Patient-Centered Medical Homes: Good Return on Investment for Employers

As the largest purchaser of health care in America, employers are paying a high price for care of variable quality. To check soaring costs, some employers are switching from the inefficient fee-for-service model of paying for care, which encourages high volume and low quality, to payment models that reward high value.

For example, there is emerging evidence that patient-centered medical home (PCMH) payment programs are yielding a good return on investment for employers. In this brief, we highlight the early successes of the Tri-Service PCMH project and describe the plans of Cleveland area employers who are working together to develop and implement a PCMH project. In addition, many other organizations have been impressed with the results of patient-centered medical home programs and have begun to pursue the model, including the Centers for Medicare and Medicaid Services (CMS).

Case Study #1: Success and Savings at Hill Air Force Base – Improving Quality While Reducing Costs

Beginning in 2009, the U.S. Air Force, Army, and Navy began working together to implement a Tri-Service Patient-Centered Medical Home project to transform care at all primary care practices throughout the Department of Defense (DOD). Among the DOD project sites that demonstrated positive results is Hill Air Force Base in Utah. Since the implementation of PCMH at Hill, the Air Force has saved money and improved the quality of care. By offering team-based care with individualized care plans for patients, encouraging continuity of care, and providing care management and rapid access to care, the project has improved blood sugar control for 77 percent of the diabetic population and stayed at or above 98 percent symptom control for patients with asthma. The Air Force estimates that the project has saved $300,000 per year just by improving their diabetes care. According to Col. Donald Hickman, “Health care costs go up 8 to 15 percent per year nationwide and we have managed to drive down our network care costs about 4.5 percent over the last two fiscal years.” Additionally, patients were extremely satisfied with the program, reporting 95 percent satisfaction.
**Case Study #2: Cleveland Area Employers Collaborate**

Tim Kowalski, M.D., is the Chief Medical Officer of Progressive Insurance and is passionate about the need to change incentives for health care providers. Convinced by data for the Progressive Insurance employee population that those employees who receive care through medical homes have lower overall costs than those without them, Progressive, Lubrizol Corporation, and the Lake County School District, working through the Health Action Council of Ohio and Better Health Greater Cleveland, are pursuing a medical home arrangement with Lake Health System, a health system in Northeast Ohio. Lake Health System has agreed to achieve NCQA PCMH recognition for all of its primary care sites. The three employers have agreed that they, in turn, will fund nurse care coordinators to support care of their employees and dependents. In addition, the parties have agreed that in the future they will implement a shared savings arrangement whereby Lake Health will be able to share some of the savings that its PCMH practices, augmented with employer-funded nurse care coordinators, are expected to generate.

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**Endnotes**


