



AHRQ Estimating the Costs of Supporting Primary Care Practice Transformation Grants

What Are the Costs to Small Practices and Community Health Centers to Maintain Comprehensive Primary Care in New York City?

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Overview of Estimating Costs Grant

In 2005, the New York City Department of Health and Mental Hygiene launched a Primary Care Information Project (PCIP) to help primary care practices and Community Health Centers (CHCs) implement electronic health record systems. PCIP also helped practices and CHCs optimize their workflows and adopt changes reflecting patient-centered medical home (PCMH) standards defined by the National Committee for Quality Assurance (NCQA). A survey of 83 small practices participating in PCIP revealed that the practices generally used a combination of informal and structured techniques to achieve PCMH goals related to improving access, coordinating care, improving the care of patients with chronic conditions, and assessing improvement efforts. Since 2008, 224 small practices and 43 CHCs participating in PCIP have achieved NCQA PCMH recognition. Among those recognized, 49 percent of the small practices and 70 percent of the CHCs received Level 2 or Level 3 NCQA recognition; the remaining practices and CHCs received Level 1 recognition.

This study estimates the cost of maintaining PCMH functions related to patient engagement and care coordination in small primary care practices and CHCs in New York City. Patient engagement involves identifying special patient needs, linking patients to appropriate community resources, and helping patients implement self-management strategies. Care coordination involves facilitating referrals to specialists, testing services, and other external providers; following up on results; and explaining results to patients. The two domains are considered essential to PCMH transformation and pose special challenges for practices, as they involve multiple processes and require working across settings.

The study has the following aims:

Aim 1: To quantify the time and resources utilized by practices for new activities or revised workflows as part of maintaining primary care medical home services, and to translate the time and resources spent into costs.

Aim 2: To examine the range of costs by organizational attributes.

Health Care Setting

This project includes 45 small office-based practices and community health centers serving lower-income neighborhoods.

Location

New York, New York

Costs Estimated

Costs of time and resources to maintain PCMH activities related to patient engagement and care coordination, including:

- Total costs per practice
- Average costs per provider and administrative staff
- Costs per patient per encounter



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Costs will be estimated by examining the experiences of 35 small practices and 10 CHCs that participated in PCIP and obtained NCQA PCMH recognition. Estimated costs will be expressed as total costs per practice, average costs per provider and administrative staff person, and costs per patient per encounter.

Data and Methods

For Aim 1, the study team is using a two-step data collection process. As a first step, the team is asking each practice to complete a survey, identifying activities maintained by the practice that support patient engagement and care coordination. The survey also captures information on capital outlays and other costs unrelated to staff time. After reviewing the surveys, the study team will conduct structured interviews with a representative from each practice. The interviews are designed to learn about specific resources that the practice uses to support each activity. For example, when addressing care coordination, the study team will ask interviewees to describe processes such as reviewing and tracking referral information and communicating with patients and providers about care transitions, and also ask them to identify who is involved and how much time is spent on each activity.

Data obtained through the interviews will be translated into costs primarily using salary data from the practices. The costs will be rolled up and expressed as total costs per practice, average costs per provider and administrative staff person, and costs per patient per encounter.

For Aim 2, the project team will use PCIP data about practice characteristics (e.g., number and type of providers, number of patients, and NCQA status) to examine the relationship between costs and organizational attributes. One line of inquiry will examine whether costs are different for small practices versus CHCs, and whether small practices have a disproportionately larger resource burden for comprehensive care compared with larger practices. A second area that will be explored is whether practices with a higher level of NCQA PCMH recognition expend more resources or use resources more efficiently.

Anticipated Benefits

This project will produce an interview guide and tool that can be used to obtain estimates of time and resources expended on maintaining PCMH functions.

“Sharing information about role-level or task-related costs can help small practices and CHCs budget and plan for costs and identify resources needed to sustain or expand their existing practice operations to be a medical home.”

- Sarah Shih, MPH, Principal Investigator

Results of this study will help small primary care practices and CHCs with planning and maintaining PCMH transformation and recognition. The results will also help policymakers and payers that are considering new payment structures and PCMH incentives for primary care. The results will also help policymakers and payers identify gaps in reimbursement, and will be useful for establishing appropriate reimbursement or payment levels for practices that continue to

demonstrate transformed primary care delivery.

Challenges to Estimating Costs

The study team originally planned to assess a range of PCMH functions and to rely solely on interviews to obtain data for cost estimates. However, after conducting a pilot interview with a volunteer solo physician, the team realized the interviews would require too much of an interviewee’s time. As a result,



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the team decided to narrow its focus to two key PCMH domains—patient engagement and care coordination—and to implement a two-step data collection process.

Cost estimates derived in this study are based on organizational structures and practice preferences among primary care practices in New York City. As a result, they may not reflect costs encountered in other settings and regions of the country.

The accuracy of some cost estimates may be limited by variability in time/resource estimates provided by staff members in a practice, and by situations in which some costs are not accounted for because they overlap with general tasks or are inseparable from tasks that are not considered part of PCMH functions.

Results

Analyses for this project are still in progress. Cost estimates will be available once the study is complete.

Publications

Publications from this study are forthcoming.

