

# Patient-Centered Primary Care

COLLABORATIVE

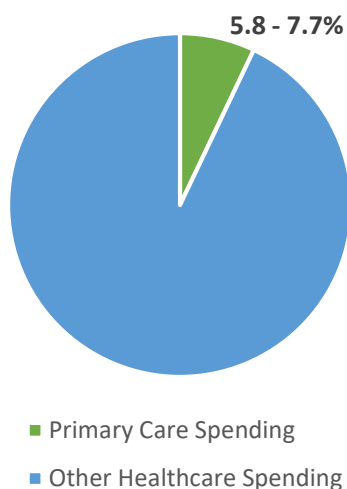
## SPENDING FOR PRIMARY CARE

*Greater use of primary care is associated with lower costs, higher patient satisfaction, fewer hospitalizations and emergency department visits, and lower mortality. Despite current high levels of healthcare spending in the United States, the proportion spent on primary care is insufficient. A shift in resources to support greater access to comprehensive, coordinated primary care is imperative to achieving a stronger, higher-performing healthcare system.*

### What are we spending now?

- Studies indicate that the percentage of total U.S. healthcare spending allocated to primary care ranges between 5.8% and 7.7% and even among high performing health plans, primary care spending varies widely.<sup>i ii</sup>

### U.S. Healthcare Spending



- In the U.S., while we rarely observe a decline in spending on health services, spending on office visits to primary care providers, declined 6% from 2012 to 2016, largely driven by an 18% decline in use of primary care visits. During the same period, spending on specialists increased by 31%.<sup>iii</sup> This shift runs counter to commonly accepted healthcare goals of meeting patient needs in a manner that contains or reduces costs.

### What do we lose when we underinvest in primary care?

*Underinvestment in primary care gives rise to patient access and workforce issues. A significant financial incentive for physicians and other clinicians to choose other areas of specialty undermines primary care.*

#### Access to Needed Preventative Services:

- As of 2015, only 8% of US adults ages 35 and older had received all high-priority, appropriate clinical preventive services recommended for them. Nearly 5% of adults did not receive any such services. Additional delivery system-level efforts are needed to increase the use of preventive services.<sup>iv</sup>
- Higher primary care Medicaid reimbursement rates improve behavioral health outcomes among enrollees, indicating that primary care is efficient in improving behavioral health outcomes.<sup>v</sup>

#### Needed Primary Care Workforce:

- From 2005 to 2015 primary care physicians as a percentage of total practicing physicians decreased from 44% to 37%.<sup>vi</sup>
- While the number of primary care physician jobs grew by approximately 8% between 2005 and 2015, the number of jobs for specialists grew by approximately six times that amount during the same period, which is due in part to medical students opting for higher paying specialty practices.<sup>vii</sup>

- For those that do become primary care physicians – less than half report that they would choose their same specialty if they could choose again (25%-46% depending on specialty) – likely because of the combination of high patient volume and low reimbursement.<sup>viii</sup>
- Compared with peer countries, the U.S. has fewer primary care clinicians and provides fewer services in the primary care setting.<sup>ix</sup>

### What does the evidence indicate we should spend?

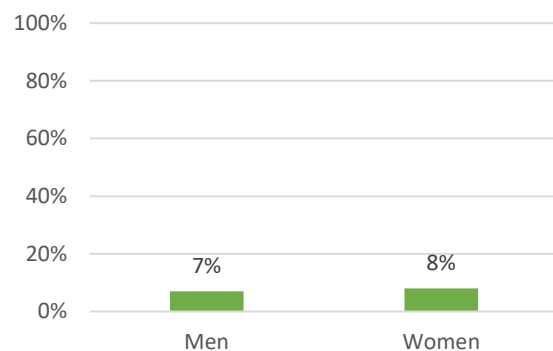
*Primary care is a great investment for a high-performing health system. Research shows that greater use of primary care is associated with lower costs, higher patient satisfaction, fewer hospitalizations and emergency department visits, and lower mortality.<sup>x</sup>*

- Within the U.S., healthcare markets with a larger percentage of primary care physicians (PCPs) have lower spending and higher quality of care.<sup>xi</sup>
- Internationally, almost all developed countries have a higher ratio of primary care to specialty spending than the U.S. and enjoy lower costs and higher life

expectancy. For example, in Great Britain, primary care services constitute 12% of overall health care spending, and primary care serves as the “source of 80% of all interactions between patients and the physician.”<sup>xii</sup>

- The current U.S. health care system does not adequately support the medical home team model of delivery. Leading researchers suggest that doubling primary care financing to 10–12% of total health care spending, would be likely to pay for itself, through resulting reductions in overall health spending.<sup>xiii</sup>

**Percentage of U.S. Adults Receiving Recommended Preventative Services**



<sup>i</sup> Bailit, M. H., Friedberg, M. W., & Huoy, M. L. (n.d.). Standardizing the Measurement of Commercial Health Plan Primary Care Spending. Retrieved from <https://www.milbank.org/wp-content/uploads/2017/07/MMF-Primary-Care-Spending-Report.pdf>

<sup>ii</sup> Koller, C. (n.d.). Primary Care Spending Rate - A Lever for Encouraging Investment in Primary Care | NEJM. Retrieved from <https://www.nejm.org/doi/10.1056/NEJMp1709538>

<sup>iii</sup> 2016 Health Care Cost and Utilization Report A review of trends in health care spending, utilization (p. 14, Rep.). (2018). Health Care Cost Institute.

<sup>iv</sup> Borsky, A., Zhan, C., & Miller, T. (n.d.). Few Americans Receive All High-Priority, Appropriate Clinical Preventive Services. Retrieved from <https://www.healthaffairs.org/doi/10.1377/hlthaff.2017.1248>

<sup>v</sup> Johanna Catherine Maclean, Chandler McClellan, Michael F. Pesko, Daniel <http://nber.org/papers/w24805> “Reimbursement Rates for Primary Care Services: Evidence of Spillover Effects to Behavioral Health” National Bureau of Economic Research. <http://nber.org/papers/w24805> July 2018

<sup>vi</sup> Sanborn, B. J. (n.d.). Shift in physician workforce towards specialists fuels primary care shortage, potential spending growth. <https://www.healthcarefinancenews.com/news/shift-physician-workforce-towards-specialists-fuels-primary-care-shortage-potential-spending>

<sup>vii</sup> Barbey, C., Sahni, N., Kocher, R., & Chernew, M. (n.d.). Physician Workforce Trends And Their Implications For ... <http://www.healthaffairs.org/doi/10.1377/hblog20170728.061252/full>

<sup>viii</sup> Sullivan, Thomas. “Medscape Physician Compensation Report: 2012 Results.” Medscape Log In, [www.medscape.com/features/slideshow/compensation2012/public](http://www.medscape.com/features/slideshow/compensation2012/public)

<sup>ix</sup> Shi, L. (2012, December 22). The Impact of Primary Care: A Focused Review. [www.ncbi.nlm.nih.gov/pmc/articles/PMC3820521/](http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3820521/)

<sup>x</sup> Koller, C. F. (2017, July 31). Measuring Primary Care Health Care Spending. Retrieved from <https://www.milbank.org/2017/07/getting-primary-care-oriented-measuring-primary-care-spending>

<sup>xi</sup> Koller, C. (n.d.). Primary Care Spending Rate

<sup>xii</sup> Koller, C. F. Measuring Primary Care Health Care Spending

<sup>xiii</sup> Phillips, R. L., & Bazemore, A. W. (2010, May). Primary Care And Why It Matters For U.S. Health System Reform. Retrieved from <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2010.0020>