The Medical Home Summit 2015

Managing Population Health in the Medical Home: Promise and Pitfalls

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Three Premises

1. *Today's Risk* …. Predicts, Correlates or Causes … Future (Fiscal Year) *Costs*

EXHIBIT 2

Predicted Per Capita Costs of Patients by Patient Activation Level

2010 patient activation level	Predicted per capita billed costs ($)	Ratio of predicted costs relative to level 4 PAM
Level 1 (lowest)	966**	1.21**
Level 2	840	1.05
Level 3	783	0.97
Level 4 (highest)	799	1.00

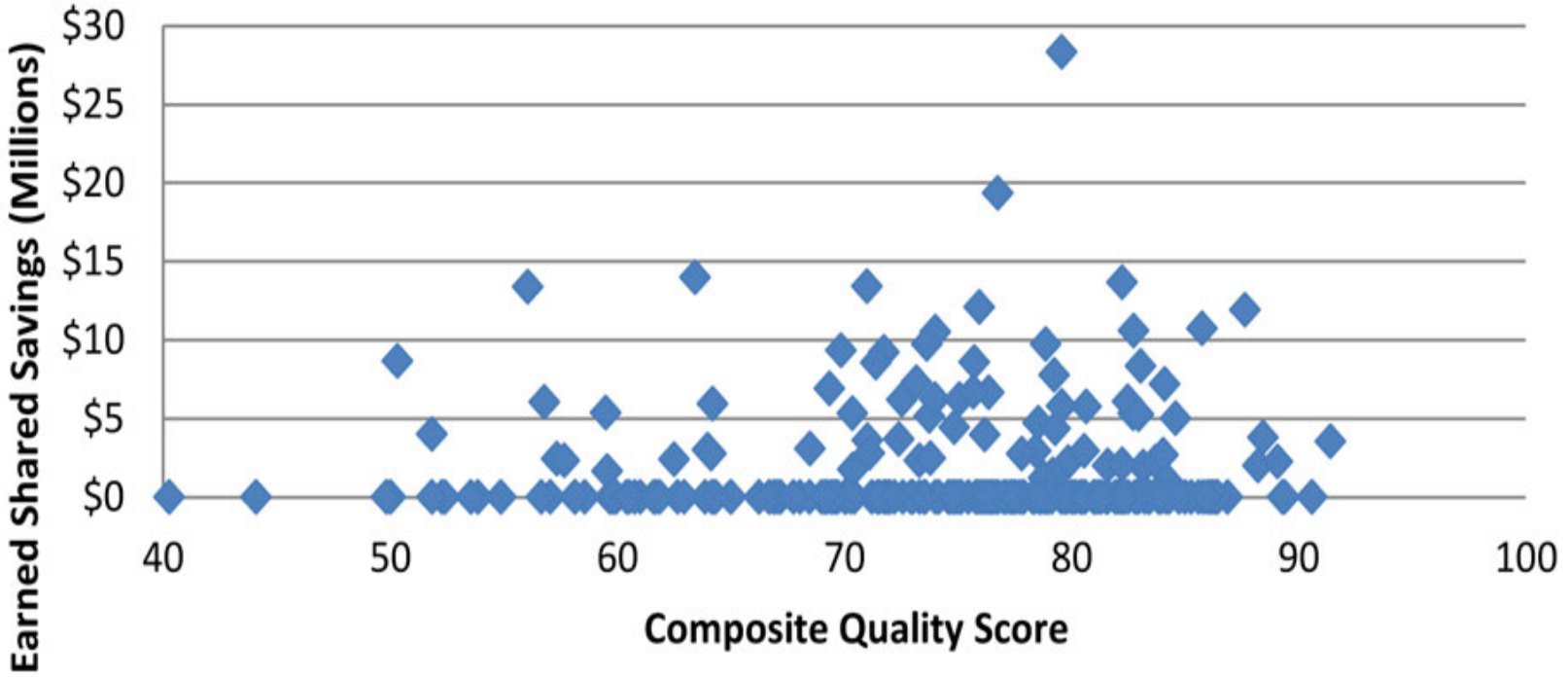
SOURCE Judith H. Hibbard, Jessica Greene, and Valerie Overton, "Patients with Lower Activation Associated with Higher Costs; Delivery Systems Should Know Their Patients' 'Scores,'" *Health Affairs* 32, no. 2 (2013): 216–22. **NOTES** Authors' analysis of Fairview Health Services billing and electronic health record data, January–June 2011. Inpatient and pharmacy costs were not included. PAM is Patient Activation Measure. **$p < 0.05$

