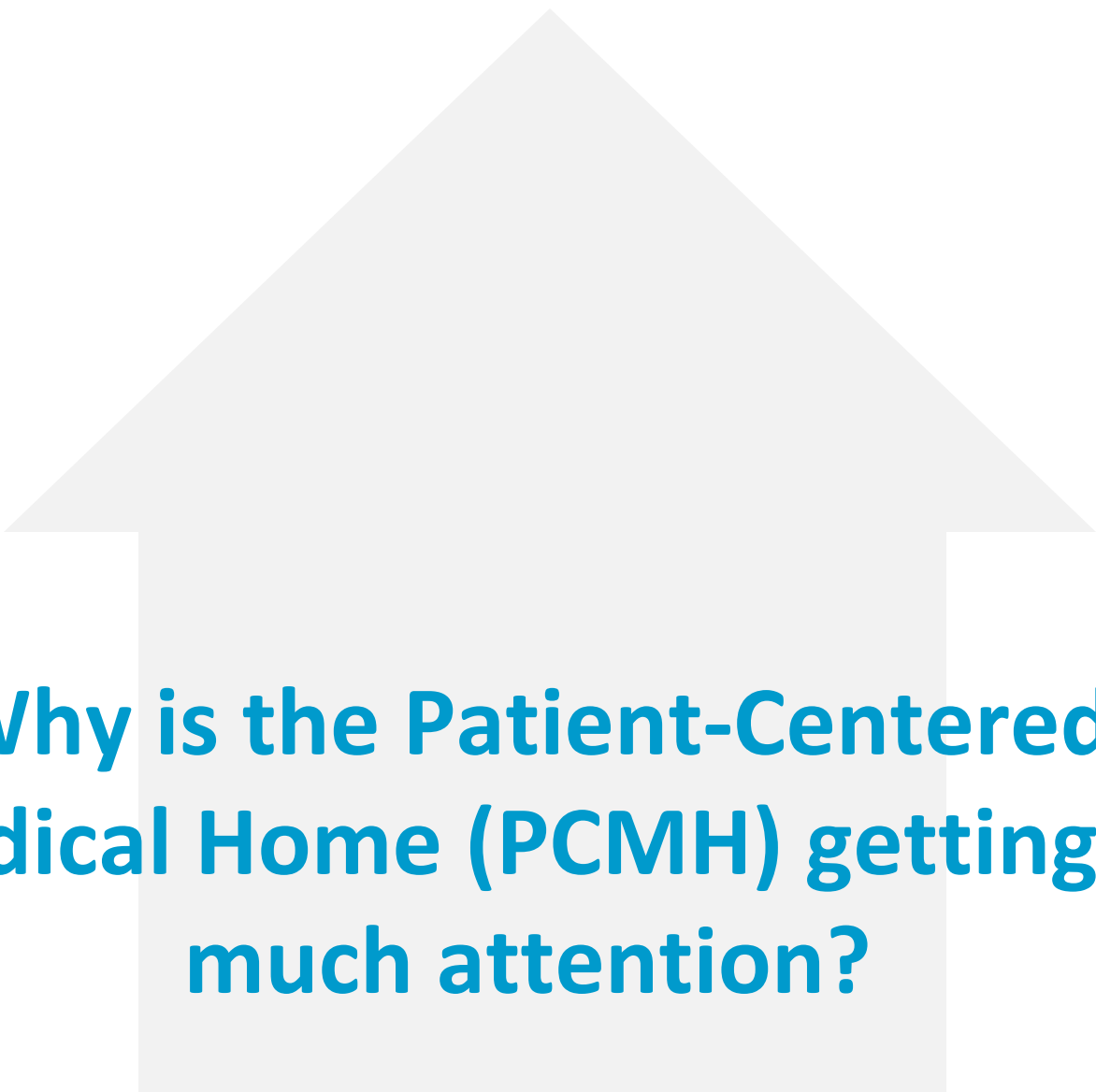


The Patient-Centered Medical Home: Setting the Stage

