Washington State Health Care Authority

Report to the Legislature

Primary Care Expenditures

Health Care Cost Transparency Board Preliminary Report

Substitute Senate Bill 5589; Section 1(2); Chapter 155; Laws of 2022

December 1, 2022

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Executive summary

This report is a preliminary report on primary care expenditures in Washington. In 2022, the Legislature passed Senate Bill (SB) 5589, which directed the Health Care Cost Transparency Board (board) to:

> Measure and report on primary care expenditures in Washington and the progress towards increasing it to 12 percent of total health care expenditures. By December 1, 2022, the board shall submit a preliminary report to the governor and relevant committees of the legislature addressing primary care expenditures in Washington.

The board is responsible for reporting on:

- The definition of primary care.
- How to achieve Washington's target to increase primary care expenditures to 12 percent of total health care expenditures.
- How to effectively measure primary care, including identifying any barriers to access and use of data and how to overcome them.

This preliminary report summarizes the initial activity of the board, including:

- Approving and establishing the Advisory Committee on Primary Care, consisting of 25 committee members with expertise in primary care service delivery.
- Directing the Advisory Committee on Primary Care to:
  - Evaluate prior work on primary care expenditures, including work from the Office of Financial Management (OFM), the Dr. Robert Bree Collaborative, Health Care Authority (HCA), and other states.
  - Develop a workplan to accomplish the legislative assignments.
  - Examine and develop a definition of primary care for measurement purposes.
  - Recommend methods to measure and assess claims and non-claims-based spending.
  - Report on barriers to access and use of primary care data and how to overcome them.

The Advisory Committee recommended that the board use a definition of primary care based on the Bree Collaborative and the National Academies of Sciences, Engineering, and Medicine (NASEM).

The board and advisory committee work will continue through 2023 with a focus on the legislative assignments. This includes an annual progress report, which HCA will submit to the Legislature in summer of 2023.

Background

Primary care is a fundamental component of the health care system. Primary care promotes healthier outcomes through preventive care and addresses a range of issues, including short and long-term health problems. Over time, expectations of primary care service delivery have increased, while practitioners remain underresourced. This has led to multiple issues with primary care delivery, including sharp reductions in workforce, limited access to care, and inequitable care delivery. Strong evidence supports the value of investing in primary care to deliver higher quality outcomes and lower total health care costs.[1]

Nationally, primary care spending remains low compared to other medical expenditures.[2] While Washington has tracked claims-based spending,[3] the state lacks a process for tracking non-claims-based spending, unlike Oregon and Rhode Island, where non-claims-based spending is factored in to total health care expenditures. Non-claims based payments are generally understood to mean payments made for services other than standard fee-for-service claims.

Non-claims-based spending can encompass a variety of payments, including capitated payments, subcapitated payments, bundled payments, quality incentive payments, shared savings/risk arrangement payments, and infrastructure payments.

Washington is one of 19 states with statutory or regulatory authority to measure primary care spending. Washington is also one of 11 states publishing annual reports on primary care spending.[4] There is no standard definition of primary care in use at a national level or a universal method for measuring primary care expenditures, which makes it difficult to directly compare between different states.

In 2019 OFM published the Primary Care Expenditures report which relied on claims-based data from the All Payer Claims Database (WA-APCD). OFM, with a group of stakeholders, developed and used narrow and broad definitions of primary care providers and services. Based on OFM's definitions, primary care expenditures in Washington ranged from 4.4 percent, based on the narrow definition, to 5.6 percent, based on the broad definition.

In 2020, the Bree Collaborative convened a workgroup to develop a statewide definition of primary care. In their report, the Bree Collaborative outlined the benefits of increasing access to primary care, noted challenges and issues with current reimbursement models, and offered recommendations for how primary care should be defined, categorized, and measured.

