

Primary Care Spend

Recommendation

The American Academy of Family Physicians is the largest physician specialty group dedicated to primary care, with over 131,400 members nationwide. Family physicians perform a wide range of services including general practice, labor and delivery, emergency medicine, surgery and procedures, pediatrics, hospital medicine, and geriatrics. Collectively, they're responsible for approximately one in five office visits every year, yet there is currently no widely accepted metric to quantify the total cost of primary care delivered nationwide. The AAFP supports efforts to establish collaboratives requiring insurers to report and double the amount they spend on primary care to sustain medical home transformation and reduce the income disparity between primary and subspecialty care.

What is Primary Care?

Primary care is the essential foundation of a successful, sustainable health care system and is provided by physicians specifically trained for and skilled in comprehensive first contact and continuing care for persons with any undiagnosed sign, symptom, or health concern. Primary care includes health promotion, disease prevention, health maintenance, counseling, patient education, diagnosis and treatment of acute and chronic illnesses in a variety of health care settings and is performed and managed by a personal physician in collaboration with other health professionals. Primary care provides patient advocacy in the health care system to accomplish cost-effective care by coordination of health care services and treats the patient as a partner in health care decision-making.¹

Research continues to show that primary care is critical to the health of individuals and improves health outcomes. Primary care helps prevent illness and death and is associated with a more equitable distribution of health in populations.² A study found that patients who identified a primary care physician as their usual source of care had lower five-year mortality rates than patients identifying a specialist physician as their usual source of care.³ Internationally, a study found that the populations of countries with higher ratings of "primary care orientation" experience better health outcomes and incur lower health care costs than populations in countries with lower degrees of primary care orientation.⁴

Primary Care Spend

According to a study in *JAMA*, primary care spending in the United States accounts for only five to eight percent of overall health care costs, lagging most other high-income countries.⁵ Primary care spend legislation would establish state-level primary care collaboratives to assist in developing and sharing best practices and methods to quantify and increase investment in primary care.

¹ Primary Care. AAFP. <https://www.aafp.org/about/policies/all/primary-care.html#1>

² Starfield B, Shi L, Macinko J. Contribution of Primary Care to Health Systems and Health. *Milbank Quarterly*. 2005; 83(3):457-502.

³ Friedberg M, Hussey P, Schneider E. Primary Care: A Critical Review of the Evidence on Quality and Costs of Health Care. 2010; <https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2010.0025>

⁴ *Ibid*.

⁵ Schneider E, Squires D. From Last to First – Could the U.S. Health Care System Become the Best in the World? *New England Journal of Medicine*. 2017; 377:901-904.

Transparency in Primary Care Investment

Despite an increase in the number of medical students choosing family medicine and other primary care specialties for residency, resources and investment within our health care system remain skewed toward sub-specialties. While there is a growing understanding of the importance of primary care nationwide, no universal statewide or federal metric exists to quantify the current and future investments needed to support a transition to a primary care-driven health care system.⁶

Initial efforts to quantify different types of medical spending have largely been driven by all-payer claims databases (APCDs), in which private and public payers submit medical claims for collection in a large state database. While reporting requirements vary by state, most are mandatory and have the potential to portray a comprehensive picture of medical costs within a state.⁷ Because many of the 18 states that currently operate APCDs make it difficult to break down primary care spending, legislation that standardizes reporting and specifically targets primary care spending – which often remains fee-for-service and easier to quantify – would help public health officials and others with their decision-making.

Mandatory Increases in Primary Care Spend

Furthermore, primary care spend legislation goes beyond quantifying health spending to also include mandatory minimum thresholds for primary care spending. The United States, despite having the most expensive health care system worldwide, has long lagged other developed nations that, on average, experience better health outcomes and spend less on health care. Primary care spend legislation would mandate that a certain percentage of all health care spending be devoted to primary care to address this glaring disparity.

State Level Initiatives

To date, two states have enacted policy to establish primary care spend. In 2009, Rhode Island, through the regulatory process, established a set of standards to lower overall health care costs and improve care quality, including requiring health plans to increase the percentage of their medical expenses spent on primary care by five percentage points from 2010 to 2014. A 2014 [report](#) found that, between 2008 and 2012, annual primary care spending rose by \$18 million while annual total medical spending dropped by \$115 million. Based on these findings, the state mandated that insurers spend no less than 10.7 percent of health spending on both direct and indirect primary care.

In 2015, Oregon passed [SB 231](#), legislation that established a state Primary Care Collaborative and mandated that insurers report the percentage of medical spending devoted to primary care. The percentage of health spending on primary care varied substantially among payers, and as a result, [legislation](#) to mandate 12 percent of all health spending on primary care passed unanimously in 2017. Following the release of its third annual [report](#) on primary care spending in 2018, while the overall rate of medical costs devoted to primary care remained the same, a greater percentage was spent on non-claims-based payments to invest in various improvements to primary care infrastructure.⁸

⁶ Bailit M, Friedberg M, Houy M. Standardizing the Measurement of Commercial Health Plan Primary Care Spending. Milbank Memorial Fund. 2017. <https://www.milbank.org/wp-content/uploads/2017/07/MMF-Primary-Care-Spending-Report.pdf>

⁷ Porter J, Love D, Peters A, Sachs J, Costello A. The Basics of All-Payer Claims Databases. Robert Wood Johnson Foundation. 2014. https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2014/rwjf409988

⁸ Building Momentum to Measure Primary Care Spending. 2018; <https://www.milbank.org/news/building-momentum-measure-primary-care-spending/>