DELAWARE ACADEMY OF
FAMILY PHYSICIANS

Testimony in Support of SB 199

Submitted May 9 2018 to the Senate Health, Children & Social Services Committee

The Delaware Academy of Family Physicians applauds Senators Townsend, Hansen Henry and McDowell along with Representatives Bentz, Baumbach and Brady on the introduction of SB 199 which proposes to ensure that the percentage of medical expenses allocated to primary care services is at least 12percent by 2025. The Academy is pleased that Delaware legislative leaders recognize the value that a strong primary care infrastructure brings to the healthcare system. As you may be aware, this commitment to primary care has paid dividends in Rhode Island, and we expect similar results in Oregon after the passage of legislation last year. Further, this commitment is being proposed in current legislation in both Colorado and California, and we expect that similar legislation will be considered in a number of other states in the coming months.

As you know, primary care has a **public purpose**. Primary care is the essential foundation of a successful, sustainable health care system. 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[i]. A study found that patients who identified primary care physicians as their usual sources of care had lower five-year mortality rates than patients identifying a specialist physician as their usual source of care[ii]. Internationally, a study reportedthat the populations of countries with higher ratings of "primary care orientation" experience better health outcomes and incur lower health care costs than the populations of countries with lower degrees of primary care orientation[iii].

Primary care treatment can not only improve the health of patients but it is also a highly effective use of health care dollars. It is estimated that almost 40 percent of emergency department visits and roughly 10 percent to 17 percent of inpatient hospitalization costs are preventable[iv]. 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. Primary care can help save money on these preventable visits. Additionally, studies have found that states with more general practitioners use more effective care and have lower spend than those states with a higher number of specialists[v]. Similarly, within the United States, health care markets with a larger percentage of primary care physicians have lower spending and higher quality of care[vi]. One study found that increasing family physician comprehensiveness of care, calculated by claims measures, found a decrease in Medicare costs and hospitalizations[vii].

Unfortunately, a Commonwealth Fund analysis identified underinvestment in primary care as one of four fundamental reasons that the U.S. health system ranks last among high-income countries[viii].

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Primary care is important to the health of individuals and can help bend the cost curve. Yet, we don't know how much we are spending on primary care. The work done in Rhode Island and Oregon show us that primary care spending generally accounts for a small portion of total spending. In fact, some studies have suggested that U.S. primary care spending accounts for only 5 to 8 percent of overall health care costs[ix]. Although primary care only accounts for a small amount, the decisions made in this setting have consequential results on the rest of a patient's medical care. It's time we know what we're investing in primary care.

Rhode Island was the first to state to mandate spending on primary care and their success began in 2009 when it established affordability standards to lower costs and improve quality in its health insurance market. The standards required health plans to increase the percentage of their medical expenses spent on primary care by five percentage points from 2010 to 2014. In 2011, total primary care spending for commercial members increased by 23 percent while total medical spending fell by 18 percent[x]. In their 2012 and 2014 report, this trend continued. Annual primary care spending rose by $18 million from 2008 to 2012 while annual total medical spending dropped $115 million at the same time[xi]. Because of this success, Rhode Island has updated its affordability standards and now requires insurers to spend at least 9.7 percent of annual total health expenditures on direct primary care and at least 1 percent on indirect primary care (for a total of 10.7 percent). Rhode Island defines direct primary care payment as that which directly benefits primary care practices and providers. Indirect primary care payment is defined as those payments which help primary care practices function as patient centered medical homes.

A fundamental change in the health care system to prioritize a primary care based system is essential to improvements in access, quality and cost. For these reasons we are highly supportive of the initiative proposed by SB 199, however we would like to ask the members of the committee to consider the potential for unintended consequences of the following provision:

No group or blanket policy or contract issued or delivered by an Insurer may reimburse for Primary Care at a rate less than Medicare reimbursement for comparable services.

(i) This shall include payment for care coordination services such as "chronic care management", which also should not be subject to patient deductibles and copayments.

While we understand and agree with the premise and recognize that many family physicians and other primary care clinicians are paid at rates below Medicare, sometimes significantly lower, we are concerned that this language, intended to be a floor, could become a ceiling. We'd encourage the sponsors and members of the committee to consider language that not only guarantees a Medicare "floor" but also encourages payers to embrace value-based payment models that move away from the flawed fee-for-service payment model. Further, while we share the intention that patients are protected from cost-shifting measures currently becoming more prevalent in high-deductible plans, we

believe that the bill should be specific that these payments, which are not subject to deductible or copayment, must not result in decreased reimbursement to the physician.

Once again, on behalf of the more than 300 family physicians in Delaware who make up the foundation of our state's primary care infrastructure, thank you for your commitment to primary care. We look forward to working with you to ensure that this legislation lives up to the intention of its sponsors.

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