HCA has used the WA-APCD to measure claims-based primary care spend in 2019 and 2020 and the results were consistent with OFM's 2018 data. (Table 1). Primary care spending was a small percentage of total medical and pharmacy spending (5.9%) in 2019 increased from 5.6 percent in 2018. The small uptick in primary care spending was largely driven by increases in primary care spend for the older adult

[1] Mark Friedberg, Peter S. Hussey, and Eric C. Schneider, "Primary Care: A Critical Review of the Evidence on Quality and Costs of Health Care" Health Affairs 29, no. 5 (2010): 766-772.

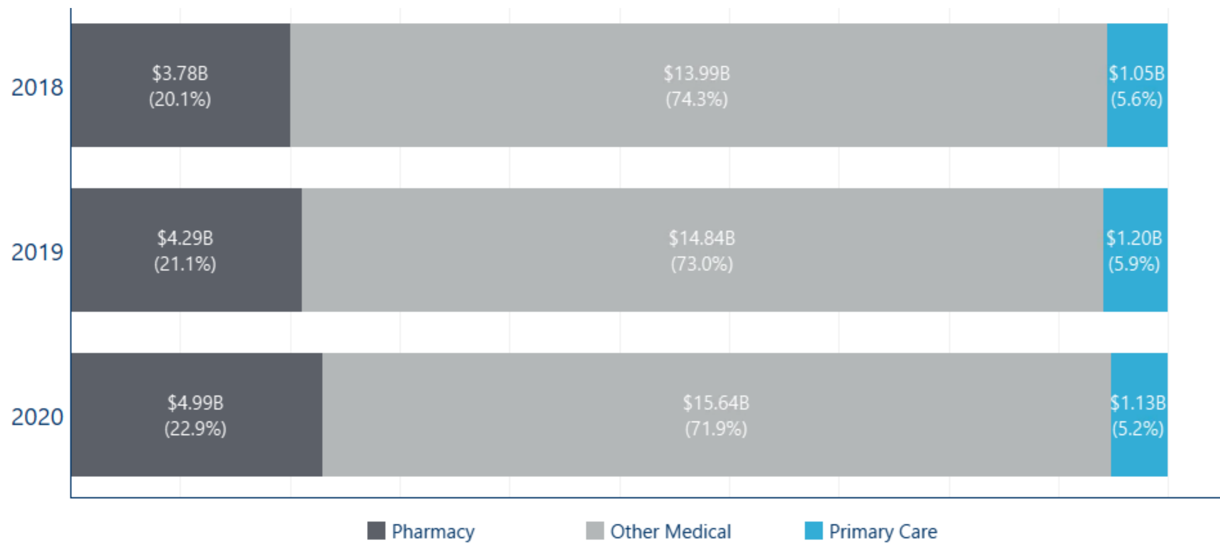
[2] Centers for Medicare and Medicaid Services, Office of the Actuary, All Payments.

[3] Washington State Office of Financial Management, Forecasting and Research, Primary Care Expenditures, Summary of current primary care expenditures and investment in Washington, Report to the Legislature, December 2019.

[4] Milbank Memorial Fund, State Legislative Activity to Measure or Increase Primary Care Spending, Primary Care Investment: State Policy and Spending Maps | Milbank Memorial Fund.

population (65+) and Medicare Advantage. In 2020 broad primary care spend decreased to 5.5 percent with a decrease in office and preventative visits from the Covid pandemic.

Table 1: WA-APCD total health care spend including primary care



The Bree Collaborative report expanded on OFM's narrow and broad definitions. While OFM created definitions used for measurement purposes and data applications, the Bree Collaborative's definition was more theoretical and intended for health policy applications that would drive quality improvements within a primary care-centered system.

