

The Primary Care Spend Standard: Compliance and Initial Policy Effects

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Overview

- Introduction
- Compliance
- Initial Policy Effects
- Future Direction

Introduction

- In 2010, the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) directed commercial health insurers to comply with a set of four criteria, collectively termed the Affordability Standards, aimed at improving the affordability of health care in Rhode Island.
- Insurers are required to:
 1. Expand and improve the primary care infrastructure
 2. Spread the adoption of the patient-centered medical home
 3. Standardize electronic medical record incentives
 4. Work toward comprehensive payment reform across the delivery system

Primary Care Spend Standard

- Represents a core component of the OHIC's strategy to facilitate delivery system reform in Rhode Island by bolstering the state's primary care infrastructure and promoting more efficient, affordable health care
- Requires insurers to increase the share of total medical payments made to primary care by one percentage point per year from 2010 to 2014
- Insurers are not allowed to turn this new spending into higher premiums

Key Findings

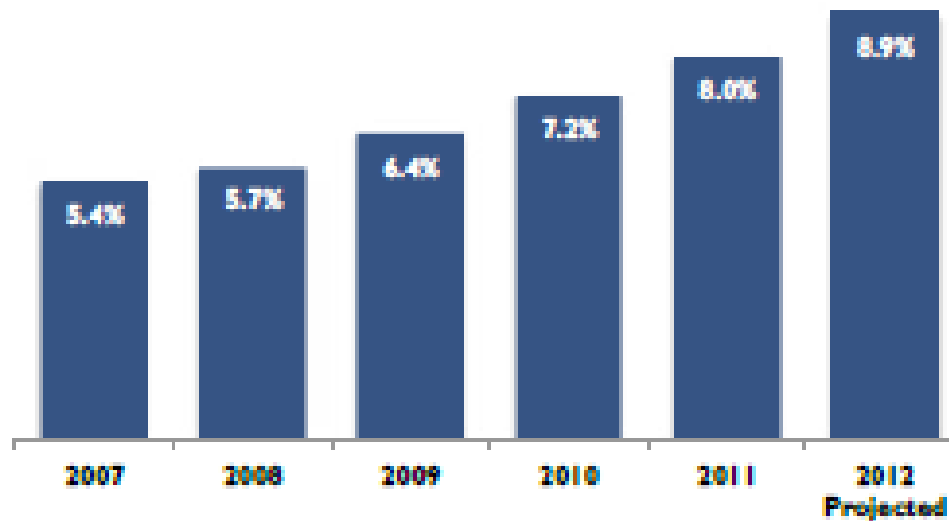
- Insurers are hitting their targets.
- Primary care spending is rising while total medical spending is falling.
- Patient centered medical homes (PCMHs) and other non-fee for service (FFS) methods drive the rise in primary care spending (some insurer variation here)
- **Primary care spending will continue to grow in the years ahead. We must be thoughtful about how we spend this money.**

