



P Innovation Profile:

Plan-Funded, Practice-Based Care Coordinator, Disease Management Services, and Financial Incentives Lead to Better Outcomes and Reduced Costs for Medicare Advantage Enrollees

Snapshot

Summary

HealthSpring, a Medicare managed care organization, developed a Partnership for Quality ("P4Q") program that offers financial bonuses to selected medical practices, along with onsite practice coordinators and dedicated disease management support. Bonuses—equal to as much as 20 percent of health plan payments—are awarded if physicians meet clinical care improvement goals. At the Sumner Medical Group and eight other participating practices, the program led to significant improvements in a broad range of clinical quality indicators, along with decreases in members' emergency department (ED) visits, hospitalizations, and total medical expenses.

Developing Organizations

HealthSpring Inc.; Sumner Medical Group

Sumner Medical Group is in Gallatin, TN. HealthSpring is in Nashville, TN.

Date First Implemented

2004

Patient Population

Age > Senior adult (65-79 years); Aged adult (80+ years); Geographic Location > City; Vulnerable Populations > Co-occurring disorders; Frail elderly; Medically or socially complex

What They Did

Problem Addressed

The primary care model is better designed to treat single, acute illnesses than the complicated

chronic illnesses faced by many older Americans. Primary care physicians often work in complex, administratively burdensome systems that force them to treat patients during short appointments that offer limited time for patient education. The health care reimbursement system typically does not fund care managers or practice coordinators, who can be instrumental in improving the quality of medical care provided to these patients. Specific aspects of the problem are detailed below:

- **Many elderly with multiple, costly chronic conditions:** Sixty-five percent of the Medicare population have two or more chronic conditions, and these individuals account for 95 percent of Medicare costs. National guidelines and best practices have been established to help providers treat chronic conditions, but about half of these patients are managed inadequately.¹
- **A reimbursement system that deters innovation and the leveraging of care managers and practice coordinators:** Research shows that carefully educating patients about chronic disease; providing them with the information, skills, motivation, and confidence to manage their chronic illnesses; and then monitoring their progress can yield significant benefits.¹ However, under the current Medicare reimbursement formula, primary care physicians have no financial incentive to provide coordinated care management to elderly individuals, as the benefits of such activities (e.g., fewer hospitalizations) accrue to the payer rather than the provider.²
- **Net result is suboptimal care:** Lack of care coordination, monitoring, and followup leads to suboptimal care for many Medicare enrollees. At Sumner Medical Group, for example, only 40 percent of eligible Medicare enrollees received a pneumococcal vaccine in 2004. Comparable figures for other services were 18 percent for depression screening, 54.6 percent for mammography services (among women aged 52-69), and 57 percent for diabetic members receiving a hemoglobin A1c (average blood sugar) screening every 6 months.³

Description of the Innovative Activity

HealthSpring, a Medicare Advantage managed care organization, funded an onsite practice coordinator at the Sumner Medical Group and a nurse-social worker team to provide telephone-based disease/care management services to the 1,133 HealthSpring Medicare Advantage enrollees who receive their care at the practice. HealthSpring also funded the technology to track clinical and preventive services delivered to its enrollees, and provides bonuses to providers when these quality measures improve. Highlights of the program include the following:

- **Onsite care coordinator:** A licensed practical nurse, whose salary is funded by the managed care organization, serves as the onsite care coordinator for the primary care practice's patients who are enrolled in HealthSpring's Medicare Advantage program. One practice coordinator serves about 1,000 members, or more if adequate information technology is in place. Key aspects of the care coordinator's job include the following:
 - **Educating patients at point of care:** The practice coordinator provides formal education about lifestyle, diet, exercise, therapeutics, and disease process to patients at the clinic during their appointments.