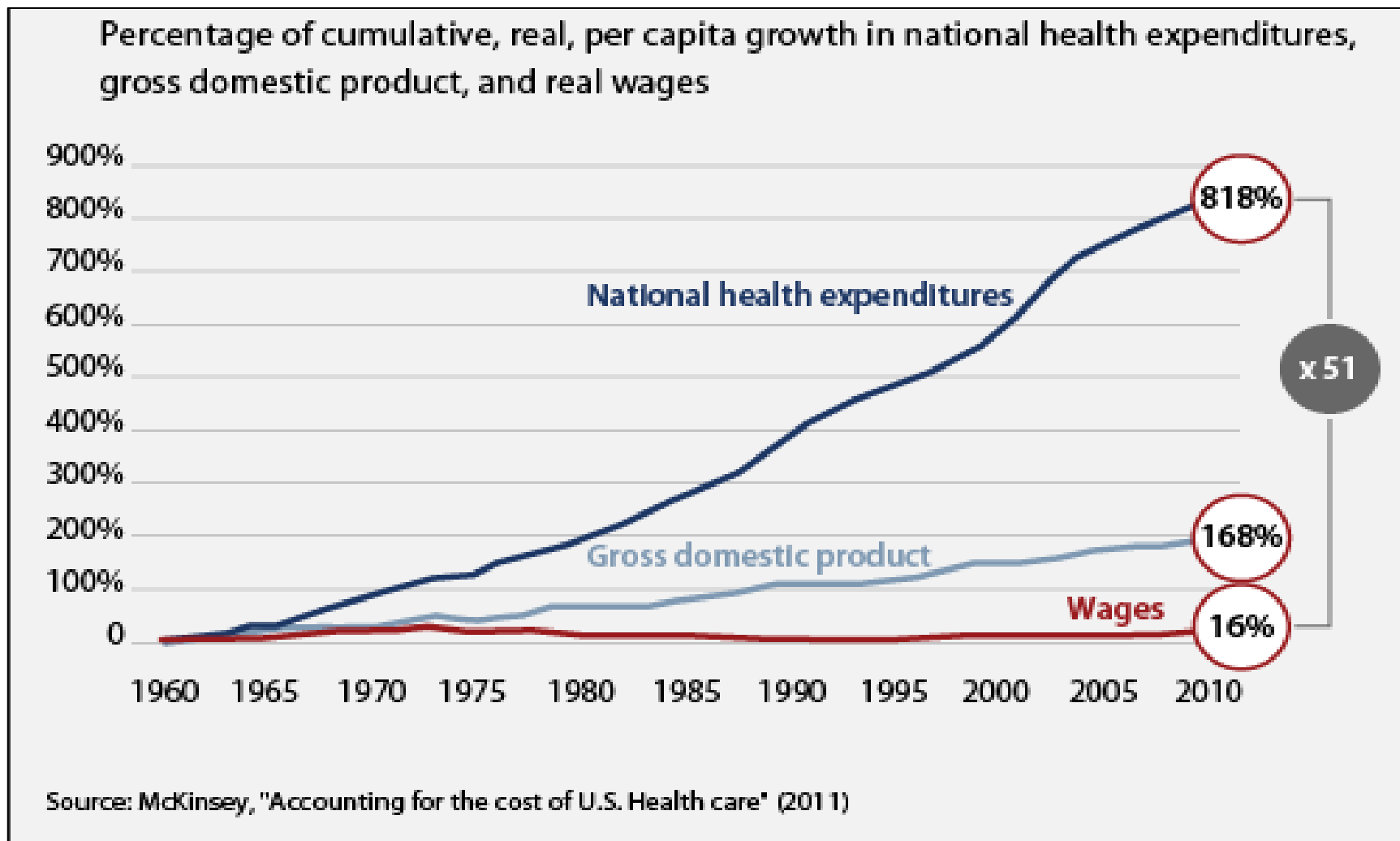
A presentation to the
13th Population Health Colloquium and
Fifth National Medical Home Summit

