PCMH Past...Present...Future

Where Are We Now And What Does The Future Hold For Primary Care?

Bruce Bagley, MD
CEO, TransforMED
The Learning Objectives

- To provide an overview of the trajectory of the PCMH as an organizing construct for the redesigned health care system
- To assess in a high level view the progress of PCMH to date related to the capacity and capability of primary care
- To outline the “Next Big Challenge” for primary care development and integration in the redesigned health care system
Patient-Centered Medical Home

American Academy of Pediatrics Medical Home (MHCSHCHN)

Future of Family Medicine Report

1960’s 1990’s

1990’s

Wagner Chronic Care Model

AAFP National Demonstration Project (NDP) > TransforMED

Joint Principles

2005 2007

2005

Patient-Centered Primary Care Collaborative

NCQA PCMH Recognition Program

2007 2008

2007

CMS CPCi Health Plans, ACOs & Value Based Purchasing

2008

ACA in place Cost Moderation Mkt. Consolidation PCMH Central to Value Creation

2012 2014
Where Are We Now?

- Primary care community engaged in transformation
- Pilots and studies show savings but results related to specific strategies (team care, risk stratified care management and care coordination, registries)
- Payers increasingly recognizing value of PCMH and providing alternative payment mechanisms
- ACOs and integrated systems recognize that they must have a robust primary care infrastructure to succeed
- Demand for primary care ups compensation
The “Next Big Challenge” For Primary Care

Primary Care Is The Essential Ingredient For “Right-sizing” Health Care
“The Problem”
Table. Estimates of Annual US Health Care Waste, by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failures of care delivery</td>
<td>26</td>
<td>36</td>
<td>45</td>
</tr>
<tr>
<td>Failures of care coordination</td>
<td>21</td>
<td>30</td>
<td>39</td>
</tr>
<tr>
<td>Overtreatment</td>
<td>67</td>
<td>77</td>
<td>87</td>
</tr>
<tr>
<td>Administrative complexity</td>
<td>16</td>
<td>36</td>
<td>56</td>
</tr>
<tr>
<td>Pricing failures</td>
<td>36</td>
<td>56</td>
<td>77</td>
</tr>
<tr>
<td>Fraud and abuse</td>
<td>30</td>
<td>64</td>
<td>98</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>197</strong></td>
<td><strong>300</strong></td>
<td><strong>402</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cost to Medicare and Medicaid in 2011</td>
<td>102</td>
<td>128</td>
<td>154</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>35</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>158</td>
<td>192</td>
<td>226</td>
</tr>
<tr>
<td></td>
<td>107</td>
<td>248</td>
<td>389</td>
</tr>
<tr>
<td></td>
<td>84</td>
<td>131</td>
<td>178</td>
</tr>
<tr>
<td></td>
<td>82</td>
<td>177</td>
<td>272</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>558</strong></td>
<td><strong>910</strong></td>
<td><strong>1263</strong></td>
</tr>
</tbody>
</table>

a) Table entries represent the range of estimates of waste in each category from sources cited in the text. The total waste estimates are simply the sums of the category-level estimates. This simple summing is feasible because the categories are defined in such a way that wasteful behaviors could be assigned to at most 1 category and because, like Pacala and Socolow, we did not attempt to estimate interactions between or among the categories.
b) Including both state and federal costs.
c) Totals may not match the sum of components due to rounding.


Copyright restrictions may apply.
### Estimates of Waste in US Health Care Spending in 2011, by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost to Medicare and Medicaid&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Total cost to US health care&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Midpoint</td>
</tr>
<tr>
<td>Failures of care delivery</td>
<td>$26</td>
<td>$36</td>
</tr>
<tr>
<td>Failures of care coordination</td>
<td>21</td>
<td>30</td>
</tr>
<tr>
<td>Overtreatment</td>
<td>67</td>
<td>77</td>
</tr>
<tr>
<td>Administrative complexity</td>
<td>16</td>
<td>36</td>
</tr>
<tr>
<td>Pricing failures</td>
<td>36</td>
<td>56</td>
</tr>
</tbody>
</table>

**Subtotal (excluding fraud and abuse)**

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>166</td>
<td>235</td>
<td>304</td>
<td>476</td>
<td>734</td>
<td>992</td>
</tr>
<tr>
<td>Percentage of total health care spending</td>
<td>6%</td>
<td>9%</td>
<td>11%</td>
<td>18%</td>
<td>27%</td>
<td>37%</td>
</tr>
</tbody>
</table>

**Total (including fraud and abuse)**

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
<th>Low</th>
<th>Midpoint</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>197</td>
<td>300</td>
<td>402</td>
<td>558</td>
<td>910</td>
<td>1,263</td>
</tr>
<tr>
<td>Percentage of total health care spending</td>
<td>21%</td>
<td>34%</td>
<td>47%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Source**


**Notes**

- Dollars in billions. Totals may not match the sum of components due to rounding.
- Includes state portion of Medicaid.
- Total US health care spending estimated at $2.687 trillion.
Tide Pods

- US uses 30% more laundry detergent than needed for clean clothes
- P & G introduces Tide-Pods premeasured soap
- Total market size reduced by 30% (“Right-sized”)
- P & G able to charge a premium for soap
Practice and Payment Redesign in the CPC initiative

Comprehensive Primary Care for:

Patient & Family
Better Health
Better Care
Lower Cost

Enhanced Accountable Payment

Access and Continuity

Planned Care for Chronic Conditions and Preventative Care

Risk-Stratified Care Management

Patient and Caregiver Engagement

Coordination of Care
Laser Focused On The Triple Aim

- Better individual care
  - Quality of care-clinical performance measures
  - Satisfaction with the experience of care
- Better population health
  - Defined population within the practice
  - Ability to aggregate individuals for quality assessment
- Lower per capita cost of care
  - Total cost of care on a PMPM basis
  - Proxies such as ER utilization, bed days/1000, ALOS
Primary Care Must:

- Excel at patient engagement
- Earn patient loyalty
- Be committed to full digital engagement
- Embrace the team approach to care
- Have a strategic distribution of the work
- Eliminate waste (“non-value added” for patients)
- Perfect diagnostic and therapeutic efficiency
- Operate in a supportive medical neighborhood
“If We Build It...They Will Come” – Field of Dreams

“If We Build It With Them... They Will Already Be There”

- Christine Bechtel
  - National Partnership for Women and Families
Questions

For more information:
- www.delta-exchange.net
- www.transformed.com
- bbagley@transformed.com
- @TransforMEDCEO