- **Coordinating care and facilitating communication:** The practice coordinator facilitates communication among providers, specialists, the disease management nurse (see below), and patients. The nurse reviews the patient's charts to identify preventive care needs and disease management needs prior to each visit, and prompts the primary care provider to provide the needed services and order the necessary tests, including vaccinations, mammograms, laboratory tests, and depression screens. The nurse enters new information into the patient's chart, and follows up with the patient to make sure tests and other care services are provided.
- **Coordinating with disease management services:** The practice coordinator creates disease registries and communicates with the practice's dedicated care/disease management team (see next bullet below for more details).
- **Auditing performance:** The practice coordinator collects data on health processes and outcomes on an ongoing basis; these data are used to track progress and to help in determining bonuses under the pay-for-quality program described below.
- **Dedicated disease/care management service:** A care management team, made up of registered nurses and social workers, works directly with the practice coordinator to provide disease and care management services, including telephone-based patient education, medication monitoring, and following up to make sure patients make appointments. Nurses call the patients on behalf of the physicians, which enhances their credibility and the patient's responsiveness to the interventions. Educational activities and teaching points used by the nurse are also integrated into physician care plans. The team communicates regularly with the practice coordinator and other providers to ensure that the care plan is followed. Initially, this disease management service was provided by offsite nursing staff, but the team now resides at the clinic.
- **Partnership-for-quality (P4Q) program:** The P4Q plan covers 31 process and outcomes measures related to a variety of preventive, screening, and monitoring services, including pneumococcal and influenza vaccines and screening and/or monitoring for depression, colorectal cancer, osteoporosis, hypertension, diabetes, and pulmonary and heart disease. For each measure, HealthSpring and practice representatives review baseline performance, assess needed improvements, and mutually establish a goal for improvement over the next year. Improvement goals are established for any metric where standard medical practice is adhered to less than 60 percent of the time. During the initial pilot that included 25 measures, these goals were set at a 50 percent increase over last year's performance. A sliding scale bonus system is negotiated for each metric, up to an agreed-to maximum. HealthSpring pays for annual chart audits and uses medical records—not claims data—to calculate bonuses.
 - **Physician bonus:** Up to \$6 per member per month (PMPM) is paid if quality goals are met (with a maximum bonus payment equal to 20 percent above historic compensation).
 - **Care coordinator bonus:** The care coordinator can receive up to \$0.30 PMPM.
 - **Other bonuses:** Bonuses for nurses and other medical staff are allocated at the discretion of the physicians.
 - **Additional practice-wide bonus:** The P4Q program also provides an additional 33 percent

bonus opportunity, over and above the capitation rate, for reduced medical utilization, such as avoided hospitalizations. This bonus is not dependent on meeting other goals.

References/Related Articles

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 **Did It Work?**

Results

The P4Q pilot program, which has been in place for roughly 2 years at Sumner and 1 year at eight other pilot sites, has resulted in significant improvements in quality and reductions in the costs of health care provided to Medicare Advantage members. As a result, Sumner received the full bonus under the program, equal to 20 percent of historic payments by HealthSpring. Highlights of the program's accomplishments follow:

- **Enhanced preventive care, screenings, treatment, and outcomes at Sumner:** Analysis of HealthSpring enrollees at Sumner found that the provision of evidence-based preventive, screening, and therapeutic services was greatly enhanced during the first year of the program, which has led to improved outcomes for patients with diabetes and heart disease. Comparison of baseline to 1 year post-implementation results found the following:
 - **Preventive care:** Pneumococcal vaccine administration among eligible patients rose from 36 to 55 percent.
 - **Screening:** Screening improved in multiple areas, including for depression (which rose from 18 to 24 percent among eligible patients), colorectal cancer (47 to 56 percent), breast cancer (51 to 71 percent), diabetes (57 to 66 percent for the hemoglobin A1c test, which measures glucose or sugar levels in the blood during the past 2 to 3 months), 76 to 92 percent for low-density lipoprotein (LDL is the "bad" cholesterol that can clog arteries) test, 27 to 68 percent for eye exams, 10 to 41 percent for foot exams), and heart disease (54 to 81 percent for annual LDL testing, 21 to 58 percent for tobacco use).
 - **Treatment:** The percentage of eligible heart disease patients prescribed a beta-blocker drug rose from 60 to 70 percent. In addition, 72 percent of smokers were offered smoking cessation counseling.
 - **Outcomes:** The number of diabetic patients with healthy hemoglobin A1c levels (7 percent or less⁴) increased by 12 percent, while those with unhealthy hemoglobin A1c levels (above 7 percent) declined 25 percent. The number of heart disease patients with healthy LDLs (less than 100 mg/dL⁵) increased 11 percent during the project year. While the number of heart disease patients with unhealthy LDL levels also increased significantly (by 150 percent), doctors believe the increase is the result of more comprehensive screening of patients who historically did not come in for testing and care.
- **Reduced medical expenses at Sumner:** While physician costs, specialty services, and generic drug costs all increased during the first year of implementation at Sumner, institutional costs such as hospitalizations and rehabilitation and skilled nursing care declined significantly. As a result, total medical expenses for all Sumner HealthSpring Advantage members declined 5 percent (\$23 PMPM) during the project year, while total medical expenses for other HealthSpring Medicare Advantage members (not cared for under this program) increased 7 percent (\$33 PMPM). Inpatient expenses declined 7.3 percent over the previous year, fueled by a 10 percent drop in hospital admissions and a 19 percent drop in ED visits.
- **Similar results across all nine sites:** Preliminary results covering 12 months from 9 clinics serving 7,468 HealthSpring Medicare Advantage patients show improvement in every patient care metric

measured over the prior year, including mammography (a 68 percent increase), pneumococcal vaccination (65 percent), influenza vaccination (192 percent), colorectal cancer screening (27 percent), diabetic eye exam (93 percent), and diabetic foot exam (378 percent). In addition, ED visits per 1,000 members fell by 7 percent while hospital admissions per 1,000 members fell 11 percent.

Evidence Rating ([What is this?](#))

Moderate: The evidence consists of pre- and post-implementation data on a variety of patient care metrics.

