

Group Health staffs up to expand its ‘medical home’ model

Puget Sound Business Journal (Seattle) - by Peter Neurath, Contributing Writer

Friday, February 20, 2009

Group Health Cooperative is pouring \$9 million into staffing up its 26 clinics to help its primary-care doctors serve as “medical homes” for their patients.

The idea of primary-care doctors serving as “medical homes” entails physicians assuming responsibility not only for treating their patients during office visits but also for overseeing all their needed care.

Group Health is doing so as the trend to create medical homes is catching on elsewhere in the state. At the Legislature it’s been proposed that state health agencies design and test a medical-home pilot to see how public and private health insurers might pay for them. At the federal level, Medicare is creating a pilot program to assess medical homes for high-need patients with prolonged or chronic illnesses.

Michael Erikson, vice president, primary care services at Group Health, offered this explanation for the concept: “A continuous healing relationship between the personal-care physician and the patient is at the core, and we organize the delivery of care around this relationship.”

This means that the doctors do far more than simply see patients when they call for appointments. Rather, said Erikson, doctors plan for all aspects of health and illness, including preventive care, sick care and chronic-disease care. And they head teams of health professionals, such as nurses and pharmacists, to coordinate and integrate all clinical care and services to meet the needs of patients.

What’s more, doctors and patients are supported by electronic medical records, online information and by secure emails and phone calls between patients and their health-service teams.

Doing all this is expensive, which is why health insurers typically have not been willing to pay for it. Is it cost-effective?

Group Health tested the medical-home model in 2007 at its clinic in Bellevue’s Factoria area and concluded that it likely will save more money than it costs. “What’s amazing is, it paid for itself in one year,” Erikson said. “This bodes well for additional longer-term medical savings.”

Savings accrued as medical-home patients at the Factoria clinic were admitted to the hospital or showed up at the emergency room less frequently than did Group Health patients who were not managed as well or as closely.

Over the long term, Erikson said, Group Health now believes that it will save more money than it costs to build medical homes at all of its clinics, especially for high-cost patients with such chronic illnesses as diabetes, congestive heart failure, lung disease and asthma.

As a result, it's spending \$9 million in annual operating costs to hire the additional health professionals needed to form medical-home teams.

Since medical-home doctors see fewer patients, Group Health last year hired a dozen more general internists and family-practice physicians to supplement its existing 300 primary-care doctors, and it's looking to add another 18.

It's also out to hire another 20 nurse practitioners, 60 medical assistants and 10 pharmacists.

Group Health is not the only one adopting the medical-home model, though this model has yet to work for doctors who bill insurers for specific medical services.

Northwest Physician Services, which provides administrative and contracting services for some 470 doctors in the Puget Sound region, is implementing the medical-home model for its 12,000 managed-care Medicaid patients and 3,000 senior patients who have enlisted in Medicare Advantage Plans.

The key to serving these patients is that the state or federal government pays Northwest Physician Service monthly per-patient fees rather than reimbursing its doctors for each service provided to their patients.

Group Health works the same way. Since it houses insurance and medical service under the same roof, it pays for all patient care out of the monthly premium it charges each patient.

By contrast, most doctors bill health insurers fees for each service, and insurers typically refuse to pay for the time and technology it takes doctors and their teams to coordinate care, to coach patients and to email back and forth.

"The financial incentive to implement the medical-home model only occurs in managed care," which involves monthly fees rather than fees for each service, said Northwest Physician Service spokesman DJ Wilson. "Regular fee-for-service models don't have this incentive, and as such the risk of uncoordinated, duplicative care increases."