

# A More Perfect Health Care System: Leaning Forward on Primary Care

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approach to improve both care  
delivery and health outcomes*

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## PRIMARY CARE

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## THE ISSUE

**A number of key forces are aligning to change the way the health care industry thinks about primary care.**

Central to this reimagining are shifts to value-based models that redirect payment to primary care services, a deeper understanding of how socioeconomic and behavioral health issues impact patients and the lasting effects of the COVID-19 pandemic. Factor in a growing comfort with telehealth from both providers and patients, and you get a sector that is ripe for reinvention.

As a result, a sleeker, more modern version of primary care is taking shape—one in which health plans and clinical teams come together to manage care in efficient, cost-effective ways.

**This transition to value-based frameworks improves care delivery, achieves better health outcomes and rewards health organizations that actively promote primary care.**

The clinical outcomes are tangible. Over time, the number of extreme, severe and costly cases declines, creating pathways to overall healthier communities and higher quality of life.

**In this issue brief, the Alliance of Community Health Plans (ACHP) presents principles and action steps for reinvigorating primary care as the fundamental building block to healthier communities.**



## TRANSFORMING PRIMARY CARE

**The health care industry has long recognized the benefits of having a robust network of primary care clinicians.**

When consumers regularly engage with care teams, they tend to receive higher-quality care in far more coordinated ways and remain healthier over time.

Historically, however, policymakers and purchasers have failed to fully recognize the potential for primary care investment to deliver returns in good health and reduced overall spending.

**On average, the U.S. uses only 5 – 7 percent of total health spending on primary care.** That's about half of what other developed countries spend.<sup>1</sup>

The low amount of spending belies the inherent value of primary care. Patients who saw a primary care physician received higher-value care, more cancer screenings and more preventive tests.<sup>2</sup> Communities that have a large percentage of primary care physicians also have lower spending, higher-quality care and overall better health outcomes.<sup>3</sup> Patients that routinely see their primary care teams tend to stay out of the hospital at far greater rates, which in turn saves money and improves overall health. In 2017 alone, 3.5 million preventable hospitalizations accounted for \$33.7 billion in total hospital costs.<sup>4</sup>

## SPENDING ON PRIMARY CARE VERSUS OTHER SERVICES

While the move to reimagine primary care predates the COVID-19 pandemic, the public health emergency has illuminated the importance of value-based arrangements.

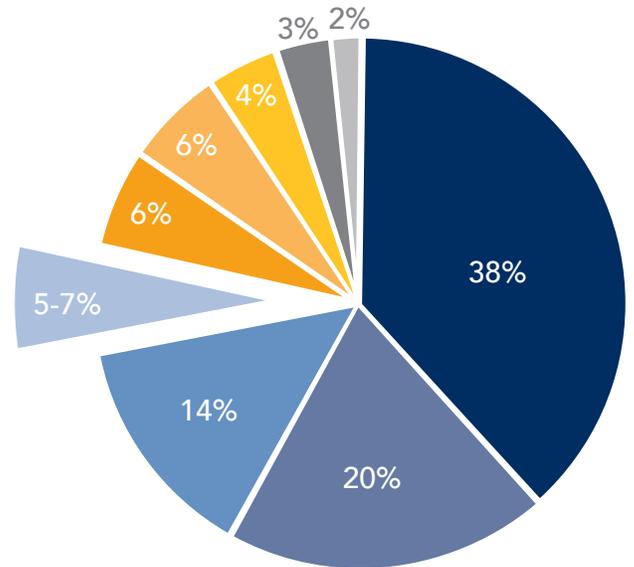
As more intensive medical services were put on hold and patient volumes dropped considerably, physician practices that were largely reliant on fee-for-service payments overwhelmingly struggled.

But the experience was different for physicians practicing under value-based models, receiving global or capitated payments rather than payment per service. Providers aligned with health plans, such as Group Health Cooperative of South Central Wisconsin (GHC-SCW), were secure in their monthly revenues, regardless of how many patients were seen. This was in sharp contrast to provider practices dependent on fee-for-service and volume-driven care.

