

# Patient-centered medical homes reduce costs

August 1 2014, by Stephanie Stephens

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The patient-centered medical home (PCMH), introduced in 2007, is a model of health care that emphasizes personal relationships, team delivery of care, coordination across specialties and care settings, quality and safety improvement, and open access. As the number of PCMHs has increased, a new report in the journal *Health Services Research* finds the model offers a promising option to reduce health care costs and utilization of some health care services.

"When we looked at the literature, we found that the overall evidence is still fairly limited in terms of how well the model actually works," said corresponding study author, Martijn van Hasselt, Ph.D., of the nonprofit RTI International in Research Triangle Park, N.C. "Among the more consistent findings is that PCMHs tend to be associated with improved

quality of care and better patient experience with care. Evidence remains fairly mixed, however, with respect to the cost of care, hospital admissions or emergency room visits."

The study examined patterns of health care use and expenditures for Medicare fee-for-service beneficiaries from a sample of PCMHs recognized by the National Committee for Quality Assurance (NCQA) and a set of practices without that designation. The use of a standard definition of a PCMH, with auditing by NCQA, has been lacking in many of the published studies on PCMHs to date.

The research team used data collected from fee-for-service beneficiaries between 2007 and 2010. "We thought that if any effect was present, it would likely be seen in the Medicare population, and in particular for [patients](#) who are in poorer health," he said. "The total Medicare expenditure side actually grew at a slower rate for patients who received care from a medical home versus not. Costs also seemed to be lower for acute care hospitalizations when patients had received care from a medical home, and the number of E.R. visits also declined relative to the comparison group of patients."

Researchers found that overall hospital admissions did not decline. "We believe that warrants future research," van Hasselt said. "Maybe medical home patients get steered toward lower-cost hospitals, or when people do end up at a hospital, those receiving care from [medical homes](#) tend to have less severe conditions so that overall expenditures are lower." Notably, the decline in [health care](#) costs was larger for practices with sicker than average patients, primary care practices and solo practices.

An ongoing debate exists about the impact of the patient-centered medical homes on costs of care, said Sarah Scholle, DrPH, NCQA's vice president of research and analysis. "This study adds to the evidence suggesting that patient-centered medical homes can reduce costs of care,

but how do they achieve savings? There isn't a single clear answer."

The study points to reduced emergency department visits and more effective management of sicker patients, as do other studies, she said.

"This report also suggests that lower average payments to hospitals used by PCMH patients is a factor. The findings point to the importance of considering how PCMHs function in the context of a 'neighborhood' of providers and facilities."

**More information:** van Hasselt, M., McCall, N., Keyes, V., Wensky, S. G. and Smith, K. W. (2014), "Total Cost of Care Lower among Medicare Fee-for-Service Beneficiaries Receiving Care from Patient-Centered Medical Homes." *Health Services Research*. [DOI: 10.1111/1475-6773.12217](https://doi.org/10.1111/1475-6773.12217)

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