



## PRIMARY CARE SPEND

### 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 the coordination of health care services and treats the patient as a partner in health care decision-making.

### Primary Care Spend Research

[Research](#) continues to show that primary care is critical to the health of individuals, improves health outcomes, and is associated with a more equitable distribution of health in populations.<sup>1</sup> Patients who identified a primary care physician as their usual source of care had lower five-year mortality rates than patients who identified a specialist physician as their usual source of care.<sup>2</sup> 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. Primary care spending lags in the United States compared to similar investment in most other high-income countries.<sup>3</sup> Across payers, including both public and private insurance, primary care spending in the United States amounts to approximately five to eight percent of all health spending,<sup>4</sup> with an even lower percentage in Medicare,<sup>5</sup> compared to approximately fourteen percent of all health spending in most high-income nations. Nations with greater investment in primary care reported better patient outcomes and lower health care costs.<sup>1</sup> Significant variation in primary care investment also exists within the states, as states with higher levels of investment also report better patient outcomes.<sup>5</sup>

### State Level Initiatives

Legislation to address the lack of investment in primary care focuses on the creation of state-level databases to quantify primary care investment and efforts to increase the level of investment.

### *Transparency in Primary Care Spending*

Despite an increase in the number of medical students choosing family medicine and other primary care specialties for residency, resources and investment within the United States 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

<sup>1</sup> Shi L. (2012). “The Impact of Primary Care: A Focused Review.” *Scientifica (Cairo)*. Web.

<sup>2</sup> Friedberg MW, Hussey PS, Schneider EC. (2010). “Primary Care: A Critical Review Of The Evidence On Quality And Costs Of Health Care.” *Health Affairs*. Web.

<sup>3</sup> Patient-Centered Primary Care Collaborative, Robert Graham Center. (2019). “Investing in Primary Care: A State-Level Analysis.” Web.

<sup>4</sup> Patient-Centered Primary Care Collaborative. (2020). “Spending for Primary Care Fact Sheet.” Web.

<sup>5</sup> Reid R, Damberg C, Friedberg MW. (2019). “Primary Care Spending in the Fee-for-Service Medicare Population.” *JAMA Intern Med*. Web.