The primary care-focused model at GHC-SCW and its employed-physician structure allowed the system to sidestep many of the financial losses that other practices had to absorb as volumes dipped and certain procedures all but disappeared.

**“Robust primary care, combined with payment models where all the [physicians] have to do is come in and perform high-quality work, those things can be very successful because there are no competing priorities.”**

– Chris Kastman, MD,  
GHC-SCW Chief Medical Officer

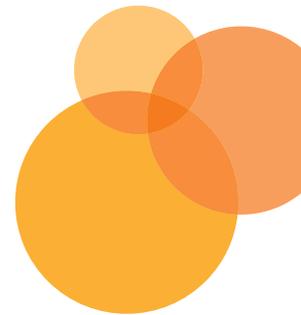


### Health Care Spending<sup>5</sup>

- Hospital care
- All other physician and professional services
- Prescription drugs and other medical nondurables
- Primary care
- Nursing home care
- Other health, residential, and personal care
- Dental services
- Home health care
- Medical durables

## ACHP PRIMARY CARE GUIDING PRINCIPLES

ACHP envisions a thriving primary care system that focuses on prevention, manages chronic conditions and delivers appropriate, high-value care. Through investment in primary care alternative payment models, patients will have access to comprehensive, coordinated, evidence-based and convenient care. Principles for success include:



### Pay for health, not services

Successful primary care centers on the partnership between health plans and providers sharing financial incentives and clinical goals. Value-based reimbursement prioritizes appropriate care and incorporates performance data, utilization patterns, costs and patient type, and encourages providers to spend more time with patients to prevent and better manage chronic conditions at lower overall costs.



### Increase investment in primary care for long-term results

Primary care physicians are paid far less than specialists, which can and should be remedied.<sup>6</sup> That can easily change by boosting salaries of primary care providers and creatively structuring contracts. For health plans that invest in primary care, the money that's spent upfront will deliver a return over time, especially as physicians and clinicians manage care in ways that keep patients healthier and out of hospitals.



### Unleash the entire clinical team on behalf of patients

Truly changing the focus of primary care takes an all-hands approach—with a multi-faceted team. Effective team-based care must include a more creative deployment of all clinicians as well as non-medical staff. Adding ancillary staff, such as scribes and health coaches, to the team frees up physicians for the most challenging medical work and allows more time to be spent with each patient.<sup>7</sup>

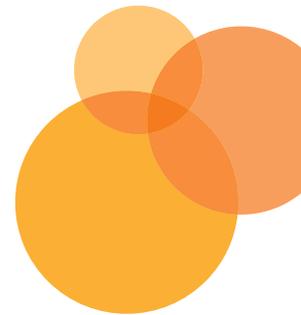


### Make home-based care the easy option

Primary care providers are uniquely positioned to engage patients struggling with chronic conditions, and home visits offer a convenient, affordable option for managing a challenging population. These services should extend not only to the chronically ill, but also to those in need of behavioral health, palliative care and more. For instance, under CMS' Independence at Home demonstration, 14 practices across the country delivered home-based primary care to higher-acuity patients. Over the program's first two years, Independence at Home saved an average of \$2,700 per Medicare beneficiary over expected patient costs.<sup>8</sup>

## ACHP CALL TO ACTION

Our current health care system requires immediate action to modernize our primary care approach and ensure the long-term viability of our primary care infrastructure. Now is the time for improvement and reform.



### ➤ Double Primary Care Spending by 2030:

Incentives should be offered to recruit tens of thousands of well-compensated primary care team members, which will return that upfront investment in the form of higher-quality care and overall healthier communities. Importantly, this investment will allow more staff to be hired, which in turn will improve working conditions and allow clinicians to meet the requirements the system puts on them.

### ➤ Create Consumer Incentives:

Allow health plans to offer financial incentives encouraging patients to seek primary care. For example, a 2017 study published in Health Affairs found that patients who were offered a reward between \$25 and \$50 to visit their primary care doctors were more inclined to do so than those who did not.

### ➤ Provide Educational Incentives for Primary Care Doctors:

Encourage new physicians to practice primary care by implementing public service loan forgiveness.

