THE UTAH HEALTH POLICY PROJECT
Quality Health Care Coverage for All Utahns

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Medical Home: Improving Quality While Containing Costs

Summary

Two key components of health reform are (1) improving quality and (2) containing cost within the system. The medical home concept is exciting because it tackles both of these objectives. As we study how to improve Utah's health care system, we should look at making medical homes a cornerstone of health system reforms.

A medical home provides a coherent system of care wherein a primary care provider works with patients, families, and other health care professionals to assist patients in identifying and accessing all needed medical services. It focuses on preventive care and the management of chronic illnesses, thus reducing the need for costlier care such as emergency room visits and hospitalizations. The American Academy of Pediatrics defines a medical home as "a partnership between families and physicians to provide primary care which is accessible, continuous, comprehensive, family-centered, coordinated, compassionate, and culturally effective."[1]

Medical Homes within Medicaid

At the medical home concept's core is an ongoing partnership between the patient and primary care provider. This relationship can particularly benefit Utah Medicaid. Currently, the structure of Utah's Medicaid system makes it difficult for beneficiaries to access primary care. As a result, many Medicaid enrollees enter the health care system at the wrong and most expensive point—too often, the emergency room. According to a 2003 Department of Health study, Utah's Medicaid population showed up in the E.R. for issues that are best addressed in a primary care setting at a slightly higher rate than the uninsured.[2] Because of this inappropriate utilization of primary care, there is great potential to improve health outcomes and steer Medicaid recipients towards more suitable and cost effective care.

However, there are a number of hurdles that must be addressed before Medicaid can realize the quality and cost improvements that go along with a coherent and systematic approach to medical homes. A successful medical home implementation strategy must include these steps:

Increasing access to primary care services: Lack of access to providers is a key reason why patients misuse the health care system. A medical home plan must work with health providers to increase access by:

- Increasing provider rates to encourage more providers to accept Medicaid patients. Currently providers are reluctant to see Medicaid patients because provider rates are too low.[3]
- Ensuring that all age and condition-appropriate preventive and wellness care screenings are covered by Medicaid. Medicaid, for example, currently does not cover annual physicals for low income adults over the age of 40.
- Encouraging after-hours office care. Because of restrictive work schedules and issues with transportation, many Medicaid recipients cannot see a primary care provider during normal business hours. Currently most primary care providers do not provide after-hours care. To remedy this problem, Medicaid should offer an enhanced reimbursement to providers who keep their doors open late.
- Expanding the community-based health care infrastructure and increasing access to services in rural areas.

Connecting patients, providers, and programs: A medical home implementation strategy should include plans to coordinate health services, implement monitoring and data collection, and provide training and education to patients and providers on how to best utilize the system. Patients and providers need to be taught how to better use a medical home. Finally, there is no one-size-fits-all approach to medical homes, and each community is unique in terms of its primary care infrastructure and institutional capacity to build out the medical home model. The learning curve for Utah could be steep because of the lack of primary care access points and low reimbursement rates. For this reason, it will be important to quantify and evaluate results in terms of cost savings and improved health outcomes every step along the way to full implementation.

Work with Utah's Medicaid managed care organizations: Work with Utah's existing Medicaid managed care organizations to further develop incentives and enforcement mechanisms to ensure all Medicaid managed care enrollees have timely access to primary care and preventive screenings.

What Are Other States Doing?

Several state legislatures, including those of Indiana, Kansas, Wisconsin, West Virginia, Michigan, Massachusetts, Louisiana, and North Carolina have enacted or introduced legislation that would create medical homes for their Medicaid populations.[4] Other states have enacted legislation to encourage medical homes for children.[5]

Many states are attempting to follow in the footsteps of **Community Care of North Carolina** (CCNC), an innovative program in which physician-led networks provide medical homes to Medicaid enrollees. CCNC pays each network $3 per Medicaid patient per month, and each physician receives an additional $2.50 per month for each of his or her Medicaid patients. The program was launched in 1998 with nine pilot networks and has since been rolled out across the state. **It is estimated that in 2005 and 2006 these programs saved North Carolina $231 million while simultaneously improving the quality of care and health outcomes for patients**.

What Should Utah Do?

This year, the Utah Legislature will consider a number of initiatives to lay the foundation for medical homes in Utah Medicaid. These include:

(1) Increasing primary care provider rates, including an enhanced reimbursement rate for after-hours care;
(2) Increasing access and awareness of preventive and wellness screenings;
(3) Increasing the number of primary care providers in the state (this includes doctors, nurses, and physician assistants).

The Take-Home Message on Medical Homes

- Medical homes are a proven mechanism for improving quality of care while limiting cost growth.
- A statewide network of primary care practices can improve outcomes and save money for Utah Medicaid.
- The medical home concept can reduce health disparities through the delivery of culturally appropriate care.
- Improved access to primary care providers is crucial: Adequate reimbursement rates, after-hours primary care providers, and patient education will lead to appropriate utilization of the health care system.[6]

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[1] American Academy of Pediatrics, "Children's Health Topics: Medical Home." Available at http://aap.org/healthtopics/medicalhome.cfm.

[2]Utah Department of Health, *Primary Care Sensitive Emergency Department Visits in Utah, 2001*, http://health.utah.gov/hda/Reports/Primary_Care_ERvisits_Utah2001.pdf

[3] Stephen Zuckerman, Joshua McFeeters, Peter Cunningham, Len Nichols, Exhibit 2, "Medicaid Fee Indexes and Medicaid-To-Medicare Fee Indexes, 2003," Health Affairs, June 2004, available at http://statehealthfacts.org/comparetable.jsp?ind=195&cat=4&rgnhl=46.

[4]American Academy of Family Physicians, "States Add Medical Home Concept to Health Related Bills," June 14, 2007.

[5] According to the National Conference of State Legislators, California, Colorado, Connecticut, Florida, Idaho, Iowa, Louisiana, Maryland, Mississippi, Rhode Island, Texas, Washington and West Virginia have enacted legislation for children; www.ncsl.org/programs/health/medhom.html.

[6]A. C. Beal, M. M. Doty, S. E. Hernandez, K. K. Shea, and K. Davis, "Closing the Divide: How Medical Homes Promote Equity in Health Care: Results From The Commonwealth Fund 2006 Health Care Quality Survey," Commonwealth Fund, June 2007.

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