

## **Measuring and Increasing Investment in Primary Care: Delaware Marches On**

Christopher F. Koller

The passage of Senate Bill 116 by the Delaware legislature this year continues the state's efforts to build a strong, primary care-based delivery system. Building on SB 227 passed in 2018, it expands membership in and gives further direction to the state's Primary Care Collaborative, establishes an Office of Value-Based Health Care Delivery in the Department of Insurance and sets priorities for the Office. Among those first activities for this newly created Office will be measuring primary care spending rates and establishing targets for future investments in primary care by insurers.

Measuring primary care spending rates has proven to be an effective means for focusing public attention on primary care and the need for a primary care-based delivery system. Delaware is not the first state to approach primary care investment systematically, and it has the opportunity to learn from other early-innovating states.

### **Why Focus on Primary Care Spending Rates?**

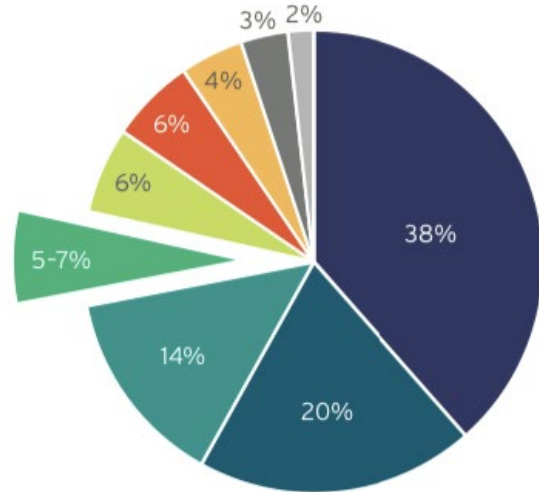
Other articles in this issue make the case well for why primary care is so important to a high-performing delivery system. And what we spend money on is what we truly value. So it follows that the primary care spending rate – or the portion of total health care spending by an accountable entity (an insurer, a health care system or an entire state) that goes to primary care – is a reasonable measure of the relative priority that entity places on primary care. As a measure, the primary care spending rate has the advantages<sup>1</sup> of being easily understood by a variety of people and easy to calculate.

Unfortunately, the news from that measure is pretty disheartening. Although comparisons are challenging, it appears the U.S. spends 5 to 7 cents of its health care dollar on primary care (see Figure 1) compared to an average in other developed countries of twice that.<sup>1</sup> Many health services researchers think that the fact the U.S. spends 75 percent more per person on health care than these nations is in part due to this underinvestment.

Figure 1. US Health Care Spending<sup>2</sup>

## Health Care Spending

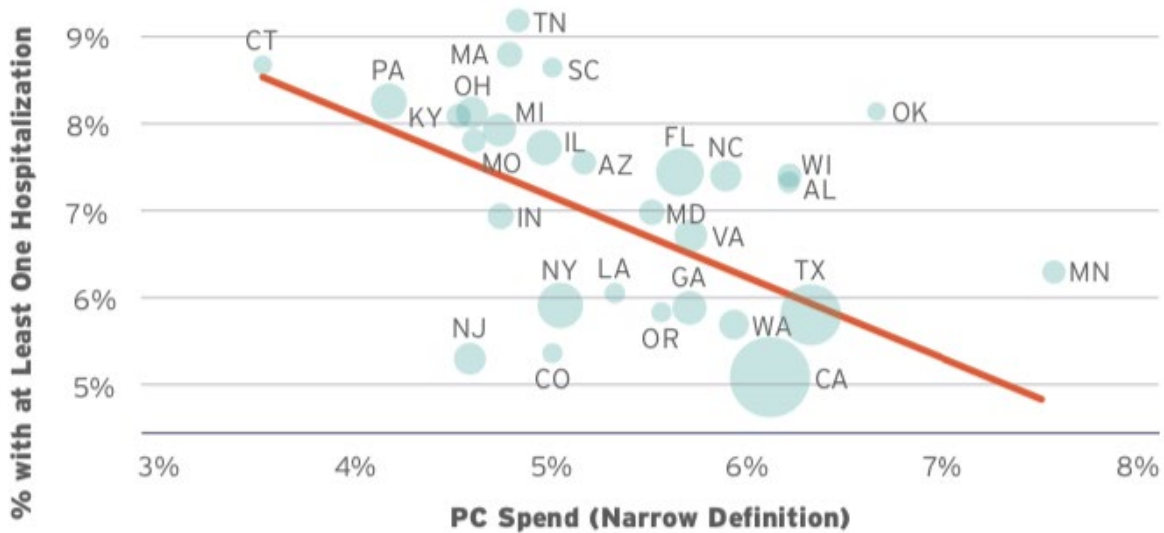
- Hospital care
- All other physician and professional services
- Prescription drugs and other medical nondurables
- Primary care
- Nursing home care
- Other health, residential, and personal care
- Dental services
- Home health care
- Medical durables