"Health Policy Brief: Patient Engagement," *Health Affairs*, February 14, 2013.
http://www.healthaffairs.org/healthpolicybriefs/

2. Clinical *Quality* Doesn't

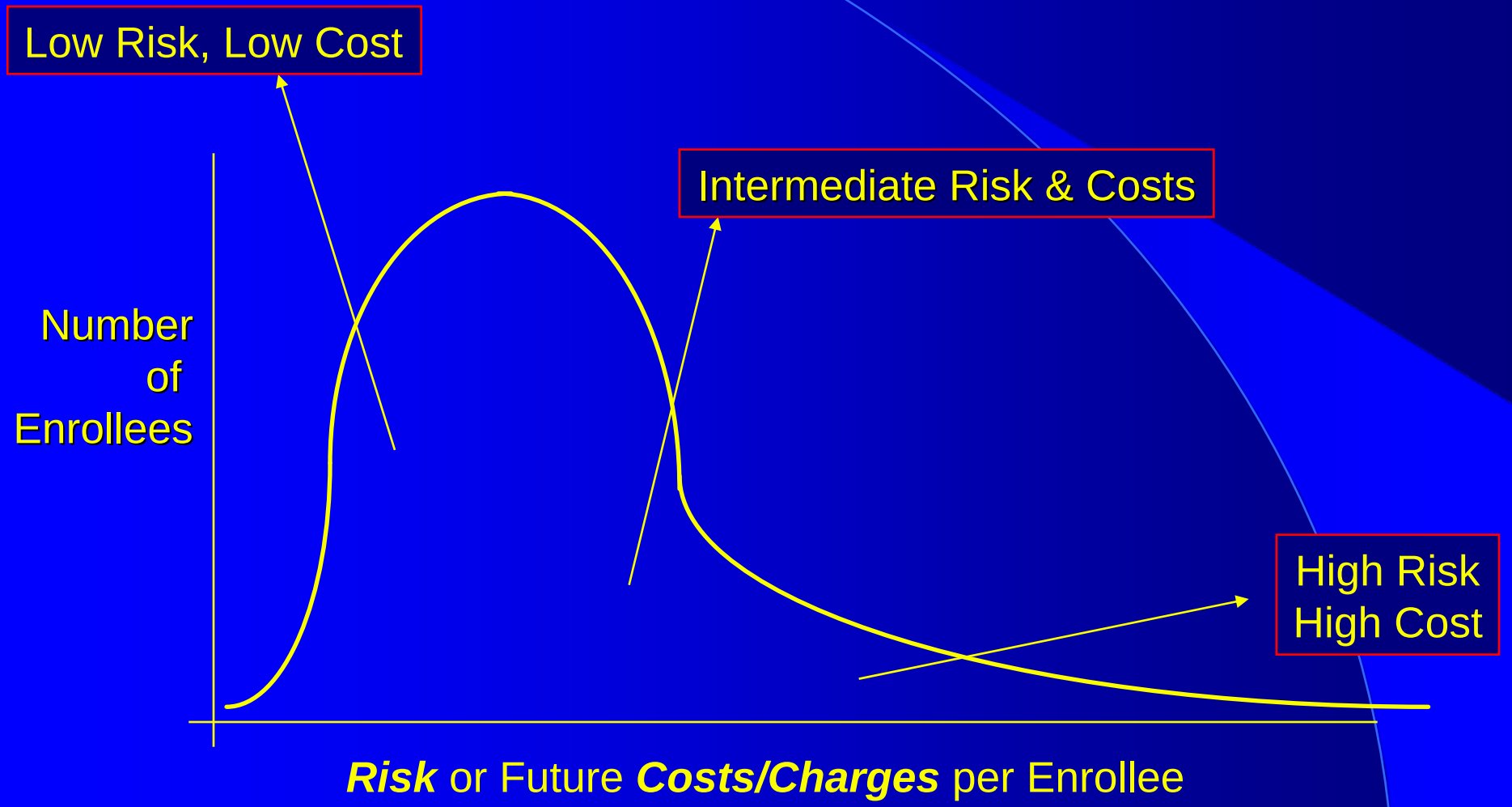
Correlation of Quality Measures and Savings: NS

