

Anthem Touts Results of Effort to Cut Health Costs

Health insurer's program provides doctors with additional payments if they lower cost of patients' care
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Anthem Inc. said a major effort to overhaul how it pays primary-care doctors appears to be lowering overall health-care costs, as patients spend less time in the hospital.

The second-biggest U.S. health insurer unveiled a high-profile program in 2012 that provided doctors with additional payments and an opportunity to earn more if they lowered the cost of patients' care and met quality requirements.

The initiative includes around 37,000 primary-care physicians and is expected to involve 4.4 million Anthem members by the end of this year.

Now, Anthem is releasing results from the first 12 months of the program. Overall, the insurer said, it believes the initiative reduced costs by around 3.3%, including drops in hospital admissions, outpatient surgery and emergency-room spending.

Meredith Rosenthal, a professor at the Harvard School of Public Health who wasn't involved in Anthem's review, said that if the early results "hold up, it would be quite a success." The study appeared to show savings without a diminution of quality of care, she said, but more time and analysis will be needed to fully gauge the effort.

Anthem Chief Executive Joseph R. Swedish said the results were "very affirming regarding the benefits of value-based payment," and the insurer plans to expand the program and others that tie reimbursement to quality and efficiency.

Most U.S. insurers, and government programs such as Medicare, are trying to move in this direction and away from strictly "fee-for-service" payment to health-care providers.

Under the Anthem primary-care initiative, doctors get a monthly fee for each Anthem patient, which is larger if the patient has more health issues. They can also get a share of the money that Anthem calculates that they help save.

The insurer supplies data to help the doctors track their patients. To participate, practices had to meet quality guidelines and promise certain services, including 24-hour patient access.

To analyze the program's results, Anthem compared around 750,000 patients whose doctors participated in the program in its first year to similar patients who weren't seen by participating doctors.

The insurer said the costs for patients in the program dropped by 3.3% compared with results for nonparticipating patients. The analysis looked at the change between the 12 months before the program started and the first year of enrollment.

That translated into savings of \$9.51 per member per month, or net savings of \$6.62 after the costs of the program were factored in. Overall, Anthem pegged the net savings at between \$81 million and \$102 million for the patients and time period tracked in the study.

Participating practices said they were using the per-patient fees to add services such as mental-health-care providers. Anthem has improved its data feedback over time, said Sharon Beaty, chief executive of Mid-State Health Center in central New Hampshire.

The data are “quite useful,” Ms. Beaty said, enabling the practice to learn things like when its patients have visited hospitals outside its region. The program is “progress in the direction payment needs to go.”

Independent researchers who reviewed a summary of the study’s methodology said the design was generally strong, but the findings so far represent an early look and haven’t been peer-reviewed. “You have to interpret with caution,” said J. Michael McWilliams, an associate professor at Harvard Medical School, who said the study results might to some degree reflect trends that were under way earlier.

The findings are “really interesting and promising,” said Mark Friedberg, a senior natural scientist at Rand Corp., who also said he would want to review a fuller account of the study before drawing final conclusions. “So far, so good.”