Purchased Care Sector Medical Homes
Impact, Challenges, and Way Forward Implementing PCMH “Downtown”

The Quadruple Aim: Working Together, Achieving Success
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**Purchased Care Sector Medical Homes: Impact, Challenges, and Way Forward Implementing PCMH ‘Downtown’**

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Questions to be addressed

- What is a TRO?
- How is PCMH implementation outside of MHS done?
- Why does Tricare care about PCMH?
- What are we doing now?
- What is needed for greater PCMH availability to network enrollees?
What is the TRO? Why do we exist?

A day in the life of MHS: 9.6 beneficiaries and growing
Life of PCMH in US Civilian Sector

- Conception 1967
- Birth 2003-2004
- Growing Child 2006-2009
  - Private Payer Initiatives (27)
- Maturing Teen 2010-
  - CMS pilots (8)
- Adult future
  - Accountable Care Organizations

PMCH penetration in Tricare Network - reflective of greater US

2011 MHS Conference
Correlating Growth in PCMH Enrollment to Quadruple Aim Performance

<table>
<thead>
<tr>
<th>Expected Performance from PCMH</th>
<th>% of Enrollees Getting Care from PCMH</th>
<th>Overall Impact on Quadruple Aim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Perf</td>
<td>Measure</td>
<td>Expected Improvement</td>
</tr>
<tr>
<td>R</td>
<td>IMR</td>
<td>↑ TBD</td>
</tr>
<tr>
<td>G</td>
<td>HEDIS – Preventive</td>
<td>↑ 7%</td>
</tr>
<tr>
<td>G</td>
<td>HEDIS – Evidence Based Guidelines</td>
<td>↑ 4%</td>
</tr>
<tr>
<td>Y</td>
<td>Beneficiary Satisfaction</td>
<td>↑ 10%</td>
</tr>
<tr>
<td>Y</td>
<td>Time to Next Available Appt</td>
<td>↑ 15%</td>
</tr>
<tr>
<td>R</td>
<td>Getting Timely Care</td>
<td>↑ 14%</td>
</tr>
<tr>
<td>Y</td>
<td>PCM Continuity</td>
<td>↑ 16%</td>
</tr>
<tr>
<td>R</td>
<td>PMPM</td>
<td>↓ TBD</td>
</tr>
<tr>
<td>R</td>
<td>ER Utilization</td>
<td>↓ 15</td>
</tr>
</tbody>
</table>


(XX) Denotes FY12 target
Challenges to Network Penetration

- **Practice/Provider Factors**
  - Start up Investment (time & $) significant
    - NCQA accreditation
    - IT systems
    - Process Improvement Projects
  - Incentive (cost/benefit)

- **Systematic/Policy**
  - Lack of agreement on pilot evaluation methods
  - Lack/Misaligned incentives
    - Reimbursements
    - Performance reward
Challenges to Network Penetration

- **Market:**
  - Network Characteristics: Broad vs Narrow, Geographies (nationwide vs regional)
  - Tricare empanelment percentage
    - Maryland: range 0-433 patients/practice, avg. 2-5%
    - Variable Med Home Definition
    - General PCMH prevalence in community

- **Population**
  - Transient
    - Example: Maryland Avg. = 0.3-2.8 yrs
    - Choice of PCM as compared to MTF
    - Transfers and Moves
Pilots: 16 across 23 states
  – Q: Does PCMH deliver better outcomes? Which Outcomes?
    • Insurance based (15)  No multi-state
    • Multi-stakeholder (8)  No multi-insurer projects

Tested Payment Methodologies
  • “Prospective Care Management fee” (PMPM payment)
  • Technology Grants
  • Outcome Rewards
  • T-codes Care Coordination fees
  • Service fee plus up
## PCMH in TRO-North

**Current State**
- 33 total practice Tricare network PCMH sites
- Tricare PMPM ~ $210
- 3.5% network PCMH penetration

**Some pilot results so far demonstrate (1-4 year f/u)**
- Cost reductions: 2-7% PMPM
- Cost avoidance- blunted rises

### North region Snapshot Oct 2010

<table>
<thead>
<tr>
<th></th>
<th>North region Snapshot Oct 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total eligible</td>
<td>~3.1 million</td>
</tr>
<tr>
<td>Total enrollee</td>
<td>~1.5 million</td>
</tr>
<tr>
<td>Total unenrolled (Standard)</td>
<td>~2.6 million</td>
</tr>
<tr>
<td>Network Enrolled</td>
<td>522,335</td>
</tr>
<tr>
<td>PCMH Enrolled</td>
<td>18,521</td>
</tr>
<tr>
<td>Total Providers</td>
<td>155,324</td>
</tr>
<tr>
<td>PCMH providers</td>
<td>1726</td>
</tr>
</tbody>
</table>
Overall PMPM reduction plus rise decrease

Purchased Claims and Pharmacy
North $209
South $231
West $212

North Equiv Lives  South Equiv Lives  West Equiv Lives  North PMPM  South PMPM  West PMPM
MARYLAND HEALTHCARE COALITION -
TRO- North

- Maryland state unique payer reporting requirements for all payers → Accurate Accounting of HC costs
  - FY09 Maryland Reports $76.5 Million for 94,200 Beneficiaries
    - $812/member
    - approximately $67.66 PMPM

- MHCC Goals: Practice Transformation!
  Grow Med Homes → save $$
Methodology:
- $300K state funded seed for Process Improvement/Lean & IT support
- Combines semi annual capitated care coordination fee + pay for services for primary care. ($3.90- $9.62/pt/mo.)
- Incentivizes practices with portion of cost savings yearly based on Auto-benchmarks
- Projected Duration: 4 years, start moved from 4/1/11 to 7/1/11

Leverages payer power! All major payers in MD participating to achieve practice penetration of >50%.

50→ now 60 Practices, 200 PCM’s, 200K patients statewide all payers
- 4818 Tricare Benes -data on Tricare Prime and Standard breakout to these practices pending

Demo application in progress, expect to be completed by mid Jan
Maryland Tricare Eligibles
MD Pilot Sites & Enrollee locations

Legend
PCMH Practices
- w/ Prime Enrollment
- w/ no Prime Enrollment
Number of Beneficiaries
- <50
- 50 - 100
- 100 - 500
- 500 - 1,000
- >1,000

2011 MHS Conference
Way Forward

- **Strategic- MHS level (2 prong approach)**
  - Collaboration with Civilian Change Agents
  - Realign Incentives and Reimbursements
  - Establish evaluation plan

- **Operational**
  - Contract Revision
  - Policy Revision

- **Tactical**
  - Provider- tools and incentives for PCMH
  - Patient tools making easier to access PCMH
  - Enterprise- Communications plan promoting PCMH to Enrolled and Standard Beneficiaries