The Case for a Primary Care–Oriented Delivery System

Massachusetts Health Policy Commission

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What Is Primary Care?

Barbara Starfield’s 4 characteristics of effective primary care
• First Contact
• Comprehensive
• Coordinated
• Continuous

From the Patient-Centered Primary Care Collaborative:
Why Should an Entity Accountable for Population Health Outcomes Be “Primary Care Oriented”?

• “Primary care helps prevent illness and death, regardless of whether the care is characterized by supply of primary care physicians, a relationship with a source of primary care, or the receipt of important features of primary care.”

• “Primary care (in contrast to specialty care) is associated with a more equitable distribution of health in populations”

—Starfield, Shi, Macinko (Milbank Quarterly, 2005)
Primary Care Spending Is a Way to Evaluate an Entity’s Primary Care Orientation

- Easily understood by many people
- Focuses on dollars
- Distinguishes low percentage of primary care spending relative to other health spending and other countries

Source: Patient-Centered Primary Care Collaborative – Investing in Primary Care, 2019
It is Significant: As Primary Care Spending Increases, ED Visits Decrease...

...and Hospitalizations Decrease

Source: PCPCC 2019 Evidence Report, “Investing in Primary Care: A State-Level Analysis, July 17, 2019
Commercial and Medicare spend combined.

R = -0.58. Note: Size of circles represents the population size of the state.
Alternate Payment Mechanisms alone will not promote a Primary Care-Oriented Delivery System

• Yes - Primary Care–based Accountable Care Organizations do better than hospital- or specialty-based ACOs.

• But health care does not follow rules of market.

• Addressing the economics is not enough; must address the politics as well.

• Intent behind state-level action on Primary Care Spending

• Consistent with a “market-oversight” state health policy.
States Are Taking Action to Promote More Primary Care Spending

Activity as of July 2019. Click on the state to read the bill or regulation.

- Reporting
- Formal Measurement and Study
- Increase and Maintain (OR and RI)

Source: Milbank Memorial Fund
Collaborative Activity in New England on Measuring Primary Care Spending Rates

Vermont: 9.69% (Medicare, Medicaid & Commercial, 2016)
Massachusetts 6.6% (Commercial Payers, 2015)
Rhode Island: 11.5% (All Commercial Payers, 2016)
Connecticut: 4.7% (State Employees, 2017)

Health Policy Commission staff have played an integral role in the Primary Care Workgroup established by New England States Consortium Systems Organization. The workgroup generated these primary care spend estimates for states that had data available.

Source: NESCSO Primary Care Workgroup Presentation, 18 October 2018
Biggest Lesson from Other States: Must Not Only Measure but Have Ongoing Public Discussion

- Oregon – Commission, ongoing legislation
- Rhode Island – Health Insurance Advisory Council
- Other states have created primary care collaboratives, which are designed to bring stakeholder input into state policy decisions on primary care investment
- Need to create a public discussion that prioritizes primary care.
- Sometimes tied to multi payer work on primary care transformation
What’s in?
How to Calculate Primary Care Spending

• The numerator can be defined in a narrow or broad way

<table>
<thead>
<tr>
<th>Primary Care Specialties</th>
<th>Primary Care Only Service Codes</th>
<th>Primary Care Providers – All Service Codes</th>
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<tr>
<td>Internal Medicine, Family Practice, Pediatrics</td>
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<td>Internal Medicine Family Practice, Pediatrics, and Other Specialties</td>
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States are not waiting for a national definition – some are going quite broad.

Other Lessons

• The perfect vs the good
  • Is the policy goal a greater emphasis on primary care or more high-quality primary care?

• What is the accountable entity?
  • State, payer type (Medicare, Medicaid, commercial), health plan, accountable delivery system

• What is an adequate level?
  • Depends on population
  • Depends on numerator
  • We won’t know until we start to measure.

• Target or Standard?
More Lessons

- Accounting for non-fee-for-service spending, such as:
  - Salaried providers; Bonus payments; Capitated payments
  - Payments to accountable delivery systems – is there a public interest?
- Where do increases go?
  - How directive to be?
- Relationship to broader delivery system reform (value-based payments, consolidation, etc.)
- Answers to these technical questions have policy implications
  - Need a public table for ongoing conversations
Manage Expectations: A Primary Care Orientation Is Necessary but Not Sufficient for a High-Performing Health System

Four challenges for the United States, based on international comparisons:

1. Lack of access to health care. (Affordable and comprehensive insurance coverage is fundamental.)
2. Relative underinvestment in primary care
3. Administrative inefficiency
4. Pervasiveness of disparities in the delivery of care

Source: “From Last to First – Could the U.S. Health Care System Become the Best in the World?” N Engl J Med 2017; 377:901-903