### ➤ Solidify Telehealth Flexibilities:

Permanently extend telehealth flexibilities created in response to the COVID-19 pandemic and allow Medicare Advantage plans to use encounter data from all telehealth visits for risk adjustment.

### ➤ Enact More Targeted Federal, State Policies:

Require an increased percentage of premiums go directly to primary care services in value-based arrangements.

## ABOUT ACHP

The Alliance of Community Health Plans (ACHP) represents the nation's top-performing nonprofit health plans to improve affordability and outcomes in the health care system. ACHP member companies are provider-aligned

health organizations that provide high-quality coverage and care to tens of millions of Americans. They are leading the industry in practical, proven reforms around primary care delivery, value-based payment and data-driven systems improvement.

### ➤ Want to know more?

Please reach out to Dr. Connie Hwang, Chief Medical Officer and Director Clinical Innovation at [chwang@achp.org](mailto:chwang@achp.org)

Or visit [www.achp.org/Roadmap](http://www.achp.org/Roadmap)

## THE NARRATIVE

### Creating Flexibility and Certainty for Primary Care Providers

Independent Health, based in Buffalo, New York, debuted its Primary Value program in 2018, paying a global payment to primary care physicians based on the number and types of patients in their panel. The program stabilizes payments to the primary care practices, keeping revenue independent of face-to-face office volume. This allows the practices flexibility in how and when they interact with patients.

The monthly payments to primary care practices cover acute and chronic treatment. The primary care physicians still get additional fee-for-service payments for annual visits, transitions of care and medication-assisted therapy (e.g., suboxone) to incentivize those activities.

The monthly payments are adjusted up and down up to 10 percent based on quality and efficiency metrics, which are transparent on Independent Health's provider portal.

So far, the approach is paying dividends. Participating physicians have higher quality scores and lower rates of avoidable emergency room visits, avoidable hospital admissions and 30-day readmissions.

Brian Keane, Independent Health's actuary who manages the Primary Value program, said one of the goals was to shift money to primary care. It worked; moving more money to primary care physicians, while keeping total cost of care level.

*"We also wanted to ensure that for a provider, seeing two people once is more valuable than seeing one person twice, and we have achieved that as well."*

– Brian Keane,  
Independent Health

► **Independent Health**  
(800) 501-3439  
[independenthealth.com](http://independenthealth.com)



<sup>1</sup> Yalda Jabbarpour, et al., "Investing in Primary Care: A State Level Analysis." Patient-Centered Primary Care Collaborative and the Robert Graham Center. July 2019. <http://bit.ly/Prim-Care-Investment>

<sup>2</sup> David M. Levine, et al. "Quality and Experience of Outpatient Care in the United States for Adults With or Without Primary Care." JAMA Internal Medicine, 179, no.3 (2019): 363-372. <http://bit.ly/OutpatientQuality>

<sup>3</sup> Michael H. Bailit, et al., "Standardizing the Measurement of Commercial Health Plan Primary Care Spending." Milbank Memorial Fund, July 2017. <http://bit.ly/Health-Plan-Measures>

<sup>4</sup> Characteristics and Costs of Potentially Preventable Inpatient Stays." Agency for Healthcare Research and Quality, June 2020. <http://bit.ly/HCUP2020>

<sup>5</sup> Yalda Jabbarpour, et al. <http://bit.ly/Prim-Care-Investment>

<sup>6</sup> 2019 Review of Physician and Advanced Practitioner Recruiting Incentives, Merritt Hawkins, July 2019. <http://bit.ly/Physician-Recruiting>

<sup>7</sup> Creating Patient-Centered Team-Based Primary Care, Agency for Healthcare Research and Quality, March 2016. <http://bit.ly/Team-based-Care>

<sup>8</sup> Jennifer M. Reckrey, et al., "Receipt of Home Based Medicare Care Among Older Beneficiaries Enrolled in Fee-For-Service Medicare," Health Affairs, 39, no. 4, August 2020. <http://achp.pub/Home-based-Medicare>