

# State medical home initiative slashes healthcare costs for complex Medicaid patients

June 27 2016

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Providing Medicaid patients with a primary care "medical home" cut costs of their care by as much as \$4,100 a year and lowered their number of doctors visits and hospitalizations, according to a Perelman School of Medicine-led study published today in the *Journal of General Internal Medicine*. The research analyzed claims from Pennsylvania Medicaid patients who had both a chronic illness and a substance abuse or psychiatric condition.

The findings come at a time when governmental and private health insurance providers alike are moving toward value-based - higher quality, lower cost—care. Increasingly, health care providers are incentivized to focus on quality outcomes and prevention efforts, such as reducing emergency department visits and hospitalization. The authors of the new research say their findings underscore the importance of medical homes in programs built to enhance health care value.

The team analyzed records from 2008 to 2011 from [patients](#) treated at regular [primary care](#) physician offices and primary care practices that participated in the state-wide Chronic Care Initiative (CCI). CCI primary care offices served as a "medical home" for patients - allowing them to receive team-based primary care that also included patient education, behavioral health support, and chronic care coordination all in one place.

"The take-away from the analysis of these claims is that if we focus intensive care coordination efforts on the highest risk patients, such as those with chronic medical conditions and mental [health](#) and/or substance abuse diagnoses, we can achieve significant cost savings, even in the first year of a program," said lead author, Karin Rhodes, MD, a vice president in the Office of Population Health Management, Hofstra Northwell School of Medicine. Rhodes was a faculty member in Penn's departments of Emergency Medicine and Psychiatry, School of social Policy & Practice, and a Senior Fellow in the Leonard Davis Institute of Health Economics during the time she conducted the study.

The Medicaid claims analyzed were drawn from 96 CCI practices and 60 non-CCI practices in PA. Researchers found the CCI group experienced an average adjusted total cost savings of \$4,145.28 per patient per year. Moreover, compared to patients in the matched non-CCI group, CCI patients were 15 percent less likely to use the emergency department for care, 41 percent less likely to have a psychiatric hospitalization, and experienced a 5 percent relative decrease in medical hospitalizations.

"We found that the cost savings were largely driven by decreases in hospital costs over the one-year period," said the study's senior author, Paul Crits-Christoph, PhD, a professor of Psychology in Psychiatry and the director of Penn's Center for Psychotherapy Research. "Our results show that programs striving to increase value should focus their efforts on the highest risk cohorts of patients, who are most likely to benefit from intensive care coordination."

**More information:** *Journal of General Internal Medicine*, [DOI: 10.1007/s11606-016-3734-y](https://doi.org/10.1007/s11606-016-3734-y)

Provided by University of Pennsylvania School of Medicine

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