California Health Care Foundation

Primary Care Investment Coordinating Group of California

PRIMARY CARE INVESTMENT COORDINATING GROUP OF CALIFORNIA

Guiding Principles and Recommended Actions

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Health systems oriented toward primary care[1] have better and more equitable health outcomes, lower total care costs, and better care quality — including lower mortality rates, lower acute hospital care, and enhanced patient satisfaction.[2] Despite evidence backed by decades of research, the United States systematically underinvests in primary care and overspends on hospital care. This mismatch fuels worse health outcomes, greater inequalities, higher costs, and physician burnout. Spending on primary care as a share of total health care costs declined between 2017 and 2019.[3] The COVID-19 pandemic exacerbated these challenges, putting many small and rural practices at risk of closure. A May 2021 report from the National Academies of Sciences, Engineering, and Medicine (NASEM) sounded a clear alarm: "In large part because of chronic underinvestment, primary care in the United States is slowly dying."[4]

A new focus on increasing primary care investment is taking root in California. The **Primary Care Investment Coordinating Group of California (PICG)** brings together public and private health care purchasers, policymakers, analysis and improvement specialists, consumer advocacy organizations, and funders on primary care investment strategies and activities. PICG members share the goal of promoting action, alignment, and standardization in payment and accountability. The primary role of the PICG is to coordinate among the many initiatives underway in California through information sharing and collaboration.

In addition to correcting generations of underinvestment, increasing the proportion of health care spending dedicated to primary care provides an opportunity to accelerate the adoption of advanced primary care attributes (APC) — a set of specific characteristics and capabilities reflecting optimal primary care practice.[5] Supporting APC practice is of particular importance to stakeholders in California who are interested in using investment as a tool to improve population health outcomes and advance equity. As social needs are increasingly recognized as central components in health outcomes, APC sets a new standard for how primary care practices can connect individuals with services and supports in their communities.

About the Primary Care Matters Resource Center

To ensure a strong evidence base for decisionmaking in both policy and practice, the California Health Care Foundation commissioned three reports, which will be available on our Primary Care Matters resource center at **www.chcf.org/primary-care-matters**. Two of the studies focus on primary care spending in the commercial and Medi-Cal markets, presenting new information on the current level and variation in spending and examining the relationship between spending and quality, patient experience, utilization, and total cost of care. The third publication provides an overview of the mechanisms — transparency, contracting, and regulation — used by states and public and private purchasers across the nation to increase primary care investment.

The PICG has confirmed a set of guiding principles and actions intended to spur collective effort toward increasing resources to provide and improve primary care in California.

Guiding Principles

- Access to high-quality primary care is critical for improving population health outcomes, reducing disparities, and slowing health care cost growth in California.
- Primary care is under-resourced and requires greater investment.
- Payment for primary care should be sufficient to support the adoption and maintenance of advanced primary care attributes, including the ability to assess and address patients' behavioral health and social needs.
- Payment for primary care should shift away from volume (fee-for-service) and toward value (prospective, outcome-based, population-based).
- Multi-payer alignment on primary care investment, measurement, and value-based payment are essential to strengthening primary care in California.

Recommended Actions

- **Measure and report primary care spending.** All payers should participate in measurement and public reporting on the percentage of total medical expenditures spent on primary care. Measurement of primary care spending, including non-claims spending, should be standardized to the extent feasible.
- **Set a target.** A floor and/or target for primary care spending as a percentage of total medical care expenditures should be set to stimulate adequate investment in primary care services by all payers and plans.
- **Pay for advanced primary care.** All payers should adopt payment models that support advanced primary care. Based on evidence of impact and aligning with the NASEM recommendation, priority should be given to models that include three components: payment for direct patient care using a mix of risk-adjusted capitation and fee-for-service, population-based payment to support population health management, and performance-based payment based on common measures.[6]
- **Establish purchaser requirements.** All purchasers should evaluate benefit design and provider networks, and incorporate contractual requirements such as primary care provider (PCP) selection and matching, with the goal of creating and communicating a primary care–centric delivery system.
- **Track progress.** The impact of increased primary care spending should be measured. California stakeholders should assemble, regularly compile, and disseminate an implementation scorecard to track progress and report on impact.

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* While CalHHS is represented on the PICG as an active participant, and while the group's recommended actions align with the agency's vision for strengthening primary care in California's health care system, the recommendations of the PICG have not been approved or endorsed by the California Health and Human Services Agency.

Endnotes

1. "Primary care is the provision of whole-person, integrated, accessible, and equitable health care by interprofessional teams who are accountable for addressing the majority of an individual's health and wellness needs across settings and through sustained relationships with patients, families, and communities." See Linda McCauley et al., eds., ***Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care***, National Academies of Sciences, Engineering, and Medicine, May 2021, 4.
2. See, for example, Barbara Starfield, Leiyu Shi, and James Macinko, "**Contribution of Primary Care to Health Systems and Health**" (PDF), *Milbank Quarterly* 83, no. 3 (Sep. 2005): 457–502.
3. Ann Kemski and Ann Greiner, ***Primary Care Spending: High Stakes, Low Investment*** (PDF), Primary Care Collaborative, December 2020.
4. McCauley et al., eds., I*mplementing High-Quality Primary Care*, 19.
5. Advanced primary care attributes include the following: patient- and family-centered orientation; prompt and multimodal access to care; team-based and collaborative practice; continuous, comprehensive, coordinated, integrated, and equitable care; and population-health focus. See ***Advanced Primary Care: Defining a Shared Standard*** (PDF), Purchaser Business Group on Health, accessed March 21, 2022; and ***Attributes of Advanced Primary Care*** (PDF), Primary Care Collaborative, accessed March 21, 2022.
6. McCauley et al., eds., *Implementing High-Quality Primary Care*, 7.