How They Did It

Context of the Innovation

HealthSpring is a managed care organization that focuses on the Medicare Advantage market, offering a plan to Medicare beneficiaries in several states. Sumner Medical Group is a primary care medical practice in Gallatin, TN, with 13 physicians who care for about 1,200 HealthSpring Medicare Advantage members. Sumner physicians and HealthSpring officials developed the program as a way to improve what had historically been suboptimal performance in providing seniors with chronic illnesses with evidence-based preventive, screening, and therapeutic services.

Planning and Development Process

- **Development of model:** Over more than a year, HealthSpring met with Sumner physicians to develop this model. During these meetings they mapped out what practice resources were needed to provide quality care and disease management services to this population, including information technology, personnel support, and financial incentives.
- **Decision to fund and hire practice coordinator:** The providers and HealthSpring jointly decided that having HealthSpring fund the practice coordinator role would help the physicians accept the coordinator's management role and the accompanying strict record-keeping requirements. Sumner hired an existing employee—a nurse in charge of prescription refills—to be its first practice coordinator.
- **Evolution of disease/care management role:** The program initially used a designated nurse at a remote call center to provide disease management services, but that system proved ineffective and was replaced by a disease management team consisting of nurses and social workers who operated out of the clinic and/or local community.
- **Development of bonus pool:** Sumner and HealthSpring representatives jointly developed the bonus pool, with the goal of providing the same PMPM fee for the provision of services, and the potential for substantial bonuses if clinical care improved and financial savings accrued. As noted earlier, the performance thresholds are renegotiated each year.

Resources Used and Skills Needed

- **Staffing and costs:** The practice coordinator can be a licensed practice nurse or registered nurse, and is typically paid about \$50,000 per year. As noted, each practice coordinator can handle roughly 1,000 Medicare Advantage enrollees. The disease management team consists of social workers and registered nurses whose salaries are also funded by HealthSpring. The care/disease management teams either work from the clinics, or are located in the local community so they can work alongside providers as needed.
- **Technological requirements:** This pay-for-performance system can be used in practices with or without electronic medical records. However, HealthSpring leaders believe that practices that employ its disease management software (known as Ascender) will be more effective in tracking and monitoring patients, and in providing appropriate, evidence-based care, since the software offers a variety of prompts and reminders to busy providers.

Funding Sources

HealthSpring Inc.

This program is funded internally by HealthSpring.

Adoption Considerations

Getting Started with This Innovation

- **Determine if practice volume justifies the program:** A physician practice must serve enough Medicare Advantage members with one or more chronic illnesses to merit implementation of the program.
- **Audit inventory workflow and care/disease management processes:** The practice should consider performing an internal audit of patient care and management processes, especially as they pertain to Medicare patients with chronic illnesses. If an offsite, remote call center is used to provide disease management services, evaluate if this service meets patients' needs, or if more point-of-care patient support, monitoring, and education are needed.
- **Define and measure relevant preventive and clinical measures:** The practice should identify and measure baseline and ongoing performance related to relevant preventive, screening, and therapeutic services that are commonly delivered to seniors. It may be appropriate for the practice to invest in new technology to assist in this task, possibly with the support of the sponsoring health plan. The practice coordinator is generally responsible for collecting baseline data by conducting an initial audit of all enrollee charts.
- **Create meaningful financial incentives:** Financial incentives must be large enough to get the providers' attention and motivate improvement. Physician practices should consider whether extending the bonus system to nonphysician staff (e.g, nurses, administrative personnel, and the practice coordinator) will be helpful in stimulating meaningful improvement.
- **Schedule audits for every 6 months:** Build in regular audits and reviews to monitor how the practice

is performing with respect to established goals.

Sustaining This Innovation

- **Expect improvements to plateau over time:** Initially, the bonus system resulted in impressive improvements in quality. However, after 1 year performance began to plateau, as there were no more "easy" fixes left. In other words, moving from 60 to 90 percent performance levels may prove relatively easy, but going from 90 to 100 percent can be quite a challenge.
- **Reevaluate the program annually to sustain momentum and improvement:** While physician engagement and enthusiasm can wane over time, motivation can be maintained by negotiating new bonuses and performance thresholds on an annual basis. HealthSpring and others are currently evaluating the bonuses and other aspects of the program to see how best to motivate providers once most initial clinical care goals have been met.
- **Consider investing in information technology support:** The information technology (IT) support has not yet been fully implemented. HealthSpring and the practices hope that deployment of disease management software will provide the needed tools to further improve patient care metrics. That said, providers sometimes find it challenging to keep up with all the prompts provided by the IT system and the practice coordinator.
- **Plan for enrollee turnover:** Although the Medicare Advantage program has more member stability than do most commercial plans, there is a 20 percent annual turnover in membership. Patients moving in and out of the plan can make tracking, auditing, and adherence to best practices more difficult.

Use By Other Organizations

HealthSpring's P4Q program has been implemented in 27 practices that collectively employ 348 physicians who care for 25,000 HealthSpring members. HealthSpring plans to expand the program to 40 practices by the end of 2008.

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