Overview

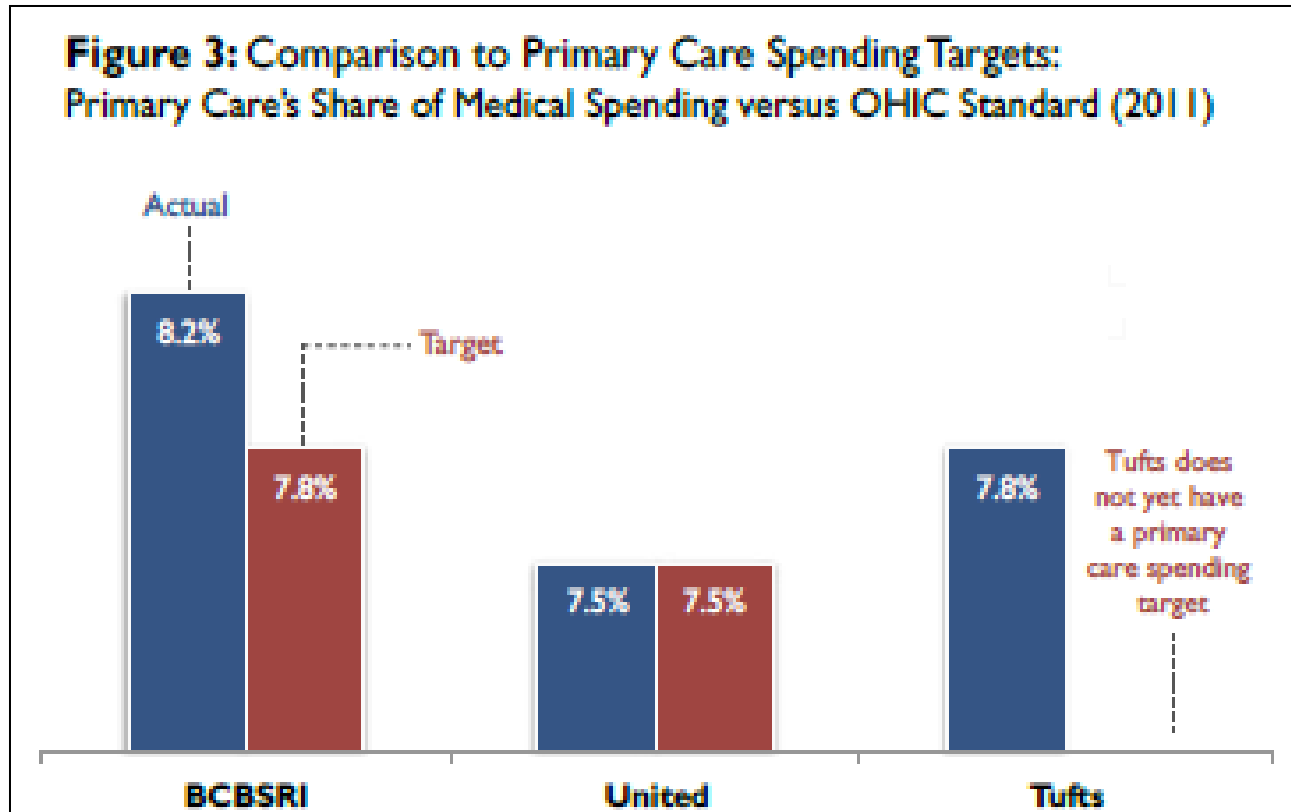
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Insurers are Investing More in Primary Care

Figure 1:
Primary Care Spending as
Percent of Total Medical Spending, 2007-12

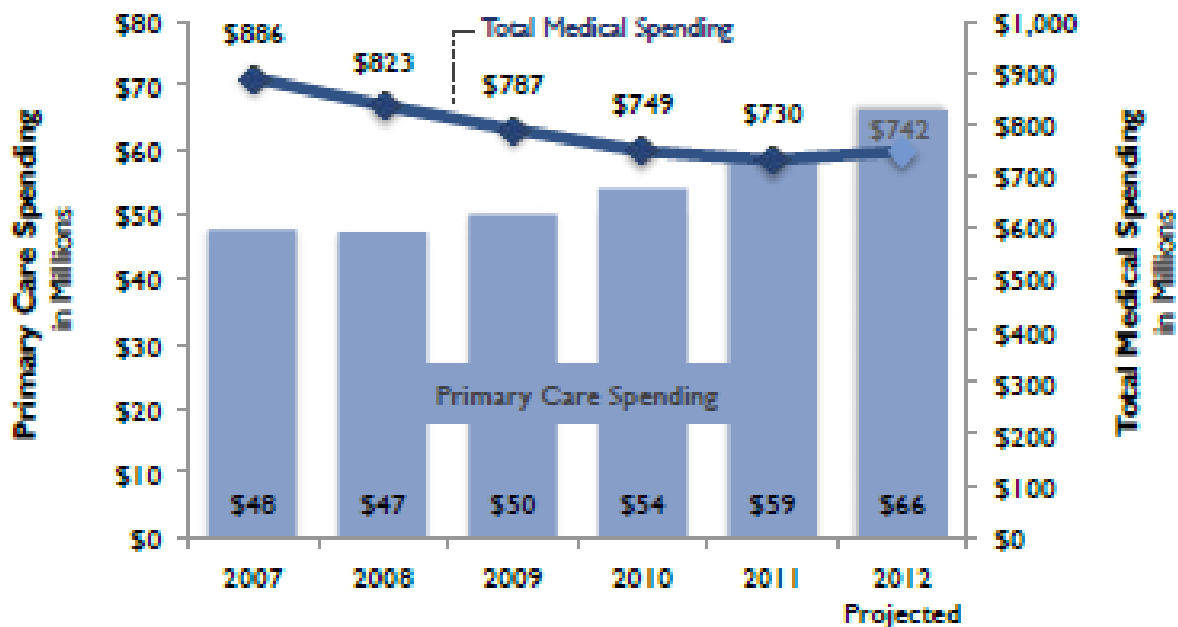


Insurers are Hitting Their Primary Care Spending Targets



Primary Care Spending is Growing While Total Medical Spending is Falling

Figure 4:
Total Medical Spending and Total Primary Care Spending
2007-2011 (Actual) and 2012 (Projected)



Why is Total Medical Spending Falling?

