The move to value-based care in medical practices: Effect on cost and quality

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As U.S. health care shifts toward quality of care over quantity of services, physicians providing value-based care have been able to renew their focus on patients at the center of care. Find out how a practice in North Carolina successfully implemented and continued a value-based care model that both saved money and resulted in better health outcomes.

Why value-based care?

Grace Terrell, MD, chief executive officer and president of Cornerstone Health Care in North Carolina, authored a new module for the AMA's STEPS Forward™ collection of practice improvement strategies to help physicians prepare their practices for the transition to value-based care.

"As physicians, our primary focus should be on doing what's in the best interest of our patients," Dr. Terrell said. "And quite often the way that fee-for-service is set up, we're not able to do that because it's all centered on the visit or individual transaction between the doctor and the patient."

"If we actually have a system where the physician can once again focus on how we can create a relationship with the patient that is completely centered on what's best for them," she said, "then I think that it can bring the joy of medicine back for the practicing physician."

How the new model works

At Cornerstone Health Care, Dr. Terrell and her colleagues decided to make the move to value-based care in 2012. Cornerstone transitioned from the traditional fee-for-service model to a patient-centered health care delivery system.

They first implemented a value-based care model in a specialized heart clinic designed to address the top 20 percent of their chronic heart failure patients. Primary care physicians referred patients who had an established cardiologist within the organization and had either an ejection fraction under 45 percent or a documented diastolic dysfunction.

Team-based care is essential to a value-based care model, Dr. Terrell, an internal medicine physician, said. “If you’ve got a team of people that are part of the care model, you don’t have to be the social worker, and you don’t have to be the clinical pharmacist. You can be the one to have the physician relationship with the patient with a whole group of other resources out there to make sure the patient is getting what they need.”

Cornerstone’s heart failure care model team included a cardiologist, a nurse practitioner, an embedded behavioral health provider, pharmacy services, a health navigator and a nutritionist. The nurse practitioner and a health navigator worked closely with the patient’s cardiologist and other members of the health care team to create a treatment plan that was customized to the patient’s individual needs. They closely adjusted medications and taught patients other strategies to control their symptoms. The health navigator made calls between visits and monitored the patient’s progress.

One of the challenges faced early was that physicians resisted referring patients to the clinic because they saw referrals as a sign of “giving up” on their patients.

“They were so used to the old model, where they were responsible for everything, and everything was centered around them and the office visit with the patient that they initially had a hard time with it,” Dr. Terrell said.

“Part of it was that physicians, by and large, want to see their patients with good outcomes,” she said. “As we were able to demonstrate that patients were having better outcomes, there became a cultural acceptance at Cornerstone, and a lot of the concerns went away.”

“We’re all on one electronic health record,” Dr. Terrell said. “Having communication with the primary care physician so they can see what’s going on helped them see that they continued to be a part of story under the new model.”

The results of the value-based care model

The new care model had a great impact on Cornerstone’s patient population and cost of care. In the three years since implementation, the care model has seen a per-patient cost-of-care savings of $5,500 and an overall cost-of-care savings of $1.7 million for the 321 patients enrolled in the program.

Most of these savings are based on comparing the total cost of care for the patients before they entered the program and their total cost of care after enrolling in the program. A reduction in hospital admissions because of improved outpatient management was a critical factor in the overall cost savings.

“Within the context of value-based payment,” Dr. Terrell said, “if you’re saving money and improving quality of care, and patients are having better outcomes, then some of the resources can be used to bring in these other things that have not been part of fee-for-service medicine: Clinically integrated networks, nurse navigators, community resources or social work.”

“Those have not typically been in the actual fee-for-service bundle that a physician would get,” she said, “but by working together, you can have those resources.”

“What is useful about thinking from a value-based care model point of view is that you look at it and ask, ‘What resources do we need to make sure that the patient has the best possible outcome at the best possible price for the best possible quality?’” Dr. Terrell said. “That’s a very different business model [than fee-for-service]. It means you have to collaborate. It means sometimes you spend time doing things that are, on the surface, more expensive, but that’s because it actually provides a better experience for the patient.”

Cornerstone now has six specific care models to address their most vulnerable patient populations, and since implementation, they have seen positive outcomes resulting in an overall cost reduction of 12.7 percent and a 30 percent reduction in hospitalizations across all programs. They also have increased satisfaction among patients and health care professionals by 43 percent, and they have a quality score of 94 percent, ranking them sixth in the nation for quality in 2014 in the Medicare Shared Savings Program.

“It’s a realignment of the whole system into a new value change,” Dr. Terrell said. “You have primary care practices, hospitals, specialists, home health care, community resources—and they are all really working together.”

Dr. Terrell’s module on value-based care is one of eight new modules added this week to the AMA’s STEPS Forward collection of practice improvement strategies to help physicians make transformative changes to their practices. Thirty-five modules now are available, and several more will be added later this year, thanks to a grant from and collaboration with the Transforming Clinical Practices Initiative.