



# OLR RESEARCH REPORT

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## **MEDICAID “MEDICAL HOMES” PAYING ON A PER MEMBER, PER MONTH BASIS**

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You asked how many state Medicaid programs with a “patient-centered medical home” service delivery and payment model pay practices an advance monthly fee for each enrolled patient.

We understand your question to be limited to programs in which Medicaid is the only payer, and therefore do not address multipayer programs that include state Medicaid programs and private insurers.

### **SUMMARY**

The “patient-centered medical home” (PCMH) is a relatively new, experimental model for delivering and paying for health care provided to Medicaid enrollees. Its goals include (1) increasing access to primary care services, (2) improving patients’ overall health and satisfaction with their care, and (3) reducing Medicaid costs. The model is sometimes referred to as “Advanced Primary Care Case Management.”

In this model, a “medical home” is a medical practice in which a primary care provider assembles a team of other health care professionals and designs a plan to coordinate all care the patient receives. Unlike traditional Medicaid, which reimburses providers for direct patient care services only (“fee-for-service” or FFS), the PCMH model includes payment for “care management”— indirect services such as drawing up treatment plans, conferring with other team members, making specialist referrals, and educating patients with chronic

conditions on how to manage their own care. As Medicaid FFS does not cover these services, the model pays a prospective, fixed per member, per month (PMPM) fee to defray their costs.

With the exception of Colorado, all 15 of the state PCMH Medicaid programs we found reimburse covered services on a FFS basis and pay practices PMPM fees as well. (Colorado pays practices a higher FFS rate for specified preventive services.) Some PCMH programs also offer bonuses or additional payments to practices that (1) meet or exceed performance thresholds (“pay for performance” or P4P) or (2) have reduced the state’s overall Medicaid costs. A few programs include both types of incentives.

For a more comprehensive description of the medical home model, see OLR Report [2010-R-0311](#). In addition, the Office of Legislative Research will shortly release a Backgrounder on the medical homes that will describe current Connecticut medical care home proposals.

## **STATE MEDICAL CARE HOMES AND PMPM AMOUNTS**

PMPM rates vary considerably among states, generally reflecting their individual health care environments and public policy decisions. Most take into consideration, at a minimum, the (1) historic costs of treating patients with similar health characteristics in various regions of the state (e.g., healthy children vs. chronically-ill aged, blind, or disabled adults or city- vs. urban-dwellers) and (2) complexity of cases the practice has the capacity to handle. The latter is usually determined by standards the state sets or adopts from independent medical practice rating organizations. In addition, because state PCMH programs cannot receive federal reimbursement for PMPM fees without obtaining permission (a waiver) from the federal Centers for Medicare and Medicaid Services, they must demonstrate that the program’s costs are no higher than those that would have been incurred under Medicaid’s traditional FFS rule.

Table 1 shows state Medicaid PCMH programs, the populations they cover, and how they structure provider payments.

**Table 1: State Medicaid PCMH Programs, Coverage Groups, and Payment Structures<sup>1</sup>**

<b>State PCMH Program</b>	<b>Coverage Group</b>	<b>Payment Structure (in addition to FFS reimbursements)</b>
<b>Alabama</b>  Patients 1 <sup>st</sup>	Medicaid enrollees, with some exceptions and Children's Health Insurance Program (CHIP) enrollees	<ul style="list-style-type: none"> <li>• Multi-component care management fee, maximum \$2.60 PMPM</li> <li>• P4P</li> <li>• Share in state's savings</li> </ul>
<b>Colorado</b>  Colorado Children's Healthcare Access Program	CHIP and Medicaid-enrolled children	<ul style="list-style-type: none"> <li>• Higher FFS for designated preventive services</li> </ul>
<b>Connecticut</b>  HUSKY Primary Care Pilot  (Statewide expansion to other Medicaid coverage groups planned)	Children's Medicaid (HUSKY A) enrollees	<ul style="list-style-type: none"> <li>• \$7.50 PMPM</li> </ul>

<sup>1</sup> This table includes only single-payer Medicaid PCMH programs. Multipayer arrangements, which are being tested in a number of states, are beyond the scope of this report. In addition, with the exception of Oklahoma, New York, and North Carolina, all programs listed in Table 1 are pilot programs, usually restricted to one or several geographic areas within the state or limited to distinct groups of Medicaid enrollees, such as children or people with chronic conditions.