Marci Nielsen, PhD, MPH
Chief Executive Officer, PCPCC



**Why is the Patient-Centered
Medical Home (PCMH) getting so
much attention?**

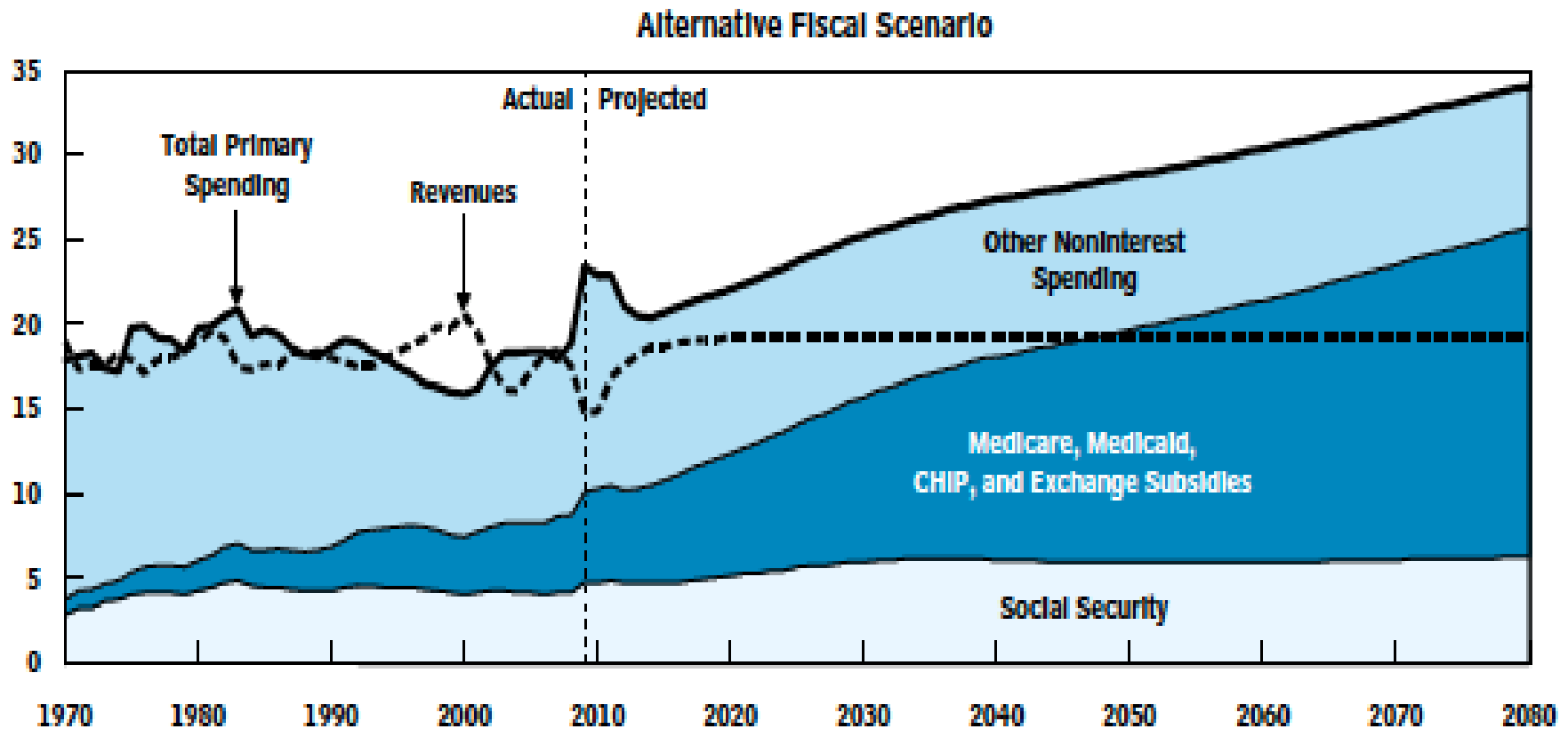
Unsustainable growth of health spending



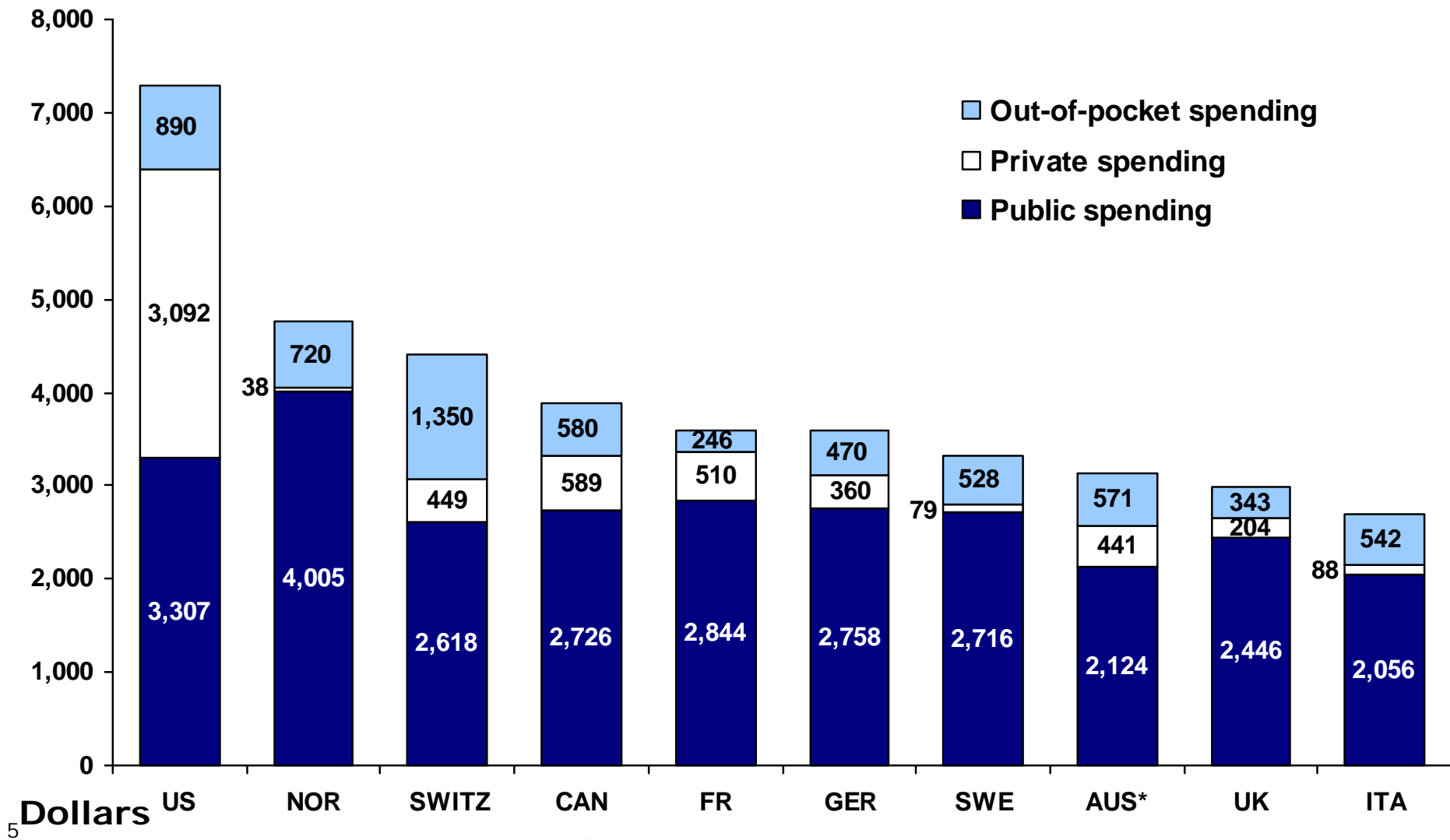
Source: Center for American Progress, 2012

Federal Health Care Costs

Revenues and Primary Spending, by Category, Under CBO's Long-Term Budget Scenarios Through 2080



Health care expenditure per person by source of funding, 2007*



* 2006

*Adjusted for Differences in Cost of Living

Source: OECD Health Data 2009 (June 2009), Commonwealth Fund

Projected cost of health care

PHYSICIAN
OFFICE VISIT



Recent price:

\$89

(2011)

Rate of growth:

+ 66%

2021
projected price:

\$148

YEAR OF NURSING
HOME CARE



Recent price:

\$78,110

(for a semiprivate
room, 2011)

Rate of growth:

+ 64%

2021
projected price:

\$128,100

MRI PERFORMED
IN HOSPITAL



Recent price:

\$1,080

(2011)

Rate of growth:

+ 69%

2021
projected price:

\$1,826

FAMILY
PREMIUM



Recent price:

\$15,073

(2011)

Rate of growth:

+ 73%

2021
projected price:

\$26,076

Sources: Center for American Progress Analysis; Kaiser Family Foundation: Employer Health Benefits Summary, 2011; MetLife: Market Survey of Long-Term Care Costs, 2011; International Federation of Health Plans: 2011 Comparative Price Report, 2011

Cost of health care “waste”

Key sources of waste ¹	% of total medical cost that is waste
Admin and system	4 - 6%
Provider inefficiencies	3 - 4%
Lack of care coordination	1 - 2%
Unwarranted	11 - 21%
Preventable conditions and avoidable care	1 - 2%
Fraud and abuse	5 - 8%
	~30%

Conservatively, 30% of the annual \$2.5 trillion U.S. health expenditure is estimated to be waste, equating to approximately \$700B each year.



