



# Measuring Primary Care Spending: Why? How?

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# Agenda

- Background - Milbank Memorial Fund and the evidence base for primary care
- Primary care spending measures:
  - Why measure?
  - What and how to measure?
  - Results of the Milbank supported study
  - Next steps for the Fund
  - Opportunities



# Milbank Memorial Fund

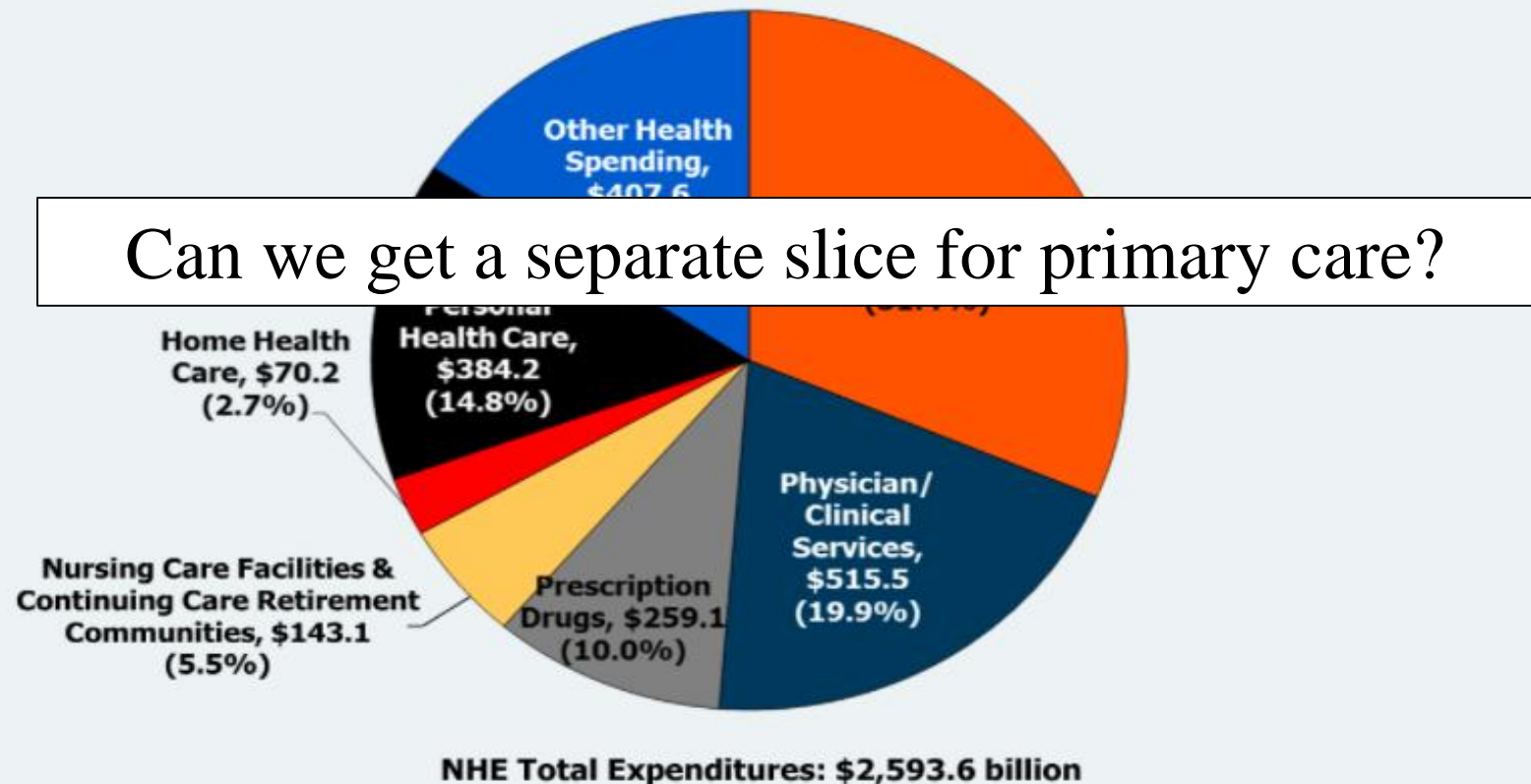
- Mission: Improve the health of populations by connecting leaders and decision makers with the best available evidence and experience (*mainly focus on states but interested in alignment and engagement with federal government and private sector as well*)
- Activities:
  - Build evidence through research support
  - Disseminate and use evidence through reports, convening state and other leaders
  - Examples relating to primary care:
    - Multi-state collaborative – CPC+ project sites + CMS and their contractors
    - Primary care and behavioral health integration
    - Primary care spending measures



