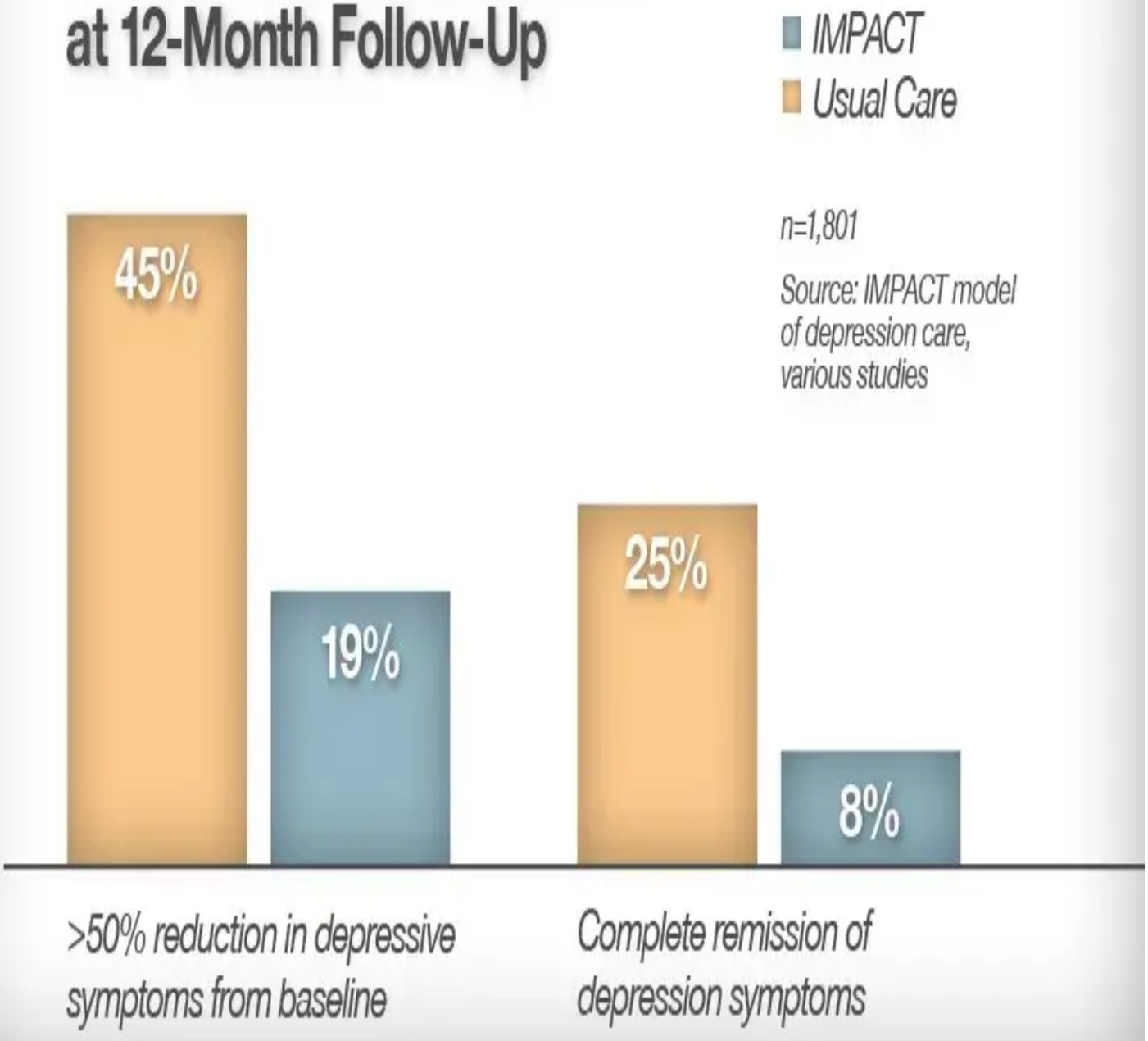
Integration=Better Outcomes

IMPACT Clinical Outcomes at 12-Month Follow-Up



Juggling Act

How One Group of Physicians Toys with Every Integrated Payment Model

If you sought your MBA in how health care delivery innovation actually happens in Colorado, the headquarters of Physician Health Partners could be your classroom.

With more than 400 primary care physicians under management contracts, hundreds of thousands of patient lives, and agreements covering most forms of private and public reform models, PHP alternately juggles and analyzes at the forefront of health change.

Medicare Pioneer models. Medicaid Regional Collaborative Care Organizations. Primary care payment reforms launched by a consortium and expanded by for-profit Anthem. Pushes on many fronts to integrate mental health with physical health — PHP negotiates and navigates it all, and is willing to share lessons learned so far.

"It would be impossible to do integrated care without payment reform," said PHP President and CEO Ken Nielsen. "If you're not treating the whole person, medical costs will go up four or five times what they should be."

While PHP management and its independent physicians strongly support integrated care goals and payment innovation, they can be blunt about which models are working best so far and which efforts are more words than deeds. And those "independent" physicians remain an opinionated bunch in occasionally separating themselves from management — one insurer's model may get high marks from the MBAs, but take a few hits from the doctors carrying it out.

"Trying to get hundreds of doctors to toe the line, it's like herding cats. It really is," said Mike Archer, MD, a physician with PHP member Complete Family Medicine in Westminster. "Primary care doctors are busy — you can't overload them with extras."

For example, Archer said none of the private insurers offer case management fees that cover the true costs of adding the services at a given practice, while Nielsen praised Anthem's payments for creating a backbone for promising reform.