**Table 1 (continued)**

<b>State PCMH Program</b>	<b>Coverage Group</b>	<b>Payment Structure (in addition to FFS reimbursements)</b>
<p><b>Illinois</b> Health Connect</p>	<p>Medicaid enrollees, with some exceptions</p>	<ul style="list-style-type: none"> <li>• \$2 PMPM for children</li> <li>• \$3 for parents</li> <li>• \$4 for seniors and adults with disabilities</li> <li>• At least \$20 per qualifying patient for meeting or exceeding HealthCare Effectiveness and Information Set preventive service standards</li> </ul>
<p><b>Indiana</b> Indiana Care Select</p>	<p>Medicaid Aged, Blind, and Disabled coverage group; foster and adoptive children; must have specified chronic health conditions</p>	<ul style="list-style-type: none"> <li>• \$15 PMPM</li> <li>• P4P (may include bonus reimbursement above FFS rates)</li> </ul>
<p><b>Iowa</b> IowaCare  (Children initial focus; statewide expansion to other coverage groups planned)</p>	<p>Children’s Medicaid enrollees</p>	<ul style="list-style-type: none"> <li>• \$1.50 to \$3.00 PMPM based on practice capacity</li> <li>• P4P</li> </ul>
<p><b>Louisiana</b> Community CARE 2.0</p>	<p>Medicaid enrollees</p>	<ul style="list-style-type: none"> <li>• \$1.50 PMPM</li> <li>• PMPM add-ons for accessibility enhancements</li> </ul>

**Table 1 (continued)**

<b>State PCMH Program</b>	<b>Coverage Group</b>	<b>Payment Structure (in addition to FFS reimbursements)</b>
<p><b>Maryland</b></p> <p>Patient-Centered Medical Home Pilot</p>	<p>Medicaid enrollees</p>	<ul style="list-style-type: none"> <li>• \$4.68 to \$8.86 PMPM, depending on intensity of patient care needs and practice capacity</li> </ul>
<p><b>Montana</b></p>	<p>Medicaid and CHIP enrollees</p>	<ul style="list-style-type: none"> <li>• PMPM (rate not found)</li> </ul>
<p><b>Nebraska</b></p> <p>Medicaid Medical Home Pilot</p>	<p>Medicaid enrollees who choose to participate</p>	<ul style="list-style-type: none"> <li>• \$2 to \$4 PMPM, depending on practice capacity</li> <li>• P4P (enhanced FFS for certain office visit procedure codes)</li> </ul>
<p><b>New York</b></p> <p>Statewide Health Care Home Program</p>	<p>Medicaid and CHIP enrollees</p>	<ul style="list-style-type: none"> <li>• \$2 to \$6 PMPM, depending practice capacity</li> <li>• Add-on \$5.50 to \$21.25 PMPM fees for evaluation and management and preventive medicine claims, depending on practice capacity</li> </ul>
<p><b>North Carolina</b></p> <p>Community Care of North Carolina</p> <p>(Statewide; is also running a demonstration project in seven counties)</p>	<p>Medicaid enrollees, including those also eligible for Medicare</p>	<ul style="list-style-type: none"> <li>• \$3 PMPM generally; \$5 for aged, blind, and disabled</li> </ul>
<p><b>North Dakota</b></p>	<p>Medicaid enrollees, with some exceptions</p>	<ul style="list-style-type: none"> <li>• \$2 PMPM</li> </ul>

**Table 1 (continued)**

<b>State PCMH Program</b>	<b>Coverage Group</b>	<b>Payment Structure (in addition to FFS reimbursements)</b>
<b>Oklahoma</b> SoonerCare Choice	Medicaid enrollees, with some exceptions	<ul style="list-style-type: none"> <li>• \$3.03 to \$8.69 PMPM depending on intensity of patient care needs and practice capacity</li> <li>• Add-on PMPM fees for accessibility enhancements</li> </ul>
<b>Texas</b> Health Home Pilot	Children enrolled in Medicaid	<ul style="list-style-type: none"> <li>• PMPM (rate not found)</li> </ul>

Source: National Partnership of Women & Families, "Side-by-Side Summary of State Medical Home Programs." (last updated March 2, 2011)  
[http://www.nationalpartnership.org/site/DocServer/HC\\_Summary\\_StateMedicalHomePrograms\\_081028.pdf?docID=4262](http://www.nationalpartnership.org/site/DocServer/HC_Summary_StateMedicalHomePrograms_081028.pdf?docID=4262), last visited 12/06/2011