

## Executive Summary

### Uncovering America's Most Valuable Care



With total spending at approximately \$3.7 trillion a year, or 18 percent of the U.S. economy, America's healthcare system is the most expensive in the world. Spending has increased faster than inflation, the economy, or wages—yet when it comes to quality and health outcomes, performance is often no better than in most other developed nations, and in some instances, it is much worse.

The Peterson Center on Healthcare and Stanford University's Clinical Excellence Research Center (CERC) <sup>[1]</sup> set out to find high-performing primary care providers through a systematic, first-of-its-kind analysis of commercial insurance data reflecting the performance of small front-line clinical teams to:

- Identify primary care practices that are “positive outliers” in performance—delivering higher quality at significantly lower total annual cost
- Determine the features that distinguish these primary care practices
- Create the tools to enable other primary care physicians to incorporate insights from high-value providers into their own practice
- Demonstrate the replicable nature of these features and results, and support adoption on a national scale

This research is innovative in two ways. First, it looked at small clinical teams rather than large medical groups, which reflects how the majority of physicians practice today. Secondly, it used commercial insurance data for the analysis, which reflects market prices, rather than prices set by the government, and allows analysis of the “all-in” cost of healthcare, including payments for patients' drugs, ER visits, lab testing and other services.

## 11 HIGH-PERFORMING PRIMARY CARE PRACTICES

The research team identified 11 front-line primary care practices <sup>[2]</sup> in communities large and small that illustrate “bright spots” in our nation's healthcare system—small clinical teams that deliver high-quality care at much lower-than-average total cost to commercially insured populations. They include: Banner Health Clinic Internal Medicine (Phoenix, AZ); Baptist Medical Group, Memphis Primary Care (Memphis, TN); Family Physicians Group (Kissimmee, FL); Florida Medical Clinic Internal Medicine (Zephyrhills, FL); Northwest Family Physicians (Crystal, MN); Ridgewood Med-Peds (Rochester, NY); St. Jude Heritage Medical Group (Yorba Linda, CA); South Cove Community Health Center (Quincy, MA); SureCare Medical Center (Springboro, OH); TriHealth West Chester Medical Group (West Chester, OH); and USAA Health Services (San Antonio, TX). We believe that there are many more such practices that perform similarly.

## 10 DISTINGUISHING FEATURES

Through a combination of quantitative and on-site qualitative analyses, the CERC team identified 10 features that these high-performing primary care sites had in common.

1. **Practices are “always on.”** Patients have a sense that their care team is “always available,” and that they will be able to reach someone who knows them and can help them quickly whether the practice is open or closed. Practices offer same-day appointments and accommodate walk-ins, extend evening and weekend hours, and more.
2. **Physicians adhere to quality guidelines and choose tests and treatments wisely.** The care team has systems to ensure patients receive evidence-based care, proactively identifying needed tests and treatments and ensuring patients get them. At the same time, they conserve resources by tailoring care to align with the needs and values of their patients.

3. **They treat patient complaints as gold.** Complaints from patients are regarded as valuable as compliments, if not more so. High-value primary care sites take every opportunity to encourage patient feedback to improve the patient experience.
4. **They in-source, rather than out-source, some needed tests and procedures.** Primary care teams do as much as they can safely do rather than referring patients out. These primary care physicians practice within the full scope of their expertise, delivering care that other primary care physicians often refer out—such as skin biopsies, insulin initiation and stabilization, joint injections or suturing—because they take more time than the average patient visit. If they can arrange specialist supervision, they take on additional low complexity services, such as treadmill testing for cardiac patients.
5. **They stay close to their patients after referring them to specialists.** Physicians refer to carefully chosen specialists whom they trust to act in their accordance with their patients’ preferences and needs, and they stay in close communication as care decisions are made by specialists. Although these physicians can not always select the hospitalist or emergency department physician who cares for their patients, they stay connected to assure that treatment plans respect their patients’ preferences and needs.
6. **They close the loop with patients.** The care team actively follows-up to ensure that patients are seen rapidly after hospital discharges, are able to continue prescribed medications and see specialists when needed.
7. **They maximize the abilities of staff members.** Physicians are supported by a team of nurse practitioners, physician assistants, nurses, and/or medical assistants—all of whom are working at the “top of their licenses.” This enables physicians to spend more time with the patients who need the most direct physician contact, and to take care of more patients.
8. **They work in “hived workstations.”** Care teams work together side-by-side in an open “bullpen” environment that facilitates continuous communication among both clinical and non-clinical staff. This approach goes hand in hand with maximizing the abilities of staff members. It facilitates staff learning through close collaboration with clinicians without regard to hierarchy.
9. **They balance compensation.** Physicians are not paid solely on the basis of their productivity. Rather than basing physician income solely on service volume—in other words “fee-for-service”—pay typically also reflects performance on at least one of the following components: 1) quality of care, 2) patient experience, 3) resource utilization, and 4) contribution to practice-wide improvement activities.
10. **They invest in people, not space and equipment.** By saving money on space, equipment and technology, these providers don’t need to see more patients or order expensive tests to generate a competitive income. They rent very modest offices. To save money and eliminate incentives to use expensive equipment, the practices only invest in lab, imaging, and other equipment if it allows them to provide care most cost-effectively in-house.

## HOW THE HIGH-VALUE PROVIDERS WERE IDENTIFIED

The research team first looked at single- and multi-specialty U.S. physician practices with at least two clinicians providing primary care to a substantial number of patients represented in a national database consisting of private sector health insurance claims for more than 40 million Americans. It further narrowed the list to those whose performance landed them in the top 25 percent on quality measures. Quality measures were predominantly sourced from HEDIS (Health Effectiveness Data and Information Set)—a universally recognized set used by more than 90 percent of U.S. health plans for assessing quality.

Researchers then eliminated all sites where total annual per capita health spending by commercial health insurers did not also fall into the lowest 25 percent—after adjustments to reflect the severity of illness of their patients. Fewer than five percent of the roughly 15,000 sites assessed by the CERC team ranked in the top quartile on quality and the lowest quartile on costs. Of these, the CERC team conducted a series of in-depth site visits to a sample of the highest performing sites and a comparison group from the middle of the distribution on cost and quality.

An expert clinical panel, blinded to the cost and quality performance of the sites they visited, validated the performance of the practice and identified features likely to explain high quality or lower total cost of care.

## BUILDING ON WISDOM AND DEBUNKING MYTHS

These findings build on the wisdom of two current physician-led initiatives to improve care: the Patient Centered Medical Home and Choosing Wisely. But the findings also challenge some common beliefs. While there’s widespread recognition that pockets of excellence exist in the U.S., some believe they hinge on replicating methods used by very large health systems with scale advantages and an efficiency culture cultivated over many years. However, the research team found that primary care practices without these two advantages can also deliver exceptional performance.



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