Insurers and physicians can partner to deliver care more efficiently, save costs, according to study

September 9 2016, by David Ruth

Credit: Rice University

Insurers and physicians can partner to help physicians to deliver care more efficiently and save costs, according to a study by researchers at

Rice University and Cigna, a global health service company.

The study's findings are based on an examination of an arrangement Cigna made with a multiclinic physician practice in north Texas to improve quality of service and lower health care costs for patients covered through Cigna. The arrangement was part of Cigna's Collaborative Accountable Care (CAC) initiative, which is a shared savings program that offers practices that are in their first year of participation an up-front care coordination fee to pay for investments in infrastructure that furthers progress toward quality and cost targets.

"There have been a growing number of studies trying to test whether coordinated care—think the Affordable Care Act's Accountable Care Organizations—can restrain cost growth," said Vivian Ho, the chair in health economics at Rice's Baker Institute for Public Policy and director of the institute's Center for Health and Biosciences, who co-authored the study. "The results of other studies have been mixed. Our study may have been able to demonstrate a significant savings, because the financial agreement was forged directly with physicians, rather than mixed-provider organizations.

"Hospitals may have less incentive to restrain cost growth because so much of their revenue comes from providing inpatient care. In contrast, the share of physicians' revenues associated with hospital care is much lower. With improved patient data provided by Cigna plus additional nursing support within the practice for follow-up, physicians can readily focus on delivering care quickly and efficiently," Ho said.

The research findings are published in the *American Journal of Managed Care*.

In the study, Cigna provided a physician practice, Medical Clinic of North Texas (MCNT), with funds to invest in infrastructure, including

informatics and care coordination. For example, Cigna funding helped MCNT to hire a nurse who could help with hospital discharge coordination for patients at increased risk of readmission, targeted outreach to high-risk patients, patient education and patients' compliance with prescriptions. In addition, Cigna agreed to share with MCNT any realized cost savings from moving to a more coordinated care model.

This paper compares costs in 2009 before the intervention began to 2010 and 2011 when the intervention took effect. The sample size varied by year, but included 7,100+ MCNT patients and 180,000+ other patients in north Texas covered by Cigna in each year. The researchers found that costs for MCNT's Cigna patients were lower by almost 6 percent relative to other patients covered by Cigna in the north Texas area. The savings occurred in multiple categories, including in procedures and testing. About half the savings was due to lower use of services, while the rest was due to reductions in price.

The researchers did not quantify the improvement in quality of care associated with this contract. "However, MCNT did meet the quality requirements specified in the contract, so we know that service quality did not decline," Ho said.

More information: Measuring the Cost Implications of the Collaborative Accountable Care Initiative in Texas. www.ajmc.com/journals/issue/20 … -Initiative-in-Texas

Provided by Rice University