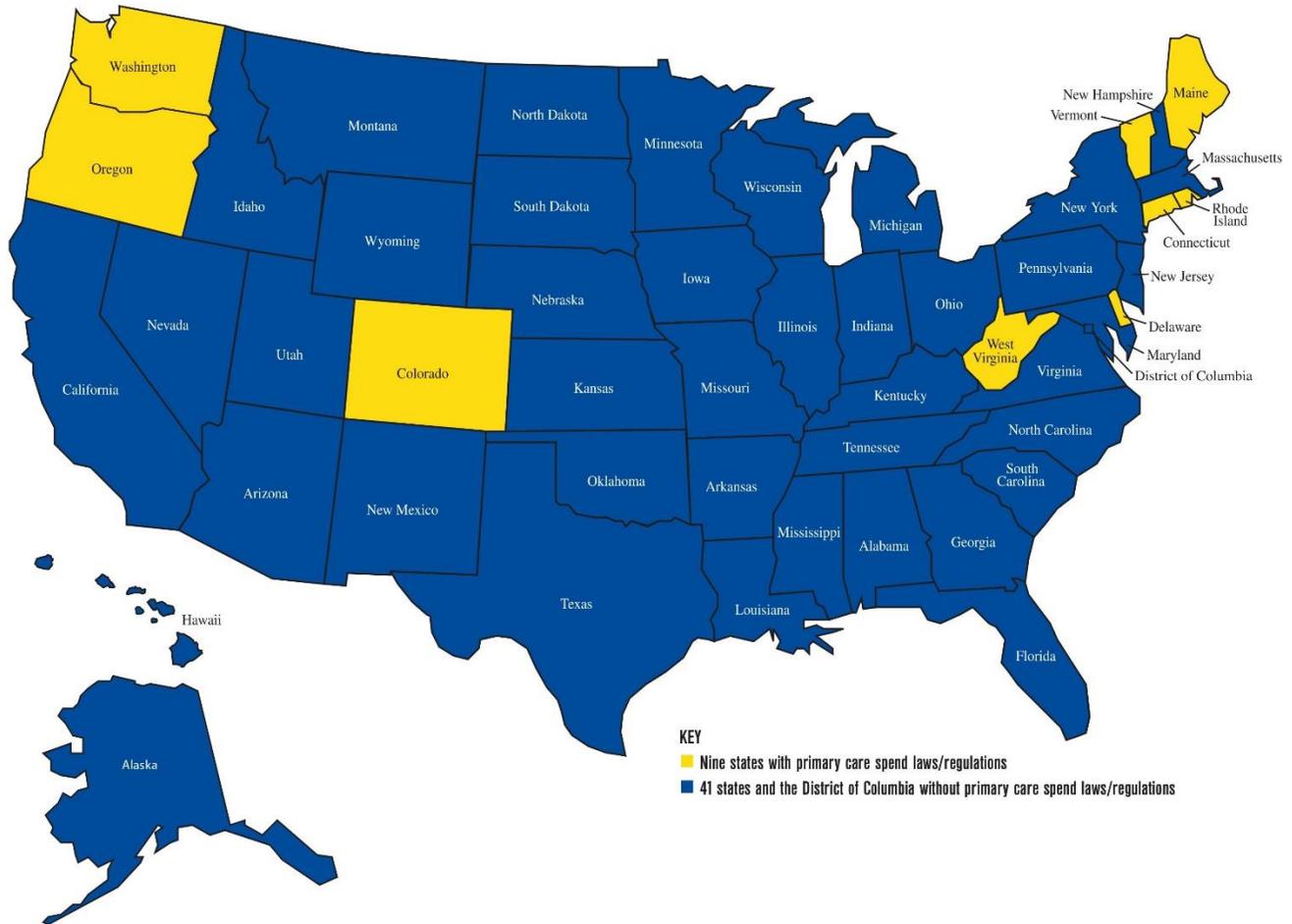
#### AAFP Headquarters

11400 Tomahawk Creek Pkwy.  
Leawood, KS 66211-2680  
800.274.2237 • 913.906.6000  
fp@aafp.org

#### AAFP Washington Office

1133 Connecticut Avenue, NW, Ste. 1100  
Washington, DC 20036-1011  
202.232.9033 • Fax: 202.232.9044  
capitol@aafp.org

investments needed to support a transition to a primary care-driven health care system.<sup>6</sup>



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 states' APCDs are mandatory and have the potential to portray a comprehensive picture of medical costs within a state. Because most states that currently operate APCDs make it difficult to break down primary care spending, nine states (CT, CO, DE, ME, OR, RI, VT, WA, WV) have passed [legislation](#) that specifically lists the percentage of medical spending dedicated to primary care, which often remains fee-for-service and easier to quantify. West Virginia passed similar primary care spend [legislation](#) limited to their state Medicaid program.

#### *Mandatory Increases in Primary Care Spend*

Five of those states (CT, CO, DE, OR, RI) have gone beyond quantifying primary care spend to also include mandatory minimum thresholds for the percentage of medical spending dedicated to primary care. [Colorado](#), [Delaware](#), and [Oregon](#) implemented primary care spend targets by legislation, while Rhode Island did so through the regulatory process – the first state to do so. In Rhode Island, between 2008 and 2012, annual primary care [investment](#) rose by \$18 million while annual total medical spending dropped by \$115 million as insurers are required to invest no less than 10.7 percent of overall spending on primary care. Through an [executive order](#), Connecticut set a primary care spending target of ten percent of total health care expenditures by 2025.

*Updated: September 2020*

<sup>6</sup> Bailit MH, Friedberg MW, Houy ML. (2017). "Standardizing the Measurement of Commercial Health Plan Primary Care Spending." *Milbank Memorial Fund. Web.*