Swinging
for a ‘Medical Home Run’

Medicare Fraud—New Enforcement Target
Preparing for ICD-10 Implementation
Primary Stroke Centers in Our Midst
Treating Advanced Melanoma

May 2012 | www.cmsdocs.org
Swinging for a ‘Medical Home Run’

Northwestern, Illinois Blue Cross and the “Intensive medical home” by Bruce Japsen

CHICAGO IS NOT typically known for its baseball prowess, but the state’s largest health insurer and a well-known physician group are working on a new outpatient care model some are calling—and hope—will be a “medical home run.”

A partnership between Northwestern Memorial Physicians Group and Blue Cross and Blue Shield of Illinois focuses on patients with chronic conditions, whom the insurer and studies show account for one in every five dollars spent on medical care.

The effort is an expansion of the increasingly well-known medical-home model of care where doctors are paid more by insurance companies if they (primary care physicians) can effectively coordinate medical services with specialists. But Illinois Blue Cross says it is also applying the Pareto Principle, just as global makers of commercial aircraft have done, in what it calls the “intensive medical home.”

“Twenty percent of the patients account for 80% of the costs,” says Steve Hamman, vice president of network management at Illinois Blue Cross. “The goal of this program is to enhance the care received by those highest risk health plan members.”

Under the Pareto Principle, also known as the 80/20 rule, the Italian economist Vilfredo Pareto observed in 1906 that 20% of Italians owned 80% of the land. At Illinois Blue Cross, executives say, the principle applies to a different kind of inequity. The majority of health plan enrollees’ premium is spent on just one in five patients in the plan, or one person who uses the most medical care services.

The intensive medical home program is based on a model the Boeing Company designed for its employees in the Puget Sound area of Washington State. Called the “intensive outpatient care program, it was created specifically for patients with chronic conditions. Three health systems in the Seattle area agreed to participate with health insurer Regence Blue Shield of Washington.

In the Boeing program, which began in 2007, employees and their adult spouses from the Puget Sound area who were “pre-Medicare” were connected to a participating doctor who was either their physician or one who was identified to be part of the intensive outpatient care program.

Like the medical home, the intensive medical home idea would bring patients higher-quality care, including specialized services upfront in a primary care doctor’s office, where costs are much lower than the inpatient hospital setting.

The targeting of chronically ill patients who cost employers a lot of money is the key difference in the Intensive Outpatient Care Program.
Dr. Arnold Milstein, then a consultant for benefits outsourcing and consulting firm Mercer Health and Benefits, designed the Boeing pilot in the hope of targeting these high-cost patients he said generally account for 20% of an employer’s annual healthcare costs. The pilot, which began in 2007, was Dr. Milstein’s idea, with the funding and support from the California Health Care Foundation.

The Boeing program provided enrolled patients with a physical examination and certain diagnostic tests following an interview.

Executing the plan required intensive outreach, Dr. Milstein wrote in an October 2009 blog for the journal Health Affairs. The team, which included a registered nurse and specialists in primary care and behavioral health, was responsible for educating patients to self-manage their chronic conditions, and for coordinating care so that patients had rapid access to the team. Team members met daily to plan patient interactions. Dr. Milstein is now a professor of medicine at Stanford University and heads the Stanford Clinical Excellence Research Center.

Patients are encouraged to maintain a close relationship with the medical home, and to actively seek care, with the doctor getting assistance by a nurse in his office.

Illinois Blue Cross is not disclosing specific financial payment terms publicly, but the insurer’s executives said doctors will be paid more than a primary care physician would earn for a traditional visit to the doctor’s office.

As one example, a reimbursement code will help doctors pay for the nurse care manager in their office. Illinois Blue Cross also said an opportunity for a “performance bonus incentive” will be based on “member outreach and engagement, quality and reduction in overall cost of care” in the population of health plan enrollees served by the intensive medical home program.