CMS Accountable Care Organizations Medicare Shared Savings Program

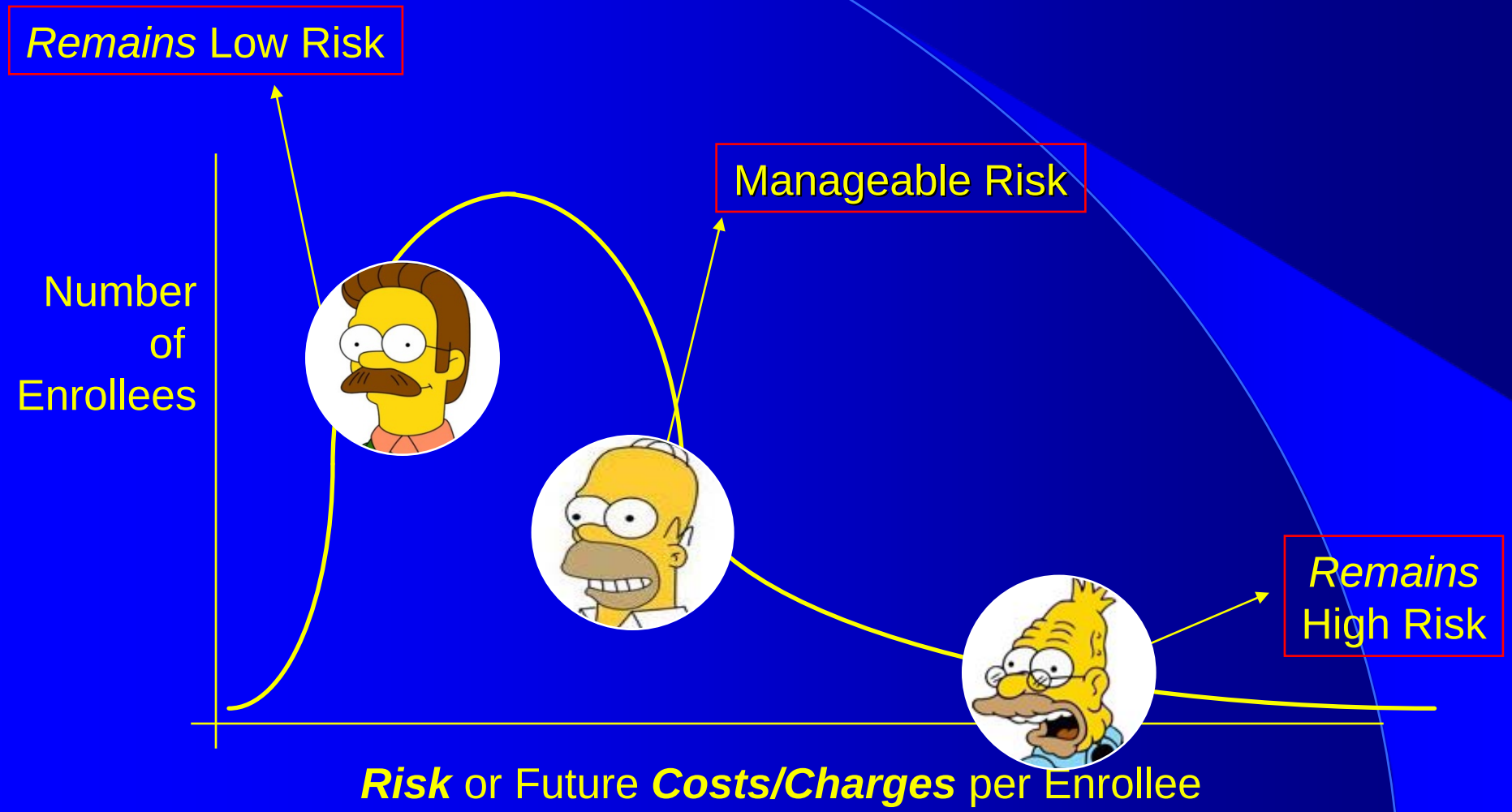


Muhlestein & Hall: ACO quality results. Health Affairs Blog Dec 18, 2014

3. Risk Can Be *Stratified*



How Clinicians See It



*With apologies to *The Simpsons*

Ned's Challenge

An *economic* proposition

- *Less Triple Aim* (Quality/Experience of Care)
- *Tyranny of the fiscal year*

Measurable p<.05 impact is problematic:

- Destined to go from low cost to….
- low cost!
- Pooling: pulls the overall mean down
- Opportunity cost for care management personnel

Abe's Problem

An *economic* proposition

- *Not Triple Aim* (Quality/Experience of Care)
- Basis for risk pooling
- Basis for the clinicians plea for "Risk Adjustment"

