+2.75% Applied = $202.03

Pilot Actual Trend of  
+0.67% = $197.93

YTD 2Q 2008 YTD 2Q 2009
Trend of Pilot Groups PCMH Compared to Trend of Core-4 Counties
YTD Second Quarter 2009 Compared to YTD Second Quarter 2008
Commercial Product Performance
(Total Pilot: n = 10,025)

Pilot with Core Trend of +2.75% Applied = $202.03

Pilot Actual Trend of +0.67% = $197.93

Value Created: $4.10 PMPM
Expansion of Pilot

• Have just begun a process to select an additional 21 additional practices to add to the pilot this summer

• September 2010: Begin a year-long transformation process using the three pilot practices as champions

• May 2011: Make firm decision to commit to this effort based upon analyses to date

• June - August 2011: Complete re-contracting practices

• September 2011: Launch practices on new payment model
Primary Care Saved

Three local physician practices, Capital Care Clifton Park, Community Care Schodack and Latham Med, along with insurer CDPHP have successfully created an innovative and sustainable model for the reimbursement of primary care physicians. This has led to an immediate resurgence in the interest in primary care medicine as a career for medical students.

Amazingly, this was accomplished while demonstrating better health outcomes and market leading satisfaction scores for patients, employers and physicians.
Questions?