“This is more than the Cigna 24-hour Ask a Nurse line because we have the nurse embedded into our practice,” said Dr. Daniel Derman, president of the Northwestern Memorial Physicians Group, a partner in the Illinois Blue Cross intensive medical home program. “The nurse is in our practice and knows our patients.”

Northwestern and Illinois Blue Cross hope to mimic the cost savings of the Boeing pilot, which enrolled more than 700 Boeing employees and dependents and had a nurse care manager to make sure patients were engaged in proper outpatient medical care service.

“If we are going to manage the care of populations, we are going to need all the help we can get,” Northwestern’s Dr. Derman said. “We don’t know what happens to them after they leave our office and this is more follow-up.”

The Health Affairs article said per capita spending fell 20% for patients who participated in the program and received care from one of three participating physician groups in the Puget Sound area. The cost reductions, largely derived from lower spending on hospitalizations and trips to the emergency room, were compared to those for Boeing employees who did not receive care from the three participating doctor groups in the intensive outpatient care program.

If implemented across the country, Dr. Milstein said the approach might reduce medical care spending by 30% or more. But Dr. Milstein cautioned that it will take a few years and more data from populations across the country before the model can be deemed a national success.

It’s similar to the accountable care organization (ACO) concept being pushed by the Medicare program but several thousand patients are not needed, Illinois Blue Cross said.

“This model is applicable to smaller practices,” Hamman said. Under Medicare’s ACO program known as Medicare Shared Services Program, at least 5,000 patients are required.

In Chicago, the Advocate Health Care ACO contracts with Blue Cross and Blue Shield of Illinois to care for more than 200,000 patients in Illinois Blue Cross health plans. Advocate spent more than $10 million last year on more than 60 nurse care managers and related infrastructure to form its ACO.

But an advantage of the intensive medical home is that it can work for a smaller practice.

“Not everybody is large or sophisticated enough or has the appropriate infrastructure to form an ACO,” Hamman said.

In the Boeing program, for example, Mercer executives said nurse care managers managed between 100-200 patients each. Some Boeing employees required more attention than others, executives said.

Yet Dr. Milstein said in an interview with Chicago Medicine that small practices don’t necessarily need to hire a registered nurse or nurse practitioner, which could cost between $100,000-$150,000 per year.

Rather, smaller practices might spend as little as $35,000 on a “health coach,” who might have a community college medical assistant degree. Such a person can provide attention to patients. “This is in some ways a lower investment alternative,” Dr. Milstein said.

Unlike the intensive medical home that can focus on a few hundred patients, an ACO is “aimed at a whole population” that can be thousands of patients.

“What patients need are some kind of proactive support and help,” Dr. Milstein said in an interview.

Patients need to be encouraged to exercise, take their medications and follow a proper diet, particularly if they have a chronic condition like diabetes with strict restrictions on what they can and cannot eat.

“People with serious chronic illness need help executing the treatment plan,” Dr. Milstein added. “Doctors and nurses should be focused on acute care. The job of the career coach is to encourage the patient to do those things at home religiously, day in and day out.”

If successful, Illinois Blue Cross would open up the intensive medical home to more of its 7.2 million health plan members. This spring, for example, the insurer said the model is expanding from the 400 health plan members who are patients of the Northwestern group to an additional 3,600 “high-risk members” who are patients in ten additional medical groups in the Chicago area.

“This model is popping up across the country,” Dr. Milstein said. “We still wonder what will happen when it is implemented in dozens of places and whether it will work. But I think it’s a very promising and good approach.”

Bruce Japsen is an independent Chicago healthcare journalist and a contributor to the New York Times and writer for the Times’ Prescriptions healthcare business and policy news blog. He was healthcare business reporter at the Chicago Tribune for 13 years and is a regular television analyst for WTTW’s Chicago Tonight, CBS’ WBBM radio 780-AM and 105.9 FM and WLS-News and Talk, 890-AM. He teaches healthcare writing at Loyola University Chicago and has taught in the University of Chicago’s Graham School of General Studies medical editing and publishing certificate program. He can be reached at brucejapsen@gmail.com.