Unstable Clinical Reality

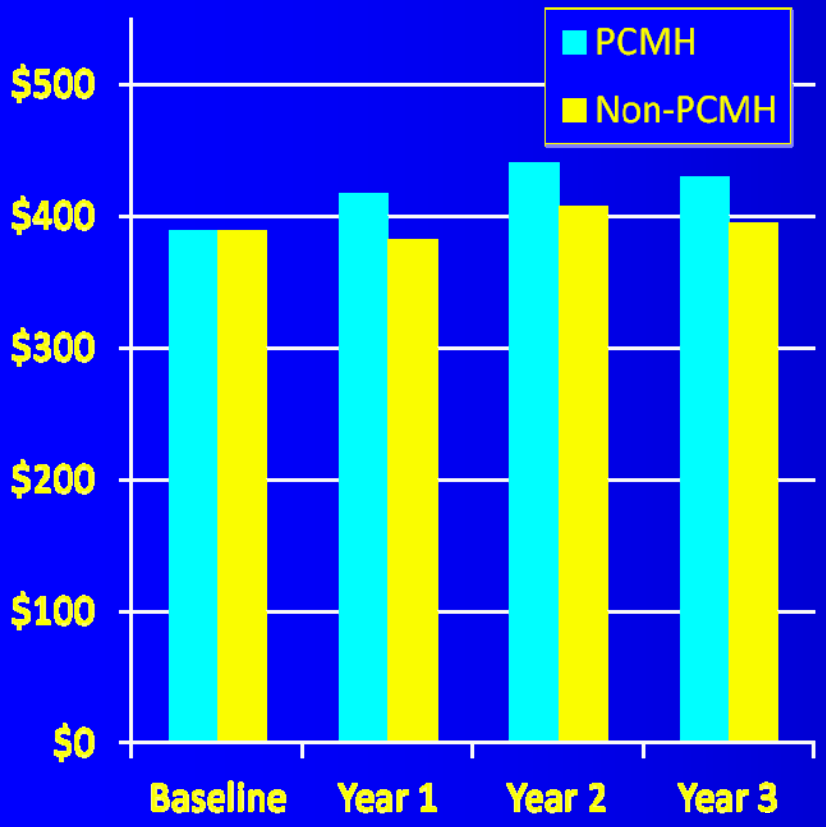
Measurable p<.05 impact problematic:

- Low numbers
- High variation: many outliers
- Skewed distribution
- Basis for "reinsurance"

Multipayer Intervention Quality, Utilization, & Costs of Care

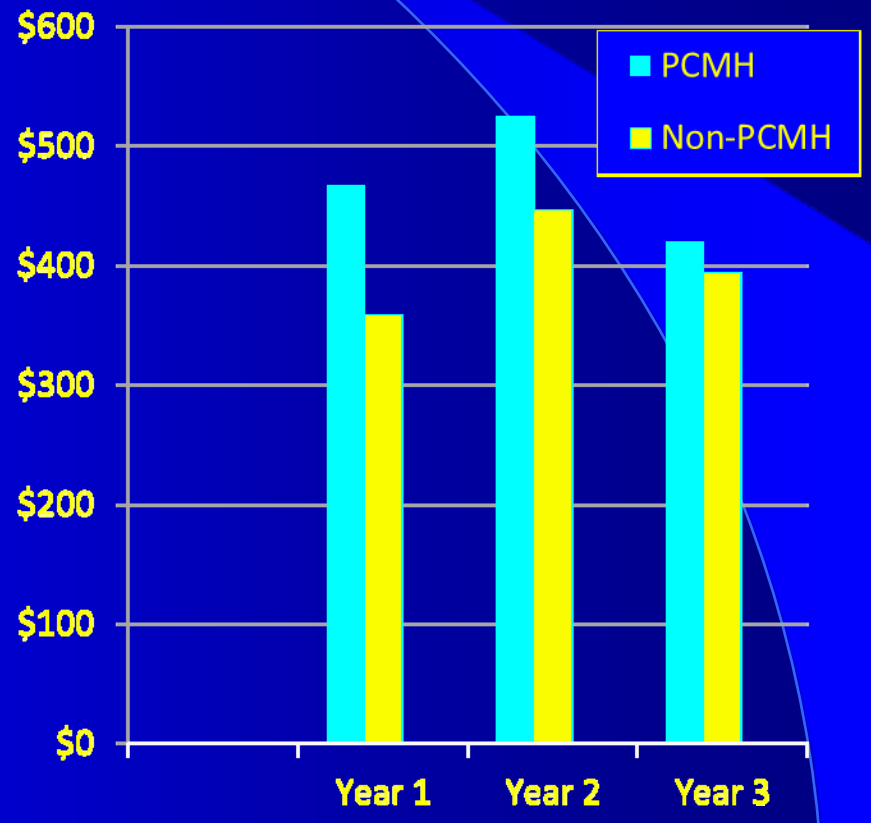
Per Member Per Month Costs

All Patients: Costs of Care



Friederg et al *JAMA*. 2014;311(8):815-825.