# Why?

We improve what we measure

## Distribution of National Health Expenditures, by Type of Service (in Billions), 2010



# How? Milbank study on primary care spending measurement



- Published July 2017
- Work conducted under contract with Bailit Health Purchasing and subcontract with Rand
- <https://www.milbank.org/publications/standardizing-measurement-commercial-health-plan-primary-care-spending/>



# Study Purpose and Scope

- Purpose: Undertake a proof-of-concept study to determine what percentage of total medical spending high-performing commercial health plans spend on primary care
- Scope: A small sample of commercial health insurers from across the U.S. (did not include Medicaid or Medicare)



# Participating plans

- High-performing commercial health plans
  - Bailit Health identified commercial health plans that had NCQA overall ratings of at least 80 and a score of 4 or 5 for prevention and treatment on the 2014 -2015 NCQA plan rankings
  - Prioritized geographic representativeness among the sampled plans
- 29 contacted, 11 agreed to participate, 9 provided usable data



# Methods

- Defined “primary care spending” in consultation with other researchers and insurance commissioners
- Worked with health plan staff to calculate primary care spending: levels and as % of total health plan spending in 2013 and 2014
  - Product (HMO and PPO)
  - Fee-for-service payments and non-FFS payments (e.g., capitation, bonus, shared savings)
  - Member demographic and comorbidity groups





# Defining primary care

- Measures broken down by specialty, by service codes, and by age groups
- Results in a nutshell:
  - Amounts of primary care spending: less difference by specialty, more difference by service codes
  - More spending for children, less for older adults



# Comparing Primary Care \$ and %s

- FFS payments in dollars
  - PPO-HMO using broad definition of providers and services = \$23-26 pmpm
  - The range was \$14-38
- FFS payments as a percent
  - PPO-HMO = 6.7-7.4%
  - The range was 3.4-12.5%



# Primary care spending, by age group

Per-member per-month primary care spending, **ALL** services, FFS + other, 2014 HMO

This is primary care definition 1: **Provider -based**

Age group	PCP-D \$	PCP-D %
≤18	\$34 (28-50)	18% (14-21)
19-24	\$18 (10-26)	9% (4-13)
25-34	\$23 (9-40)	8% (3-13)
35-44	\$25 (12-43)	7% (3-11)
45-54	\$30 (16-64)	7% (3-14)
55-64	\$34 (20-62)	6% (3-13)

*Findings were similar for all PCP and payment types*



# Limitations

- Small number of high-performing plans
- Self generated, voluntary, unaudited numbers from insurers
  - Plans particularly challenged by request to provide non-FFS spending figures
- Regardless of definition, started with insurers' designation of PCP label



# Next steps for Milbank

1. Work with states to replicate measures, legislation and regulation (building on RI and OR examples)
2. Disseminate these results - professional meetings, articles
3. Broader Discussions:
  - Collaborate with specialty societies and researchers on refining definitions
  - Sponsor additional research using measures to establish Medicare spending levels
  - Connect with others developing and using measures (e.g., HCCI report includes primary care spending measure)
  - AND continue to support multi-payer models for PC support



# Opportunities for state consideration

- **State-level**
  - Legislation
  - Regulation
  - Alignment with other measures used for statewide initiatives (ACO measures, TCC measures)
- **Region-level**
  - Generate PC spend measures using local data
  - Monitor PC spend in conjunction with local APM and ACO activities