That low national average, however, masks wide variation in primary care spending rates across states. A study this year by the Patient Centered Primary Care Collaborative found primary care spending levels for commercial insurance in 29 states varied from a low of 3.5 percent in Connecticut to a high of 7.6 percent in Minnesota.<sup>2</sup> That difference makes a difference. The same study showed that states with lower primary care spending rates had higher numbers of people with at least one inpatient admission in a year (see Figure 2).

Figure 2. PC spend-narrow vs. percent with at least one hospitalization in the last 12 months

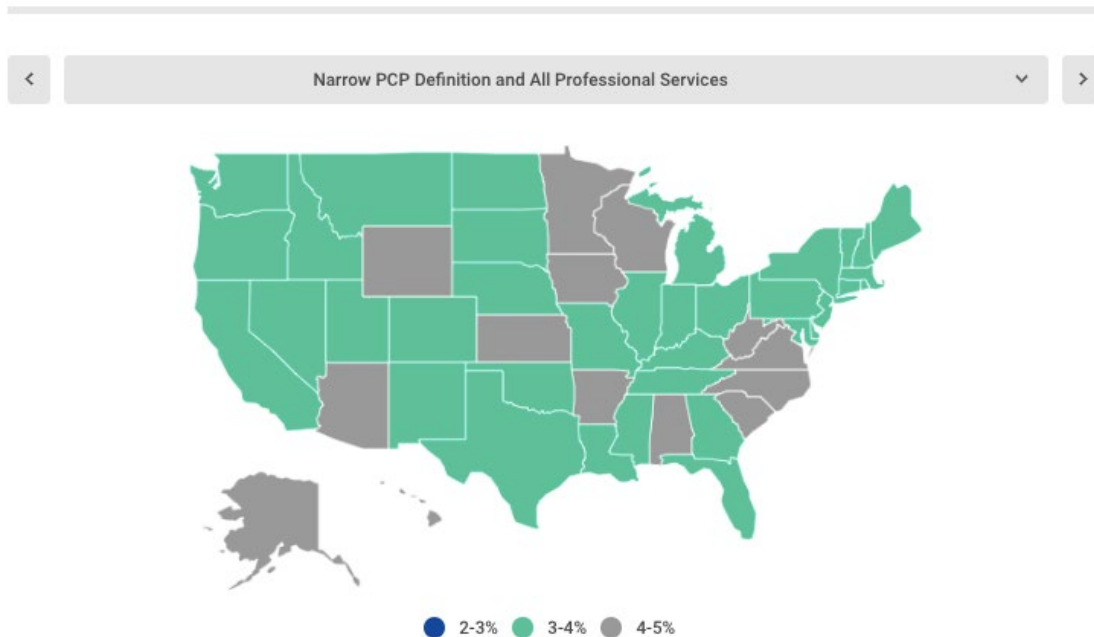
## PC Spend-Narrow Vs. Percent with at Least One Hospitalization in Last 12 months



R = -0.58. Note: Size of circles represents the population size of the state.