Solutions point to primary care

Significant problems

Rising healthcare costs
→ \$2.4 trillion (17% of GDP)

Gaps/variations in quality and safety

Poor access to PCPs

Below-average population health

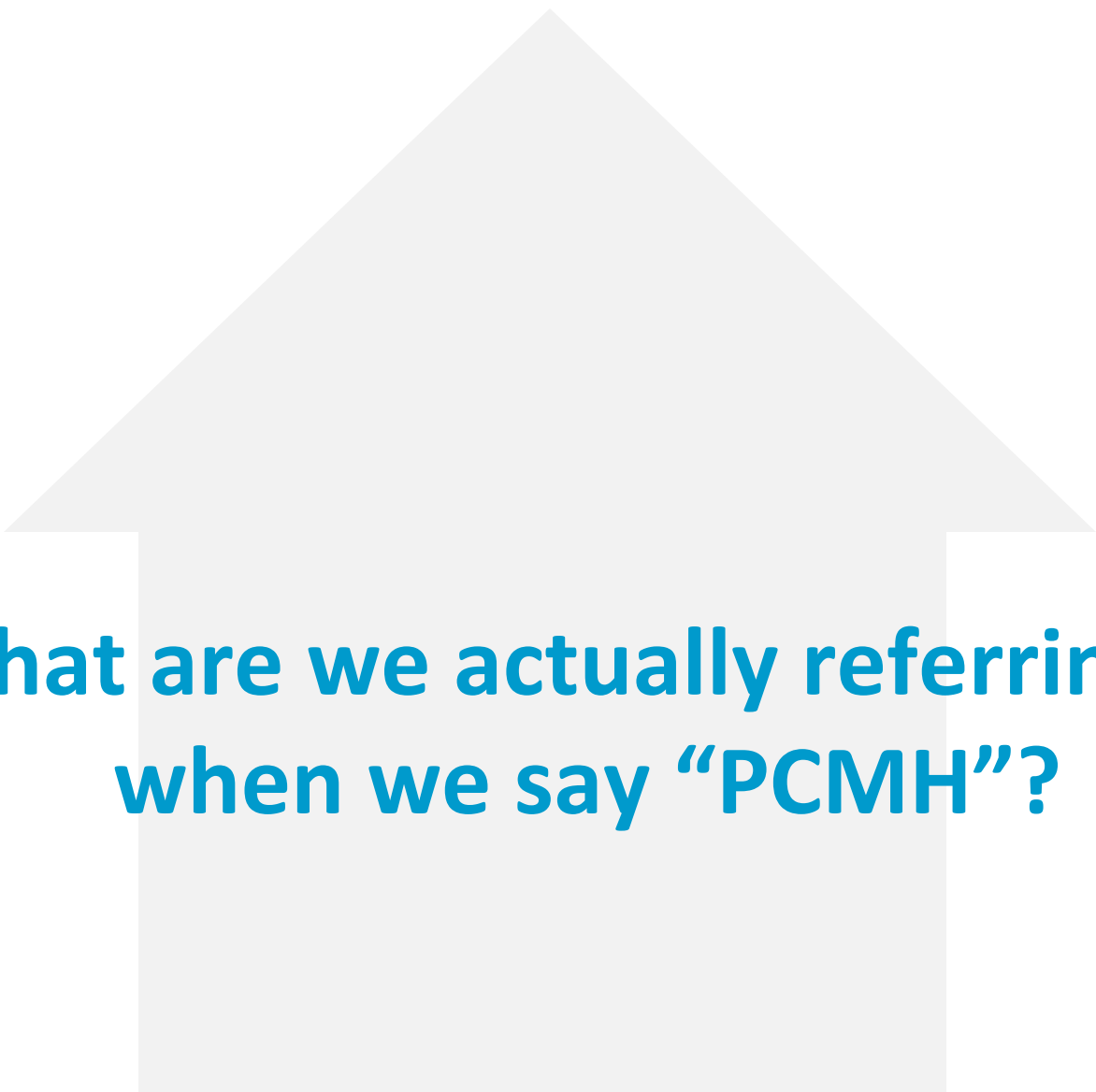
↑ Aging population
Chronic disease

... “Experiments” underway

- PCMHs
- ACOs
- EHR/HIE investment
- Disease-management pilots
- Alternative care settings
- Patient engagement
- Care coordination pilots
- Health insurance exchanges
- Top-of-license practice

