

# AHRQ Estimating the Costs of Supporting Primary Care Practice Transformation Grants

## Estimating the Costs of Supporting Primary Care Practice Transformation

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### Overview of Estimating Costs Grant

This study aims to estimate the cost of primary care transformation through a survey of all primary care practices that attained patient-centered medical home (PCMH) certification from the National Committee for Quality Assurance (NCQA) from December 2014 to February 2015—a total of 467 practices. This study will estimate the direct costs of each practice's inputs to attain PCMH certification, including labor, equipment, materials, travel, and contracted services.

### Data and Methods

Practice managers are being surveyed to examine:

- The average cost of transformation for each practice transformation element.
- The distribution of costs across resource components (labor, consultants, materials/travel/services, and contracted services) for each practice transformation element.
- How transformation costs vary by practice characteristics, such as size and geography.

The research team is using an activity-based costing approach to collect the costs of primary care practice transformation. This approach collects data on all resources used in delivering the program for each main program activity and uses these data to estimate costs by activity.

Respondents are asked to retrospectively report only the costs of the transformation effort itself, not the ongoing costs of maintaining the PCMH. Study authors created a Web-based survey/cost data collection tool, adapted from previous projects, to capture costs by resource component and activity. Activities are organized by NCQA PCMH standards and the elements that make up these standards:

1. Enhance access and continuity: seven elements (e.g., access during office hours)
2. Identify and manage patient populations: four elements (e.g., using data for population management)
3. Plan and manage care: five elements (e.g., manage care)
4. Provide self-care and community support: two elements (e.g., self-care process)

### Health Care Setting

This study includes the 1,200 medical homes participating in the MAPCP demonstration project.

### Location

United States

### Costs Estimated

Direct costs of PCMH certification, including:

- Labor
- Equipment
- Materials
- Travel
- Contracted services



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5. Track and coordinate care: three elements (e.g., referral tracking and followup)
6. Measure and improve performance: six elements (e.g., implement continuous quality improvement)

For each direct cost component, respondents are asked to list each resource (e.g., staff member or equipment) and its value (e.g., annual salary or price) and indicate the percentage of that resource that was used on PCMH certification overall and each activity of certification.

### Anticipated Benefits

This study will provide essential information for practices considering PCMH transformation and for policymakers weighing the costs and benefits of promoting PCMH transformation.

*“Understanding the costs of practice transformation can help practices to decide whether to seek PCMH certification, and to plan appropriately if they decide to do so. Understanding the costs of practice transformation can also help policymakers evaluate the potential need for financial support of practice transformation, balancing the costs of incentives against the benefits of PCMHs.”*

- Benjamin Yarnoff, PhD, Principal Investigator

### Challenges to Estimating Costs

Potential challenges include respondents’ limited expertise in cost data collection and lack of familiarity with practice costs, the potential for recall bias, and the potential for nonresponse bias given that respondents are not required to participate in the study. To mitigate these challenges, the research team designed an easy-to-use data collection instrument, which is highly detailed to facilitate recall. The research team is also offering training and technical assistance on the survey tool’s use and is targeting practice managers, who are familiar with the costs of practice transformation, as survey respondents.

### Results

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

### Relevant Information

The cost estimation methods used in this study were derived from the following sources:

Khavjou OA, Honeycutt AA, Hoerger TJ, et al. Collecting costs of community prevention programs: communities putting prevention to work initiative. *Am J Prev Med* 2014;47(2):160-5.

Subramanian S, Ekwueme DU, Gardner JG, Trogdon J. Developing and testing a cost-assessment tool for cancer screening programs. *Am J Prev Med* 2009;37(3):242-7.

### Publications

Publications from this study are forthcoming.