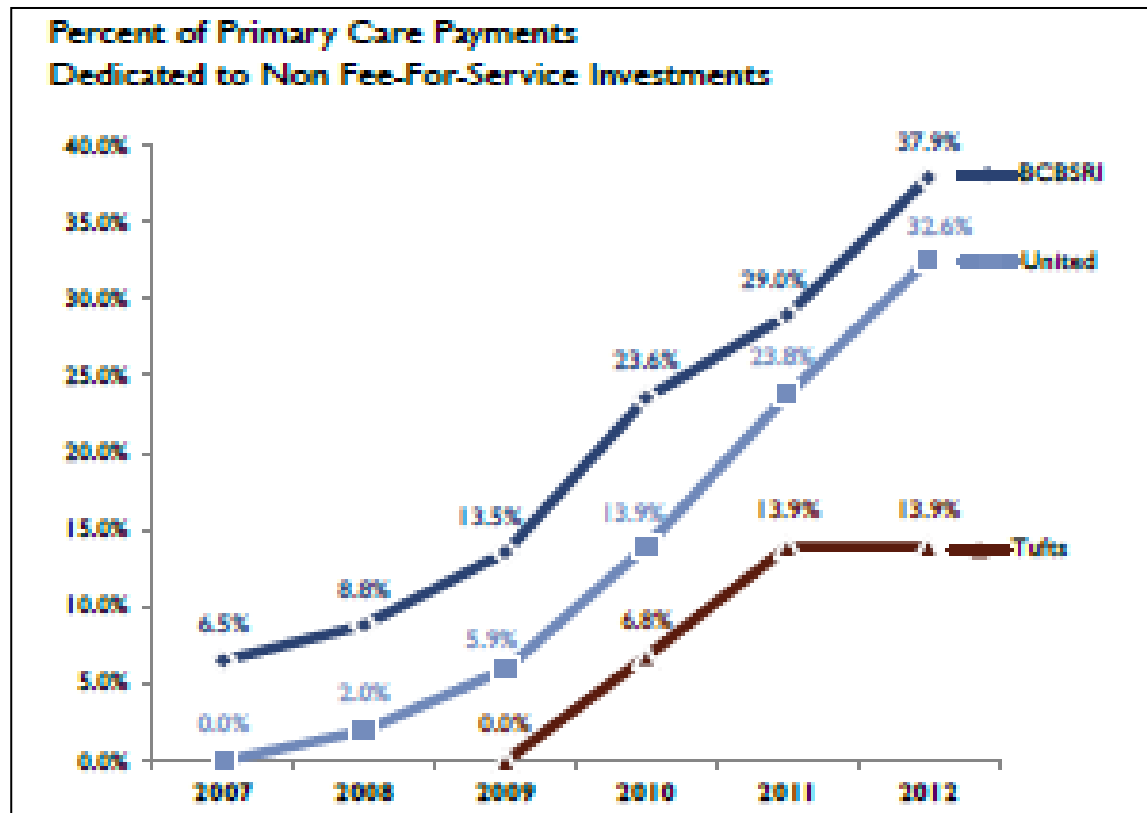
- The impact of the recent recession on enrollment and utilization
- The effect of the shift toward plan designs with more member cost sharing on utilization
- The shift to self-insurance's impact on fully-insured enrollment

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Insurers are Spending More on Non-FFS