High Risk: Change in Costs of Care



Higgins et al. AJMC 2014;20(3):E61-E71

Modifiable Risk

deBrantes Lee: Bridges to excellence: Building a business case for quality care JCOM 2003;10(3): 439

Decision Support

- Patient Identification
- Promote Guidelines

Patient Education

- Educational Assessment
- Shared decision making
- Provider-patient communication
- Self Management

Care Management

- Team Composition
- Specialty care
- Appropriate level of contact based on clinical condition **and compliance with follow-up care**

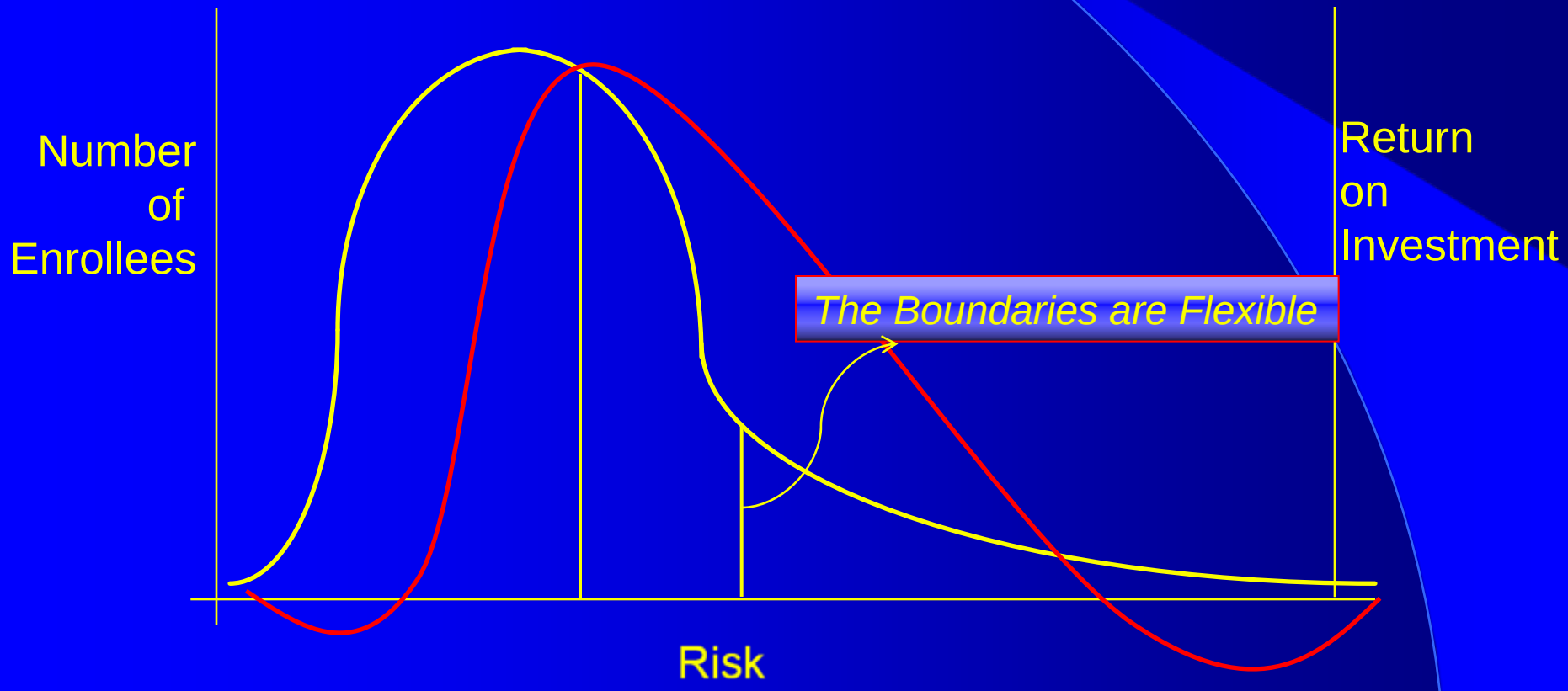
“Capitation”

Payment to the provider of a lump sum per patient per month

- Risk transfer
- Less care
- Selective enrollment
- Provider vs. payer perspective

Bodenheimer: Capitation or decapitation *JAMA.* 1996;276(13):1025-1031

The Opportunity Spectrum



Conclusions

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- "80-20" PCMH economics are tied to *risk stratification*
- The underlying risk of a population varies and there is a "sweet spot"
- Sweet spot is based on the *modifiable* risk of utilization:
  - Vulnerability, need, impactability….
  - Condition as well as
  - Compliance, Engagement….