

**American College of Physicians in Collaboration with
The Urban Institute
Costing the Medical Home Model
Project Summary**

Objectives:

- I. Evaluate the additional practice costs (both fixed and variable) of implementing and maintaining each of the activities included under the PCMH model not currently covered under the Medicare RBRVS payment model. Examples include incremental costs associated with changes in infrastructure, equipment, maintenance, supplies, non-physician administration, clinical support staff, ancillary support staff, and other administrative activities. Different levels of implementation of the PCMH model (minimal, moderate, and extensive) will be considered in this analysis.
- II. Determine whether there are additional significant variables that need to be considered in determining these practice costs and propose a means of estimating these effects.
- III. Aggregate the costs of each activity to determine the additional costs not covered by the current Medicare RBRVS payment model of implementing and maintaining a PCMH at different levels of PCMH adoption.
- IV. Provide a model to estimate the additional costs for stereotypical practices of varying sizes with consideration of geographic location, patient case mix, the number of patients within the practice that qualify for or choose a PCMH and other relevant factors to meet the requirements of each of the different stages of the PCMH.
- V. Determine the incremental practice costs not covered by the current RBRVS payment model of progressing between each of the stages of the PCMH and provide a cost model to progress among the different stage for the stereotypical practices detailed in deliverable IV.
- VI. Based upon the above cost analyses develop a methodology through which public and private payers could construct evidence-based payment options consistent with the PCMH model.

Timeline/Work Plan:

The Urban Institute and its subcontractors initiated their research on November 12, 2007 with the development of a site visit protocol. The research phase will end ten months later with the delivery of a final report to ACP and the multi-stakeholder Advisory Committee.

Expected Products:

The expected products of this project consist of:

- A final report that will present the results of the study and provide a basis for private and public payers to make decisions on payment methodologies and amounts to support the PCMH.
- A supplemental report on the strengths and weaknesses of the PCMH recognition tool developed by NCQA with related suggestions for improvement. In addition, this report will identify suggested creative guidelines for practices to deliver elements of the PCMH care model in an efficient manner. Information for this report will be gathered during the site visit and interview phases of the project.