

The Hidden Value in Primary Care

By Dr. Simeon Schwartz, MD and Dr. Bart Asner, MD
October 17, 2014

Primary care is the key to lowering health care spending. That's the conclusion of a new study released Sept. 30 by the UnitedHealth Center for Health Reform & Modernization. The challenge for policymakers, medical providers and other health care stakeholders: Unlocking the hidden value in primary care will require expanding primary care capacity and changing the way care providers are paid.

Primary care practices are often the first place patients go for routine preventive care or when they are sick. When primary care works well, it promotes continuity of care and coordination across services, improves quality and health outcomes, and contains costs by helping patients get the right services at the right time rather than more costly care, including unnecessary tests and avoidable hospitalizations.

Unfortunately, fewer Americans are taking advantage of primary care services. The number of primary care office visits has fallen. Nationally, we spend about \$200 to \$250 billion annually on primary care – well under 10 percent of our overall health care costs. We need more primary care for two reasons: one, it's the most effective way to safeguard a person's health; and two, millions of American don't have access to a regular primary care provider.

In addition to increasing the number of primary care providers, payment models have to change. Today most primary care physicians are paid according to an outdated formula. The more services they perform, and the more complex those services are, the more money they are paid. Health costs will continue to rise on this "more services, more spending" merry-go-round. Plus, this approach fails to promote high-quality care based on best practices, care coordination, and better management of chronic conditions. Volume and complexity of care is rewarded, not the value of the services being performed.

In recent years, reforms that recognize the value of the care a patient receives, rewarding physicians for their effectiveness and positive medical outcomes have begun to take root. Government programs and private health plans are partnering with physicians, hospitals and other providers to emphasize primary care in an effort to improve quality and reduce costs. They focus on patient-centered care management and coordination.

Research shows that these "pay for value" models are critical to helping primary care providers boost quality and reduce costs. There are a broad range of initiatives underway nationwide—in commercial insurance markets, and in public programs like Medicare and Medicaid—that are driving the right incentives down to the physician groups, hospitals, and individual clinicians.

Our organizations—WESTMED in New York and Monarch in California—are two of many diverse provider organizations that are prioritizing high-quality, patient-centered care and service coordination through use of health information technology

WESTMED improved on quality measures, such as screening and blood sugar control for diabetics, and achieved an 8 percent reduction in emergency department use and an overall reduction in costs for privately insured patients in a single year.

Monarch improved on measures of physician-patient communication, patient satisfaction, and prevention of hospital admissions that can be avoided with more timely care, while reducing costs for Medicare patients by more than 5 percent in one year.

Ours are just two examples, from opposite ends of the country, of ongoing innovations and success stories that can and should be scaled across the entire health care system.

The path forward is not a one-size fits all approach. Each provider pursuing value-based payments can find a pathway forward tailored to the unique needs of their patient population, the payers they partner with, and local market conditions and policy environments.

Private health plans and government programs like Medicare and Medicaid can continue to support primary care practices' ability to deliver high-quality, state-of-the-art care. This includes ensuring that practices have the necessary tools to manage patient care, like the ability to exchange health information electronically, but it can't stop there.

Paying for value matters. We need to reward primary care physicians and other clinicians for the value they create, rather than for the volume and complexity of services they deliver. It's the path to healthier patients and a more sustainable health care system.

Schwartz is founding president and CEO of WESTMED Medical Group, a 250-physician, multi-specialty group practice based in Westchester County, New York. Asner is CEO of Monarch HealthCare, a medical group comprised of 2,500 physicians in Orange County, California. WESTMED and Monarch are managed by Optum, a business unit of UnitedHealth Group.