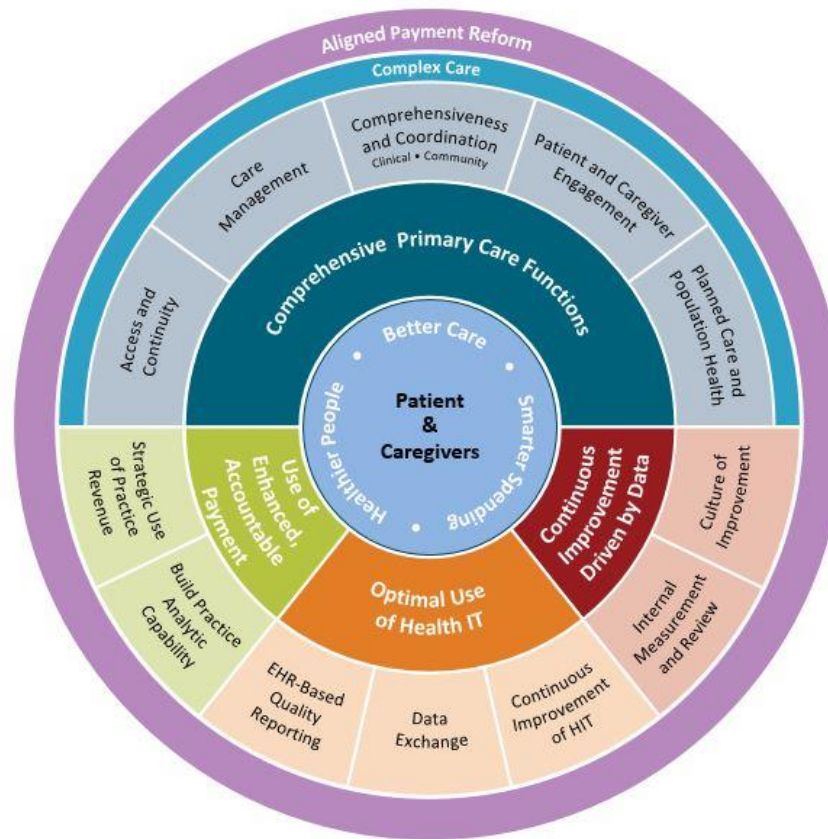


# Conclusions

- Policy and evidence suggests it is important to measure primary care investment
- Research and state efforts suggest it is feasible to develop and use primary care spending measures
- Administrative issues:
  - Resources are required, need to plan for it – insurer side, state/convener side
  - Transparent process and trust in data
- Policy Issues:
  - "Build to purpose" – what is the desired unit of analysis, level of detail or precision needed
  - Standardizing measures will facilitate valid comparisons
  - Need to establish or validate relationship of primary care spend to total cost measures
  - Evaluate impact of all payer model and VBP on primary care "sensitive" performance measures



# Primary Care Transformation: The Big Picture (CPC+ Model Components)





# Questions?

- If you'd like additional information about Milbank activities:
  - PC spending, total cost of care measures
    - [rblock@milbank.org](mailto:rblock@milbank.org)
  - Multi-state collaborative – national forum for CPC+ projects
    - [lwatkins@milbank.org](mailto:lwatkins@milbank.org)



# References

- Commonwealth Fund health system performance commentary <http://www.nejm.org/doi/full/10.1056/NEJMp1708704>
- Milbank perspectives article on primary care spending rates [http://www.nejm.org/doi/full/10.1056/NEJMp1709538?query=featured\\_home&](http://www.nejm.org/doi/full/10.1056/NEJMp1709538?query=featured_home&)
- Oregon legislation: requiring primary care spending report <https://olis.leg.state.or.us/liz/2015R1/Downloads/MeasureDocument/SB231/Enrolled>
- Oregon legislation: setting standards for primary care spending levels <https://olis.leg.state.or.us/liz/2017R1/Downloads/MeasureDocument/SB934/Enrolled>
- Oregon primary care spending report [http://www.oregon.gov/oha/HPA/CSI-PCPCH/Documents/2017%20SB231\\_Primary-Care-Spending-in-Oregon-Report-to-the-Legislature.pdf](http://www.oregon.gov/oha/HPA/CSI-PCPCH/Documents/2017%20SB231_Primary-Care-Spending-in-Oregon-Report-to-the-Legislature.pdf)
- Rhode Island insurance standards <http://www.ohic.ri.gov/documents/2017-2018-Care-Transformation-Plan-Final-Adopted%20-2017-1-27-w-Attachment-A.pdf>

