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### **UnitedHealth and I.B.M. Test Health Care Plan**

By: Reed Abelson

Try, try again.

The giant insurer UnitedHealth Group is testing a new model of health care that many policy experts say holds great promise but has yet to prove itself.

An earlier trial of the model by UnitedHealth, in Florida, never got off the ground because doctors refused to participate. This time, however, the insurer is teaming up with seven doctors' groups to make another attempt, in Arizona, at the prodding of one of the state's big employers, I.B.M.

UnitedHealth will try giving doctors more authority and money than usual in return for closely monitoring their patients' progress, even when patients go to specialists or require hospitalization. The insurer will also move away from paying doctors solely on the basis of how many services they provide, and will start rewarding them more for the overall quality of care patients receive.

The new approach, which is also being tested in various guises by other insurers around the country, is known as the "medical home" model of health care. Many experts hope it will prove one of the best ways to rein in the nation's runaway medical costs, while making people healthier. The theory is that by providing a home base for patients and coordinating their treatment, doctors can improve care, prevent unnecessary visits to the emergency room, reduce hospitalizations and lower overall medical spending.

"This gives us the opportunity to create a model to allow family physicians to practice the way we used to practice in the past," said Dr. Jim Dearing, a family practitioner in Phoenix who is among the physicians who have agreed to participate.

In Florida, UnitedHealth tried a similar experiment about a year and a half ago, only to meet resistance from doctors, who thought they were being asked to shoulder much of the burden with no guarantee the experiment would be successful. The insurer did not closely consult with the doctors in designing the pilot program, and the physicians argued that there was not enough help to pay for any necessary changes like improving their computer systems. The doctors would have received more money only if the pilot project achieved its goals.

Many Florida doctors said they thought the insurer was asking them to do too much on faith. They were particularly skeptical about working with UnitedHealth, which has a reputation of being a tough negotiator and slow to pay claims.

"Physicians really do not like UnitedHealth, so much so they just wouldn't work with them," said Dr. Michael Wasyluk, a surgeon who is an official with the Florida Medical Association who follows health insurance issues.

In Arizona, where UnitedHealth is I.B.M.'s sole health plan, providing coverage for 11,000 of the company's employees and their dependents, I.B.M. urged the insurer to give medical homes another try.

I.B.M., which paid \$21 million last year for its Arizona coverage, is among the nation's employers that have been increasingly vocal about their dissatisfaction with the health system, in which they pay more money each year, regardless of the quality of the care their employees receive.

"What we buy is garbage," said Dr. Paul Grundy, I.B.M.'s director of health care transformation, who has become a major proponent of the medical home concept. In this experiment, UnitedHealth has worked closely with the doctors. And perhaps most importantly, the insurer has agreed to bear some of the initial costs of developing a medical home, including hiring a consultant to advise doctors on how to change their practices.

"We learned the hard way," said Dr. Sam Ho, a chief medical officer for UnitedHealth. "You just can't hang up a sign."

UnitedHealth has already spent more than \$1 million on three medical home experiments this year. The other two are in Colorado and Rhode Island. But the company says the Arizona pilot is getting the bulk of its money and attention.

The experiment will initially involve about 7,000 patients who are the patients of 26 doctors at the seven medical groups. I.B.M. employees will be only a small portion of the total, which will also include Medicare and Medicaid beneficiaries that UnitedHealth covers in the state.

Giving patients a medical home is meant to fix some of the major shortcomings of how health care is delivered and paid for in this country. Insurers now typically reward doctors for how much they do — how many tests or procedures they perform — rather than how effective their care is. Doctors are not paid to help their patients navigate myriad specialists, and no one is held accountable for making sure that patients' care is available whenever needed.

"If the patient can't get into your office when sick and lands in the emergency room, it doesn't matter that you did the blood test in your office," said Dr. Terry McGeeney, the chief executive of the consulting unit hired by UnitedHealth to work with the Arizona practices. The unit is a for-profit business run by the American Academy of Family Physicians.

In Arizona, Dr. Dearing and other physicians will work with the consultants to figure out how better to oversee patients with conditions like diabetes. The doctors' groups selected for the experiment were ones that had already shown signs of being able to function like medical homes.

The experiment is also intended to see whether even small groups of doctors can serve as a medical home for patients. As a solo practitioner, for example, Dr. Dearing does not use electronic health records, like a majority of doctors today. But he and the consultants say they hope he can nonetheless devise a way to effectively track the welfare of the nearly 400 diabetic patients he treats by creating a registry, or database.

“That part of the puzzle all of us have to work on,” Dr. Dearing said.

The other major component of the experiment involves how physicians are paid. While UnitedHealth will continue to pay doctors based on the services they perform, something around the state average of about \$50 for an office visit, the doctors will also receive a quarterly management fee for overseeing their patients’ care. And they will be eligible for bonuses based on quality measures like keeping a patient happy, following established treatment guidelines and being able to avoid hospital stays.

Although the insurer was reluctant to discuss the specific financial arrangement it had reached with the doctors, UnitedHealth and I.B.M. said that a participating practice could increase its overall revenue as much as 30 percent under this new reimbursement system. The experiment is set to run through 2011. UnitedHealth says it hopes to see double-digit declines in hospital admissions and emergency room visits — in part because doctors are better able to care for patients at night, for example, or to help them avoid the kinds of complications that require more costly interventions.

Some health policy analysts worry that the push for medical homes could be yet another example of the latest health care fad — quickly embraced by employers desperate to slow their soaring health costs, and just as quickly forgotten when they do not provide immediate results.

“The purchasers want a magic bullet,” said Dr. Robert A. Berenson, a health policy expert for the Urban Institute, a nonpartisan public policy group in Washington. “Every two years a new one comes along.”

While Mr. Berenson says he sees promise in the medical home concept, he worries that small doctors’ offices will find it too difficult to make the necessary changes to succeed. But Dr. Ho, of UnitedHealth, points to the involvement of solo practitioners like Dr. Dearing as proof that the insurer is intent on finding a model that can be widely adopted. He acknowledges, though, that the medical home cannot cure all that ails the nation’s troubled health care system. “We’re not naïve enough to think this is a silver bullet.” Even I.B.M. plays down the notion of a quick return. “We’re not doing this because we expect to see huge savings,” Dr. Grundy said. The medical home, he said, is more about whether patients have access to care at the right time and whether that care is appropriate. “I think it’s the right thing to do.”