Types of Primary Care Investments



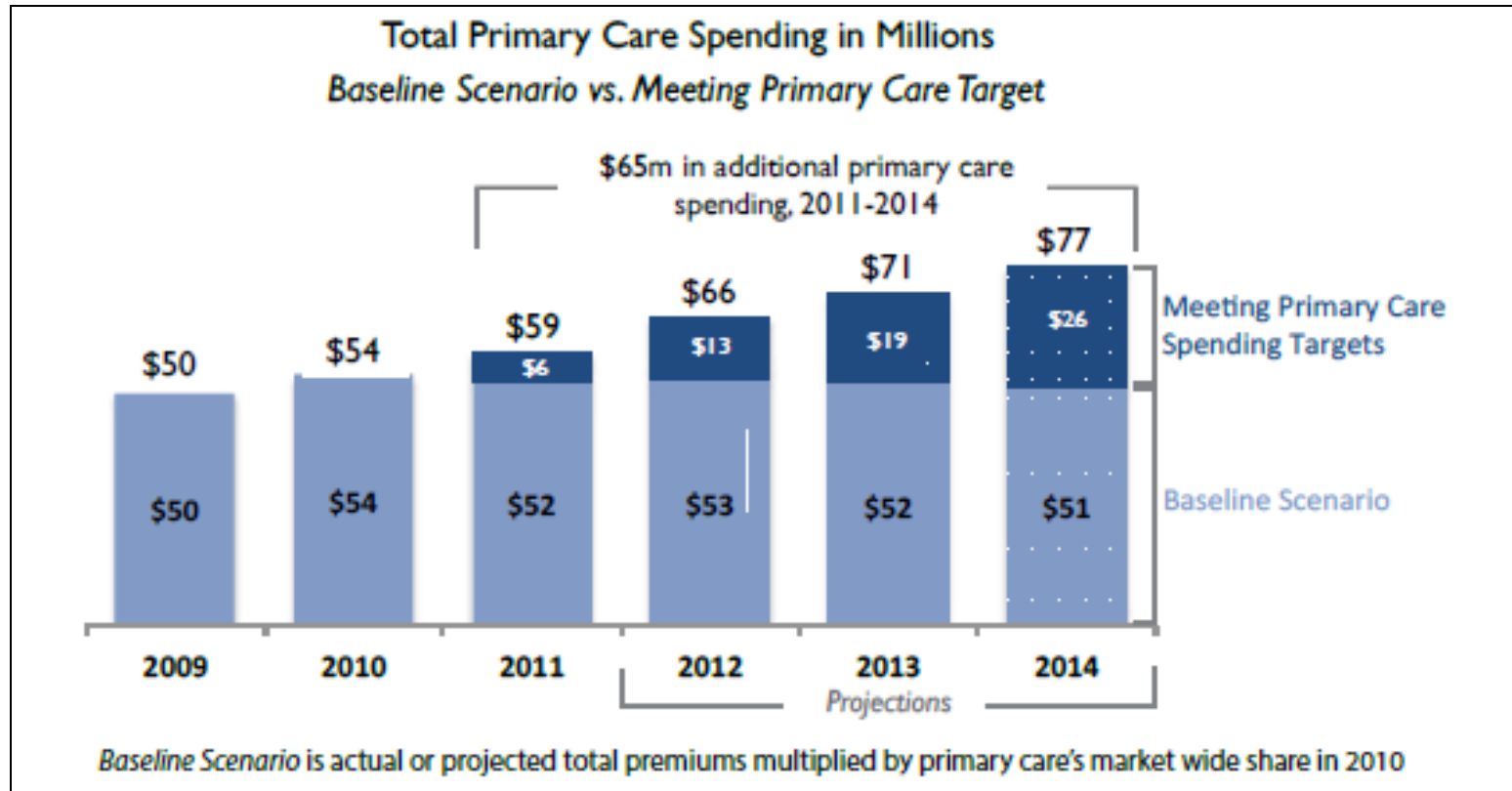
Example of the Value of Investing in Non-FFS

- Preliminary evidence from the Rhode Island Chronic Care Sustainability Initiative, the state's all payer PCMH project has shown:
 - Better delivery of preventive care
 - Increased patient satisfaction through enhanced access to providers and staff
 - Reduced use of high cost services. For example ,rates of hospitalization fell 6% when compared with non-PCMH practices

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By 2014: \$65 Million in Additional Primary Care Spending



Future Primary Care Spending Should Further Prioritize Non-FFS Investments

- The question we must answer is not **whether** we should emphasize non-FFS investments, but rather **which** non-FFS investment should receive priority
- Why? Strategically directing insurers to make specific non-FFS investments will maximize the potential before us to build a system centered on affordable and coordinated care
- OHIC is looking to HIAC for guidance on this important issue

Next Up

- **November 2012 HIAC Meeting:** Begin development of recommendations on new primary care spend standard guidance
- **December 2012 HIAC Meeting:** Finalize recommendations on new primary care spend standard guidance
- OHIC issues new primary care spend standard guidance in December 2012 incorporating HIAC's recommendations

Discussion Questions

- How prescriptive should OHIC be in its new primary care spend standard guidance?
- Which primary care investments are working?
- What does HIAC need from OHIC to inform its discussions concerning recommendations?

Reminder: Key Findings

- Insurers are compliant in meeting their targets.
- Primary care spending is rising while total medical spending is falling—though this latter trend may abate.
- PCMHs and other non-FFS methods drive the rise in primary care spending—with some variation by insurer.
- **Primary care spending will continue to grow in the years ahead. We must be thoughtful about how we spend this money.**