Health Care Reform Advisory: The Medical Home — A New Foundation for Health Care

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Health care reform legislation places a strong emphasis on improving primary care services and care coordination. Both the House and Senate bills encourage further testing and implementation of the "medical home" model.

What is the "Medical Home" Model?

The medical home model, sometimes called the "patient-centered medical home," is an approach to primary care for patients of all ages, in coordination or partnership with the patient and, as appropriate, the patient's family. Primary care providers have, for some time, advocated that the medical home model is key to providing efficient, high-quality, coordinated care. In March 2007, the American Academy of Family Physicians (AAFP), the American Academy of Pediatrics, the American College of Physicians, and the American Osteopathic Association collectively issued the "Joint Principles of the Patient-Centered Medical Home." These principles include:

- quality and safety through evidence-based medicine and accountability
- enhanced access to care
- payment that fairly compensates providers for services, including coordination of care.

The principles also state that fair compensation to providers should foster the use of information technology and communication with patients through email and other means.

The medical home model is expected to reduce preventable hospitalizations, hospital readmissions, and emergency room visits while, at the same time, improving health outcomes and reducing the cost of health care services. The foundation of the medical home model is an ongoing relationship with a personal physician who takes the lead in coordinating the patient's health care.

The AAFP takes the position that "[a] blended model of payment paid directly to each patient's designated medical home would enable family physicians to redesign their offices to deliver high-quality preventive and chronic care with improved outcomes for Medicare beneficiaries."[1]

Both the Senate and House bills reflect that the medical home model, and a payment methodology that supports it, is a central component of reforming the health care delivery and payment system.

Health Care Reform: Focus on the Medical Home

The Senate bill creates a Medicare pilot program that will reward providers who agree to provide comprehensive, coordinated, continuous, and accessible care to certain Medicare beneficiaries by making their practices a "medical home."[2] Cost savings beyond the first 5% will be apportioned among the participating medical home practices, taking into account the number and characteristics of the beneficiaries served by each practice. Patient enrollment in the pilot program must be voluntary and will begin no later than January 1, 2012. The House bill also creates a Medicare medical home pilot program.[3] The program will evaluate the feasibility of reimbursing medical home practices for furnishing services to high-need Medicare beneficiaries.

The Senate and House bills give states the option to provide medical assistance to Medicaid-eligible individuals with chronic or mental health conditions who select "health homes"—designated providers or teams of providers—for their care. The Senate bill provides an enhanced payment equal to 90% of the federal medical assistance percentage for two years for states that take the option.[4] Similarly, the House bill creates a five-year program in which the federal government would match the costs for state administrative expenditures up to 90% for the first two years and up to 75% for the next three years.[5]

The Senate bill also establishes a program that allows the federal government to provide grants to, or enter into contracts with, states or state-designated entities that establish community-based interdisciplinary, interprofessional "health teams" to support primary care practices and to provide capitated payments to primary care providers.[6] A health team established pursuant to a grant or contract under this program must support patient-centered medical homes.

In addition to Medicare and Medicaid payment incentives, the Senate bill provides incentives for health plans to increase quality of care through the medical home model. Specifically, the Health Insurance Exchange provisions require the Secretary of Health and Human Services to develop guidelines for a payment structure that provides increased reimbursement for improving health outcomes through activities that include quality reporting, case management, care coordination, chronic disease management, and medication and care compliance initiatives, including the use of the medical home model.[7]

The Medical Home: Will the Model Succeed?

If the medical home model is to succeed, the final legislation will need to ensure that the infrastructure to support it is in place, including a sufficient number of primary care providers who are appropriately rewarded for providing and managing quality care. Given the current difficulty that many patients experience in accessing primary care, it is likely that the roles of non-physician providers, such as family practice nurse practitioners, may expand to increase access. The legislation and the pilot projects also will have to demonstrate that the medical home model is distinct from (and an improvement over) the historical "gatekeeper" model employed by early HMOs. Where the gatekeeper model placed more financial risk on the physicians,

resulting in rewards for less care, the medical home model will have to reward quality patient-centered care, while also encouraging efficiency. Whether the medical home model, in practice, provides patients with better access to a higher quality of care remains to be seen.

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Endnotes

[1] Click here for AAFP description of the "Patient-centered Medical Home."

[2] H.R. 3590, 111th Cong. § 3024 (as passed by Senate Dec. 24, 2009).

[3] H.R. 3962, 111th Cong. §§ 1302, 1312 (as passed by House of Representatives Nov. 7, 2009).

[4] H.R. 3590, 111th Cong. § 2703.

[5] H.R. 3962, 111th Cong. § 1722.

[6] H.R. 3590, 111th Cong. § 3502.

[7] *Id.* at § 1311(g)(1).

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