



March 4, 2019

Senate Committee on Health Care
90 Court St NE
Salem OR, 97301

Dear Chair Monnes Anderson and Members of the Committee,

On behalf of the American Academy of Family Physicians (AAFP), which represents 131,400 family physicians and medical students across the country, I write in support of Senate Bill 765.

Oregon led the nation both in 2015 and 2017 when the Legislative Assembly passed laws requiring transparent reporting of medical spending devoted to primary care. Oregon's law also requires that at least 12 percent of health spending must be devoted to primary care. Senate Bill 765 would update Oregon's law to provide important clarifications to strengthen the groundbreaking progress Oregon has made.

This legislation clarifies the definition of primary care and total medical expenditures to improve reporting on dedicated primary care expenditures. Additionally, the bill requires commercial insurers, the Public Employees' Benefit Board (PEBB), and the Oregon Educators' Benefit Board (OEBB), as well as Coordinated Care Organizations to report their percentage of overall primary care spending using alternative payment methodologies and the types of alternative payment methodologies they plan to use. Finally, this legislation will require the Department of Consumer and Business Services and Oregon Health Authority to prescribe by rule the percentage of primary care expenditures that must be reimbursed using alternative payment methodologies.

Family physicians recognize Oregon's need to strengthen the definition of primary care and total medical expenditures so that an accurate understanding of Oregon's true investment in primary care will be available. SB 765 does just that. Supporting insurers' investment in alternative payment methodologies is a wise choice and builds on research showing the benefits of a sustained movement away from the legacy fee-for-service payment system.

Oregon is committed to strengthening its investment in advanced primary care. A growing body of evidence proves the value of increased investment in primary care. According to the Center for Evaluative Clinical Sciences at Dartmouth (now called the Dartmouth Institute for Health Policy and Clinical Practice), U.S. states that rely more on primary care have lower Medicare spending (inpatient reimbursements and Part B payments); lower resource inputs (hospital beds, intensive care unit [ICU] beds, total physician labor, primary care labor, and medical specialist labor); lower utilization rates (physician visits, days in the ICU, days in the hospital,

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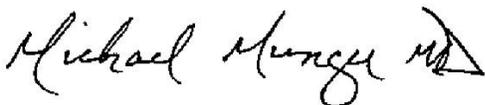
and patients seeing 10 or more physicians); and better quality of care (fewer ICU deaths and a higher composite quality score).¹ Extensive worldwide research supports the value of a primary care based health care system in which all people enjoy adequate and affordable coverage.² The framework is grounded in the documented value of primary care in achieving better health outcomes, higher patient satisfaction, and more efficient use of resources.

A new study released in February found that greater primary care physician supply was associated with lower mortality, but per capita supply decreased between 2005 and 2015. They concluded that programs that explicitly direct more resources to primary care physician supply may be important for population health.³

A fundamental change in the health care system to prioritize a primary care-based system is essential to improvements in access, quality, and cost. Oregon has made important progress as a nationwide leader in this area. This legislation is needed to build on that progress. I urge you to pass Senate Bill 765.

We appreciate the opportunity to provide our support for this legislation. Please contact Robert Hall, JD, Director of Government Relations at AAFP at rhall@aafp.org, with any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Michael Munger MD". The signature is written in a cursive, flowing style.

Michael L. Munger, MD, FAAFP
Board Chair

¹ Dartmouth Atlas of Health Care Working Group. The care of patients with severe chronic illness: an online report on the Medicare program by the Dartmouth Atlas Project. 2006.

² Patient-Centered Primary Care Collaborative. Results and evidence. <https://www.pcpcc.org/results-evidence>

³ Basu, Sanjay, Berkowitz, Seth, Philips, Roberts. Association of primary care physician supply with population mortality in the United States, 2005-2015. *JAMA Internal Med*. doi:10.1001/jamainternmed.2018.7624