Table 2: comparison of the broadest level of primary care providers – OFM and Bree Collaborative

OFM Primary Care Providers (Broad)	Bree Primary Care Providers
Behavioral health providers	Behavioral health providers
Registered nurses	Registered nurses
Obstetricians and gynecologists	Women's health
Midwives	Women's health
Psychiatrists and neurologists	Psychiatrists
Psychologists	Psychologists
Social workers	Social workers
Homeopath	
Clinical nurse specialists	Advanced registered nurse practitioners (ARNPs)
Family medicine and pediatric subspecialists	Geriatrics and adolescent medicine
	Care coordinators

Table 3: comparison of primary care services – OFM and Bree Collaborative

OFM Primary Care Services (Broad)	Bree Primary Care Services
Excludes ED visits	Excludes ED and Urgent Care
	Care coordination
Integrated behavioral health	Integrated behavioral health
Disease prevention and screening	Disease prevention and screening
Chronic condition management	Chronic condition management
Medication management	Medication management
Person-centered care that includes physical, emotional, and social needs	Person-centered care that includes physical, emotional, and social needs

With the passage of SB 5589, the Legislature instructed the board to build on previous efforts to define and measure primary care spending, and to address work from OFM, the Bree Collaborative, HCA, and other states in its recommendations.

This year, the board established the Advisory Committee on Primary Care to begin developing recommendations to define and measure primary care spending.

Achievements

The board achieved three milestones to support the board's goal to increase primary care expenditures to 12 percent of total health care expenditures in Washington State. These include:

- Approving and establishing the Advisory Committee on Primary Care.
- Directing the Advisory Committee on Primary Care to:
    - Review existing work in Washington and other states on primary care spending.
    - Review and recommend a definition of primary care for measurement purposes.
    - Recommend methods to measure and assess claims and non-claims-based spending.
    - Report on barriers to access and use of primary care data and how to overcome them.
- Reviewing the advisory committee recommendation of a definition of primary care to include in the report to the Legislature.

Advisory Committee on Primary Care: approval and formation

Primary Care Certification Workgroup

As a foundation for new committee membership, HCA contacted members of the existing Primary Care Certification Workgroup to gauge their interest in serving on the Advisory Committee on Primary Care. Many of these workgroup members serve as advisers for HCA's Multi-payer Primary Care Transformation Model. They represent a broad range of stakeholder representation including clinicians, health systems, and health plans with substantial knowledge of current primary care service delivery practices.

Advisory Committee of Health Care Providers and Carriers

The board began discussions with its Advisory Committee of Health Care Providers and Carriers to request additional members to serve on the Advisory Committee on Primary Care. At the August board meeting, the board received a list of potential members. This list was further revised and distributed to the board's two advisory committees, as well as other stakeholders, for additional comment. Feedback and additional nominations were accepted through mid-September.

Advisory Committee on Primary Care nominees

The final list of nominees incorporated all the suggestions from the board's two advisory committees, as well as input from other stakeholders. Proposed committee representation included:

- Primary care practitioners, including a physician assistant (PA) and advanced registered nurse practitioner (ARNP)
- Community-oriented clinicians
- Clinicians familiar with value-based purchasing
- Clinicians experienced in billing, coding, and payment
- Clinicians with success in physical and behavioral health integration
- Health care professionals with expertise in data and coding
- A consumer representative
- A federally qualified health center (FQHC)
- Experts in state-based primary care spending efforts

The committee nominees represented a diverse spectrum of talented health care professionals and subject matter experts uniquely qualified to offer recommendations to the board to define, measure, and increase primary care spending.

Board review and approval

The board received nominees' curriculum vitaes (CVs) and resumes prior to its September meeting. The board voted on and approved 25 nominees, officially establishing the Advisory Committee on Primary Care.