... Primary care-centric projects have proven results

Across 300+ studies, better primary care has proven to increase quality and curtail growth of health care costs



**What are we actually referring to
when we say “PCMH”?**

What is a medical home?

The medical home is an *approach* to primary care that is:

Patient-Centered

Supports patients in managing decisions and care plans.

Comprehensive

Whole-person care provided by a team

Coordinated

Care is organized across the 'medical neighborhood'

Committed to quality and safety

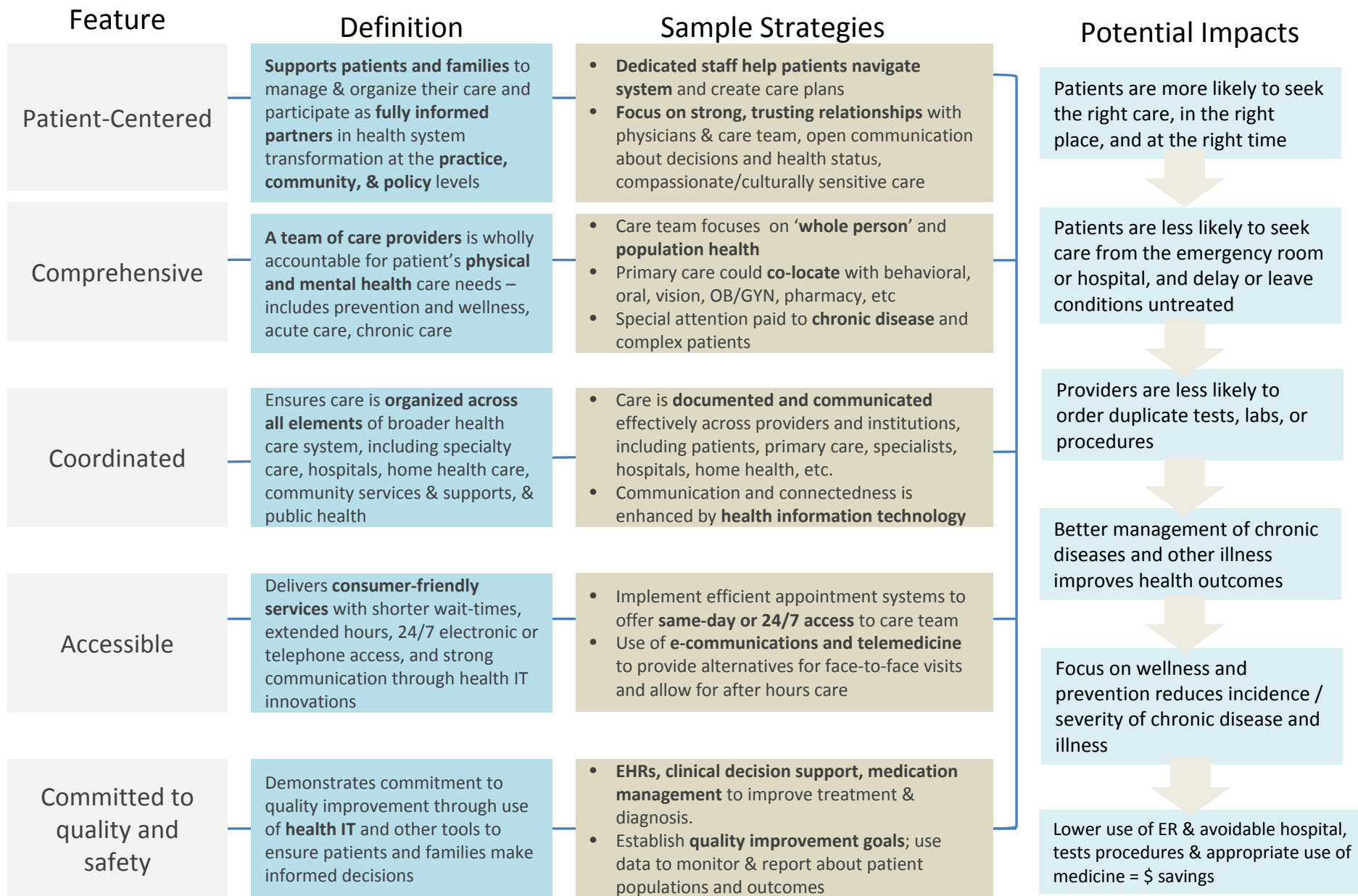
Maximizes use of health IT, decision support and other tools