As part of Health Elevations' survey of ongoing integrated care and payment reform efforts in Colorado, we sat down with PHP leaders to review what they see firsthand.

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Medicare Shared Savings, formerly a Pioneer accountable care organization. PHP was originally Colorado's leading charge at the Pioneer ACO model, which was a federal Medicare effort to boost quality and cost savings by more tightly managing Medicare patients. ACOs like PHP had the chance to earn big money, in theory, by demonstrating large savings over the projected costs for its book of patients. But PHP and other "pioneers" were also at substantial risk of losing money when those savings evaporated.

PHP left the Pioneer model for the less-risky Shared Savings program, covering about 30,000 Medicare patients that PHP doctors serve. The main problem? Medicare set the benchmark projected spending for each patient too low.

Medicare might set the per-month allowance for each patient in the Denver area at about $800 a month, while allowing Boston-area patients about $1,300, Archer said.

Under that system, Colorado doctors are in effect penalized for the efficiencies they have created over many years. Their low benchmark left no more room for savings while still hitting quality goals. "Some of the low-hanging fruit had already been picked here," Nielsen said.

While about half of the pioneers have switched to the less-risky Shared Savings program, Nielsen said, the design has proven that quality goes up. "We had definitely improved the quality across the whole panel. Readmission rates were low and getting lower. But it takes more than one year to create the efficiencies you need. We feel like we'll have more time in this program before we go back to the risk model."

Anthem's primary care innovation. With about 46,000 patients using Anthem insurance at various PHP practices, the physicians are in close partnership with the for-profit insurer, which is a division of the national giant WellPoint. The ACO created by the partnership has Anthem paying per-member-per-month fees for case management based on acuity of the population, coordinated care and potential shared savings.

"We just got our first shared savings payment," Nielsen said. "The Anthem product has been fantastic. It's made us better and it's been good for patients. We've seen we're not perfect in the quality metrics. We can have a conversation with Anthem about where the opportunities are, and now we have incentives to find those opportunities."

As an example, Nielsen said, in sharing data with Anthem, PHP's managers and doctors might create a list of patients who could be using a cheaper, equally good generic. "But it takes a lot of doctor and patient education. A doctor might say, ‘I

have three dozen patients on this medication. How do I get them in here to talk about this?'" The case management funding from Anthem might allow PHP to hire three new pharmacy case managers who can contact the doctors, set up patient education and guarantee the switches happen, Nielsen said.

Medicaid's Regional Care Collaboratives. PHP's practices together treat more than 100,000 state Medicaid patients, primarily in Jefferson and Boulder counties, and PHP is part of the consortium that operates the Regional Care Collaborative for the western suburbs and close-in mountain counties (the Colorado Community Health Alliance). That makes PHP a two-way hub for information, administering the Medicaid patient management funds to its doctors and to other physicians, and overseeing quality measures and data analysis for the state.

Archer's practice, a member of PHP, coordinates with Jefferson County Mental Health to provide integrated mental health services under the Medicaid managed care program. He believes that has worked better for most cases than for a medical practice to try and hire full-time behavioral health staff in-house.

Nielsen said the Medicaid program, which aims eventually to get each Colorado Medicaid user into a primary care home, has made it easier to convince PHP doctors to take more Medicaid patients. While they may still lose money treating Medicaid cases, the gap has narrowed, and they get more support for the challenges some Medicaid patients bring.

"They have always said reimbursement is the biggest issue, but the next thing they tell us is these are fairly complex patients, and state requirements make it very expensive to serve them," Nielsen said. "Let's say your path to Medicaid is you are disabled, and maybe on top of that, English is not their first language. And the doctor may need help with the social issues surrounding the case, such as, they need a new hot water heater so they're not taking cold showers. And in a Latino family, you may need to talk to other family members because they are the

caregivers for that one patient's chronic issues."

Other private payers. PHP sees most payers for health care moving in the same general direction of integrated practices and primary care payment reform, but some are leaders and others are followers.

> It would be impossible to do integrated care without payment reform.
>
> Ken Nielsen, President and CEO, PHP

UnitedHealthcare, for example, contracts with PHP on potential shared savings based on estimates of how much patients have traditionally cost to treat. But it does not contract for the kind of per-member-per-month upfront fees that can help physician offices and managers like PHP put in place the infrastructure to improve care and analyze data. Medicaid, for one, and private payers like Anthem, are stepping up with that upfront money, Nielsen noted.

Since those new systems get used for all PHP patients, "United is kind of getting it for free, on everybody else's back," Nielsen said, "because they have that negotiating power. We could tell them to take a hike and exit their product, but we haven't done that so far."

A UnitedHealthcare spokeswoman said the big insurer "has a variety of value-based contracting arrangements in place with primary care practices and other providers in Colorado. These arrangements include performance-based contracting, bundled payments and episode-specific programs, medical homes and accountable care organizations."

UnitedHealthcare does pay the kind of care management fees PHP is talking about to some Colorado practices through its work with the Comprehensive Primary Care Initiative, a spokeswoman for the insurer said. The CPCI is a partnership among insurers, the U.S. Centers for Medicare and Medicaid Services and some physician practices to manage cases and coordinate services.

"In Colorado, more than 47 percent of our reimbursements to care providers are tied to value-based contracts," the UnitedHealthcare spokeswoman said in a statement responding to questions.

"By creating a flexible approach," she said, "We are able to customize payment models and incentives and meet providers where they are in terms of readiness to move from fee-for-service to value-based contracts."

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