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Report Finds New York Could Reduce Health Care Costs by \$10 Billion, but Primary Care Investment Crucial

Health Reform Provides Key Opportunities – Now New York Must Act

Legislative Health Leaders Push for “Medical Home” Expansion

(NEW YORK – March 24, 2010): With federal health care reform likely to be the law of the land, New York’s crushing health costs will continue unless primary care is dramatically strengthened and expanded, concludes a new report by New York’s Primary Care Coalition. ***Primary Challenge: How New York Can Save Billions by Investing in Primary Care*** finds that a strong primary care system is vital to reducing the state’s health care costs.

“New York’s healthcare system is in a state of perpetual financial crisis,” said Linda Lambert, Executive Director of the American College of Physicians, New York Chapter and a partner of the Primary Care Coalition. “This report does not just pinpoint many of the driving factors of our burdensome costs, it points the way to a solution – through a robust primary care system. Federal health care reform provides important incentives – now it’s time for New York to seize the opportunity to strengthen primary care and reduce our financial health care burden.”

The report explains that New York could save approximately \$10 billion annually by reducing hospitalizations to the national average and by reducing non-emergency ER usage. But those savings are only possible by investing in a primary care sector that is accessible to all New Yorkers and that is organized to provide essential services known to be effective in preventing and managing chronic illness.

Relying on national and statewide research, the report provides an overview of expenditures, discusses the impact of chronic disease, avoidable hospitalization and emergency department use, primary care, and the patient centered medical home; and offers recommendations for action. Specifically, the report reveals that New York:

- Spends an estimated \$100 to \$110 billion a year of its \$160 billion health care bill on chronic diseases like diabetes, heart disease, and asthma.
- Has more than five million people in communities without ready access to primary care.
- Ranks third lowest in the nation in Medicaid fees paid to primary care physicians
- Ranks 2nd highest in the nation in avoidable hospital use and cost and 5th highest in the number of days patients spend in the hospital – 50% higher than the national average.
- Spends about \$1 billion per year on non-emergency ER visits.

The report points out that the “Patient Centered Medical Home” (PCMH) is a primary care model for achieving better health outcomes and reducing costs. PCMH emphasizes an ongoing relationship with a healthcare provider, a team approach to patient care, coordination of care

across the healthcare system, the use of electronic medical records, and enhanced access to clinical support.

New York's key legislative health leaders, who recently introduced a bill to expand programs to promote Medical Home pilots throughout New York State (A. 09917, Gottfried/S.6956, Duane), lauded the findings and recommendations:

"The patient centered medical home model works to improve outcomes and hold down health care spending," said Richard N. Gottfried, chair of the NYS Assembly Health Committee. "Our medical home bill and the Coalition's recommendations will provide basic tools and leadership to bring health care providers, health plans, and the state government together to make it happen. The Federal health care reform bill has several key provisions we can take advantage of in New York to strengthen primary care."

"This report confirms that improving primary care is the key to reducing New York's enormous health care cost burden," said Thomas K. Duane, Chair of the NYS Senate Health Committee. "Legislation that I and Assembly Member Gottfried have introduced will give thousands more New Yorkers access to a medical home, which will improve their connection to primary care while simultaneously reducing our health care costs. We are taking positive steps to make New York's health system more responsive to patient's needs."

Federal health care reform is expected to contain provisions to assist New York in reforming its health care system, including funding for health centers, support for medical home and other innovative care models, and increased payments and training for primary care providers.

Recommendations

The Primary Care Coalition recommends New York take the opportunities presented by federal health care reform to achieve a robust primary care system that will realize cost savings while also improving health outcomes. In particular, the Coalition recommends:

- **Continuing primary care payment reform.** Assure that Medicaid reimbursement reforms enacted apply to Medicaid/Child/Family Health Plus managed care plans and that all payers cover services essential to a Medical Home.
- **Preserving and expanding primary care infrastructure and workforce.** Fully fund and expand programs that recruit primary care professionals into underserved areas, and invest heavily in primary care practice sites.
- **Accelerating testing and adoption of innovative care models.** Rapidly expand Patient Centered Medical Home (PCMH) "demonstration projects" throughout New York.
- **Expanding and improving coverage.** Expand quality public health insurance programs and simplify processes to assure that all New Yorkers are covered.

A copy of the full report can be found at www.nyprimarycarehome.org

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Founded in 2006, the Primary Care Coalition is five leading statewide primary care organizations whose mission is to expand quality primary care in New York State: the Community Health Care Association of New York State; the Primary Care Development Corporation; the New York State Area Health Education Center System; the American College of Physicians, New York Chapter; and the New York State Academy of Family Physicians. For more information, please visit www.nyprimarycarehome.org