

Primary Care Spend Standard: Evidence for Non-Fee for Service Investments

**Patrick M. Tigue
Principal Policy Associate**

**Health Insurance Advisory Council Meeting
November 20, 2012**



Overview

- Introduction
- Assessing Non-FFS Investments
- Moving Forward

Reminder: Key Findings from Last Time

- The commercial health insurers are compliant in meeting their targets under the primary care spend standard.
- Primary care spending is rising while total medical spending is falling.
- Patient centered medical homes (PCMHs) and other non-fee for service (non-FFS) methods drive the rise in primary care spending.
- **Primary care spending will continue to grow in the years ahead. Which investments will yield the best return?**

Future Primary Care Spending Should Prioritize Non-FFS

- In original guidance, HIAC emphasized need for growth in primary care spending outside of FFS payment system. The question is not **whether** we should emphasize non-FFS investments, but rather **which** non-FFS investments should receive priority.
- Why? Some spending will yield better results than others.
- Priorities should be **aligned** across insurers to maximize the potential to build a system centered on affordable and coordinated care.
- OHIC is looking to HIAC for guidance on this important issue.

Overview

- Introduction
- Assessing Non-FFS Investments
- Moving Forward

What We Did

- Took major categories of non-FFS spending from OHIC monitoring reports
- Asked insurers to rate effectiveness of this spend (to lower cost and improve quality) based on local or national evidence

Insurer Spending on and Rating of Non-FFS Investments

Potential of Non-FFS Investments to Lower Costs and Improve Quality

Type	2012 Forecasted Spend*	Potential to Lower Costs/Improve Quality** ★ = Low ★★ ★★ = High
1. Rhode Island Chronic Care Sustainability Initiative	\$1,958,967	★★★
2. Patient-Centered Medical Home (Other)	\$11,368,114	★★ 1/2
3. Incentive Payments to Providers	\$4,318,495	★★
4. Other***	\$2,866,883	★ 1/2
5. Electronic Medical Records Incentives	\$574,000	★ 1/2
6. CurrentCare	\$2,203,000	★
7. Loan Forgiveness	\$350,000	★

*Figures represent the combined 2012 forecasted spend for Blue Cross Blue Shield of Rhode Island, Tufts Health Plan, and United Healthcare

**Ratings represent the average rating given by insurers for each investment type

***Includes initiatives such as: accountable care organizations, practice coaching, and community grants



Rationale for Ratings Provided by Insurers

- Limited evidence available from insurers to support the ratings
- Consensus across insurers around CSI-RI and other PCMH investments as most promising
- Insurer consensus supported by local and national evidence

RI-CSI Results

- 8% reduction in emergency department visits for ambulatory care sensitive conditions (CSI-RI)
- 6% reduction in rates of hospitalization (CSI-RI)
- BCBSRI and United internal evaluations show slowing of cost trends at their PCMH sites.

National PCMH Results

- 37% reduction in emergency department visits (Capital Health Plan in FL)
- 39% reduction in emergency department visits (HealthPartners in MN)
- 15% reduction in rates of hospitalization (BCBSCA)

National PCMH Results (Continued)

- 10% reduction in rates of hospitalization (BCBSNE)
- 9% lower health care costs among PCMH patients (Capital District Physicians' Health Plan in NY)
- 10% lower health care costs among PCMH patients (BCBSNJ)

Rationale for Ratings Provided by Insurers (Continued)

- Incentive payments, such as pay-for-performance, seen as valuable as well but not to same extent
- These payments can enhance the focus on preventive care and chronic disease management to ensure proper attention
- Other investments either seen as having more limited potential or as difficult to assess
- Note, however, there is policy consensus around importance CurrentCare, although too early for evidence

Overview

- Introduction
- Assessing Non-FFS Investments
- Moving Forward

Discussion Questions

- Which non-FFS investments should be prioritized?
- How prescriptive should OHIC be in its new primary care spend standard guidance?
- Should guidance be issued for 2013 or 2013 and 2014?

Next Up

- **December 2012 HIAC Meeting:** Finalize recommendations on new primary care spend standard guidance
- OHIC issues new primary care spend standard guidance in December 2012 incorporating HIAC's recommendations
- **March 2013 HIAC Meeting:** Review Affordability Standards evaluation