What about Delaware? Although it was not in the PCPCC study, in another analysis<sup>3</sup> of primary care spending rates for Medicare patients, Delaware's 3.5 percent figure was below the national average of 3.8 (see Figure 3). This lends particular justification to Delaware's legislative focus on primary care as a key priority for the state's health care delivery system.

Figure 3. Professional Services in the US<sup>4</sup>



Alarmed by the low primary care spending rates in the U.S., states are starting to take action. Five states in addition to Delaware have passed laws to measure current primary care spending rates and convene public discussions about the issue. Two of these states have gone further and actually required commercial insurers to increase their primary care spending rates. Rhode Island started the process in 2007 and insurers there are now required by regulation to spend at least 10.7 percent of their premium on primary care. Using a broader definition of primary care than Rhode Island, Oregon requires its Medicaid coordinated care organizations, Public Employees' Benefit Board and the Oregon Educators Benefit Board, to spend at least 12 percent of total medical expenditures on primary care by January 1, 2023. It also requires its insurance regulator to establish requirements for carriers to submit plans for increasing spending on primary care as a percentage of total medical expenditures if the carrier is spending less than 12 percent of total medical expenditures.

## What Can Be Learned from Other States?

As Delaware digs into its primary care spending rate initiative, what are some of the findings from states that have gone before it? The following lessons are drawn from work done with the states as well as the author's own experience as Health Insurance Commissioner in Rhode Island, from 2005 to 2013.

### 1. Use a standard definition of primary care

While the aspirational goal is not just any primary care, but strong and high-performing services, the intent of the effort is to measure how much is spent on primary care in general. Research has

been done to specify broad and narrow definitions of primary care. It appears consistency is more important than accuracy – the different definitions have little effect on the size of the spend.

## **2. Plan the resources to work collaboratively with insurers**

Measuring primary care is a new effort. Whichever state agency is tasked with it will need the skills to work collaboratively with insurers to develop specifications for primary care, solicit data from them, and compare and refine the measures and process over time. This will take new resources as well, particularly for an ongoing Office, as envisioned by SB 116. The resources pale in comparison to the billions of dollars spent on health care in Delaware alone.

## **3. Discuss the results publicly**

The findings from the measurement effort should be subject to public discussion in an entity like Delaware's Primary Care Collaborative. The goal is not to place blame, but to increase understanding among a broad group of stakeholders of what the figures are, how they vary and why the variations exist. The reasons for low primary care spending rates in the U.S. are complex and only partially in control of any entity that is being measured. Rhode Island and Oregon have shown that states, however, do have the tools to address those reasons.

## **4. Take employer affordability concerns seriously**

Employers will likely express concerns with any discussion of current and desired primary care spending rates that premiums will simply increase – and any improvements in cost or quality will be far off or never occur. These are legitimate. The systemic argument is that our next health care dollar is better spent in primary care than in any other health care service. To address purchaser concerns, Rhode Island has used insurer rate review – and Oregon is using its purchasing power – to force increases in primary care spending to come from within the health care system.

## **5. Manage expectations**

Leaders and the public can suffer from impatience and faddishness when it comes to health policy initiatives; we bounce from idea to idea. Increased primary care spending will not cure all that upsets people about health care in the U.S. Instead, it should be seen as necessary but not sufficient – part of an ongoing, long-term effort. Universal insurance, more spending on social services, lower administrative costs and global budgets have all been shown to be components of superior health performance in other countries, and primary care advocates would do well not to oversell the effects of increased primary care spending rates.

Systemic problems demand systemic solutions. Delaware has embarked on the hard work of acting on the evidence for what it takes to have a high-value health care system – one that offers to everybody the chance for long and fulfilling lives. This will not happen without a strong and high-performing primary care system. This means understanding how much is actually being spent on primary care and building the political will to increase it, for the benefit of all Delaware's residents.

## References

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