Table 4: Advisory Committee on Primary Care roster

Name	Title	Place of business
Chandra Hicks	Assistant Director – Delivery System Analytics	Regence
David DiGiuseppe	Vice President of Healthcare Economics	Community Health Plan of Washington
DC Dugdale	Medical Director, Value-Based Care	University of Washington Medicine
Eileen Ravella	Urgent Care Physician Assistant	Kaiser Urgent Care
Ginny Weir	Chief Executive Officer	Foundation for Health Care Quality, Bree Collaborative
Greg Marchand	Director, Global Benefits	Boeing
Jonathan Staloff	Family medicine doctor, Fellow	University of Washington Medicine
Katina Rue	Family medicine doctor, President-Elect	Washington State Medical Association
Kevin Phelan	Vice President, Network Management	Molina Healthcare
Kristal Albrecht	Senior Vice President of Finance	Community Health Association of Spokane
Lan H. Nguyen	Medical Director	Premera
Linda Van Hoff	Primary Care Nurse Practitioner, President ARNP United	ARNP United, Overlake Clinic
Maddy Wiley	Family nurse practitioner	Family Care of Kent
Mandy Stahre	Managing Director, Forecasting and Research	Office of Financial Management
Meg Jones	Director of Government Relations	PacificSource Health Plans
Michele Causley	Vice President of Health Plan Operations	United Healthcare
Nancy Connolly	Internal medicine doctor	University of Washington Medicine
Sarah Stokes	Associate Director of Network Operations	Kaiser Permanente
Sharon Brown	Executive Director	Greater Health Now
Sharon Eloranta	Medical Director	Washington Health Alliance

Shawn West	Chief Medical Officer	Embright
Sheryl Morelli	Chief Medical Officer	Seattle Children's Care Network
Staici West	Vice President	Coordinated Care
Tony Butruille	Family medicine doctor	Cascade Medical Center
Tracy Corgiat	Vice President Primary Care	Confluence Health

Advisory Committee on Primary Care 2022 meetings

The Advisory Committee on Primary Care held its first meeting in late September. During the meeting HCA Medical Director, Dr. Judy Zerzan-Thul, presented an overview of the committee's workplan and primary care spending efforts in Washington. Mandy Stahre, managing director of forecasting and research at OFM and Ginny Wier, chief executive officer of the Bree Collaborative presented on the 2019 OFM and 2020 Bree Collaborative reports on primary care spending.

In following meetings, the committee heard a presentation on primary care spending work being done in other states, presented by Larry McNeely, the policy director of the Primary Care Collaborative. During this meeting, Dr. Zerzan-Thul reviewed and compared existing definitions of primary care, including statutory definitions set forth by the Legislature and state insurance code, as well as the OFM, Bree Collaborative, and NASEM definitions.

Committee members compared the Bree Collaborative and NASEM definitions again before deciding on a final, recommended definition of primary care to propose to the board at its December meeting.

Next steps

Additional recommendations for the board

The Advisory Committee on Primary Care will have three recommendations next year to deliver to the board for consideration:

- Methods to assess and measure claims-based spending.
- Methods to assess and measure non-claims-based spending.
- Identification of barriers to access and use of primary care data, and recommendations for how to overcome these barriers.

The committee workplans include focused work throughout winter and spring of 2023 to prepare these recommendations for consideration by the board in spring 2023. Once the remaining recommendations have been reviewed by the board, the committee will continue its work with a focus on the following items:

- Reporting to the board on the annual progress needed for primary care expenditures to reach 12 percent of total health care expenditures in a reasonable amount of time.
- Determining how and by whom annual primary care expenditure targets will be achieved.
- Recommending methods to the board to incentivize the achievement of the 12 percent spending target.
- Recommending to the board specific practices and methods of reimbursement to achieve and sustain primary care expenditure targets.

These activities will support the board's goal to increase state primary care spending to 12 percent of total health care expenditures.

Annual cost board report

The board will report on its progress with primary care spending in its annual report to the Legislature, due in August 2023. Because of the extended nature of the committee's discussions of the remaining recommendations, it is unlikely that there will be a measurement system in place until 2024 to account for **both** claims and non-claims based primary care spending data.

Once the Advisory Committee on Primary Care submits its final recommendations to the board for consideration, HCA will need to develop a more complete measurement system and may need to explore options with the Office of Insurance Commissioner, as identified in SB 5589.

Additional information

For additional information on the board and committees, including membership rosters, meeting materials and schedules, and the benchmark data call specifications, visit the HCA website.