Accessible

Care is delivered with short waiting times, 24/7 access and extended in-person hours.



Why the Medical Home Works: A Framework

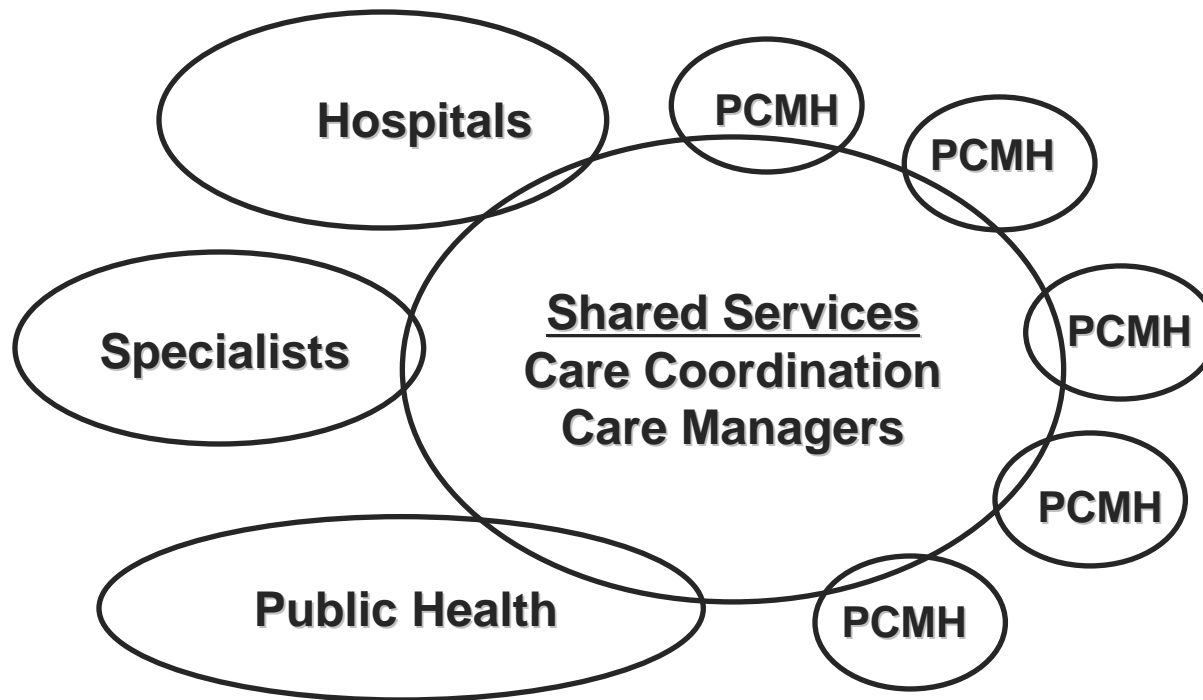


A Change in Paradigm

Today	Future
Treating Sickness / Episodic	Managing Population
Fragmented Care	Collaborative Care
Specialty Driven	Primary Care Driven
Isolated Patient Files	Integrated Electronic Record
Utilization Management	Evidence-Based Medicine
Fee for Service	Shared Risk/Reward
Payment for Volume	Payment for Value
Adversarial Payer-Provider Relations	Cooperative Payer-Provider Relations
“Everyone For Themselves”	Joint Contracting

PCMH and Accountable Care: Two Sides of the Same Coin

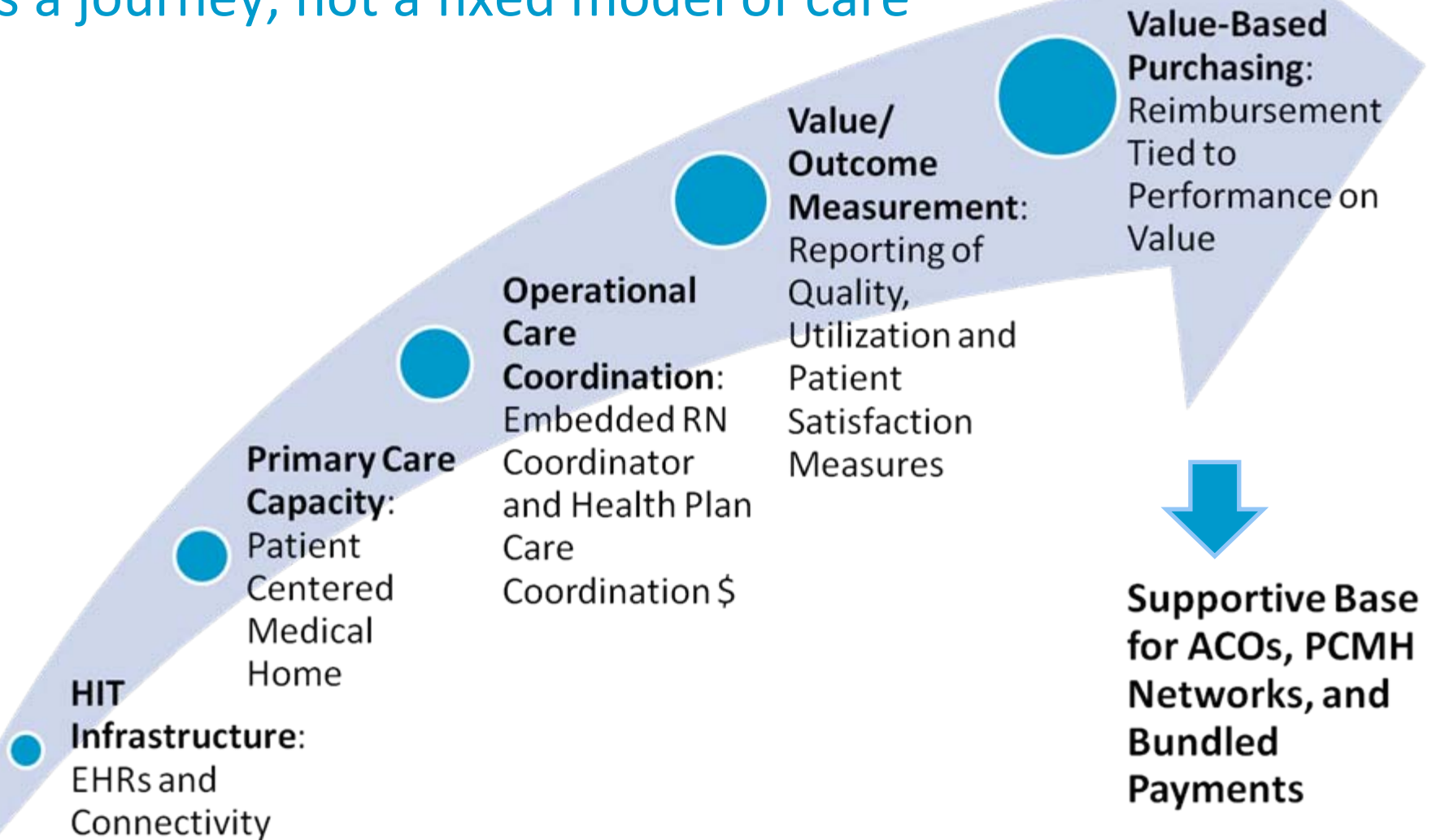
Accountable Care



Health IT Infrastructure

Trajectory to Value-Based Purchasing

It is a journey, not a fixed model of care



How is this different than the 1990s?

Accountable Care

- First and foremost, **providers**
- **“Gateway”** to system through primary care
- **Mix** of Fee-For-Service (FFS) with shared saving; shared savings and shared risk; or partial capitation
- Payment also linked to **quality targets**

Capitated Managed Care

- First and foremost, **insurers**
- **“Gatekeeping”** that limited provider choice
- Full **capitation** where providers carried vast majority of risk
- Rarely included payment linked to quality



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