June 2024

Hiding in Plain Sight: Investing in Primary Care Can Heal Our Dysfunctional Health Care System

Robust primary care can achieve better health outcomes for individuals, families and communities,[1] but dwindling investment has left primary care without the resources and care teams to effectively serve communities.[2] Reversing the decline in primary care investment will pay off — in expanded access to needed and timely care, improved health outcomes, and slower cost growth for patients and families, employer benefit costs and government budgets.

Reaping the broadly shared benefits from robust primary care will require investing more and paying differently for primary care. The most effective primary care is longitudinal — it's relationship based.[3] Investment in primary care should encourage ongoing care relationships.

The Consequences of Underinvestment on Our Health and Health Care System

Evidence indicates that people who have access to high-quality primary care lead healthier lives, and those with chronic conditions in particular benefit from strong primary care.

In a survey of international respondents, an overwhelming majority — 83% — identified primary care clinicians as a trusted source of information about health issues over other sources of information.

Overall, surveys suggest a decline in public trust of major institutions since the COVID-19 pandemic.[4]

But far too few Americans are accessing primary care,[5] and the problem is growing worse.

Policymakers, Payers, and Health Systems Leaders Have Important Roles to Play

Policymakers, payers, and health system leaders should:

- ***Make evidence-based investments*** in payment models and measure results without burdening primary care teams with excessive administration.
- ***Use policy and economic levers***—such as Medicaid—to target primary care investment for disadvantaged communities and those facing barriers to regular primary care.
- ***Prioritize strengthening trust***. Trust is built when primary care teams and relationships are established and maintained in communities.
- ***Remove financial barriers to primary care*** in public programs and commercial and employer-based health plans. The growth of high-deductible health plans contributes to declining primary care visits and missed opportunities to prevent and manage chronic disease.

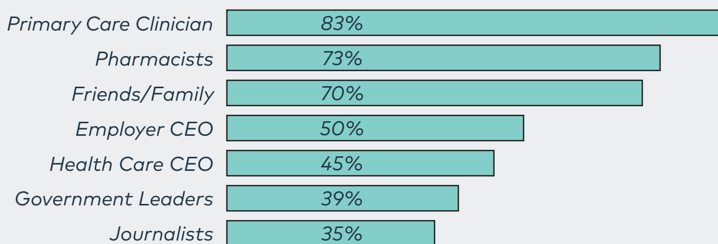
1 Mark W Friedberg, et al., "Primary Care: A Critical Review of the Evidence on Quality and Costs of Health Care | Health Affairs Journal," Health Affairs, May 2010, https://thepcc.pub/PC-Critical-Review-2010.

2 "Implementing High-Quality Primary Care: Rebuilding the Foundation of Primary Care," National Academies of Sciences, Engineering, and Medicine, 2021, https://thepcc.pub/NASEM-2021.

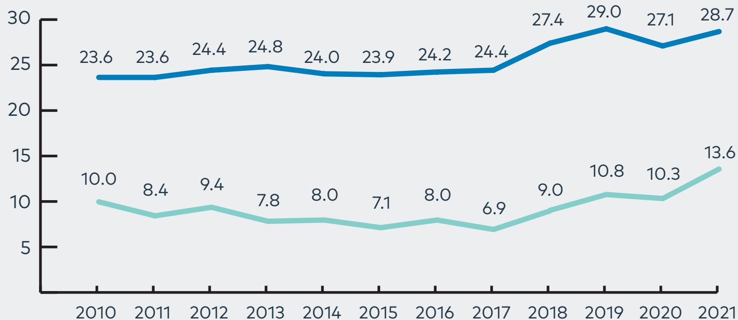
3 Larry Levitt, et al., "Primary Care Check Up: Why It Can Be Hard to Get an Appointment and How to Fix It," The Health Wonk Shop, April 3, 2024, https://thepcc.pub/PC-Appointments-KFF.

4 "2024 Edelman Trust Barometer - Special Report: Trust and Health," Edelman, April 2024, https://thepcc.pub/2024-Trust-Barometer.

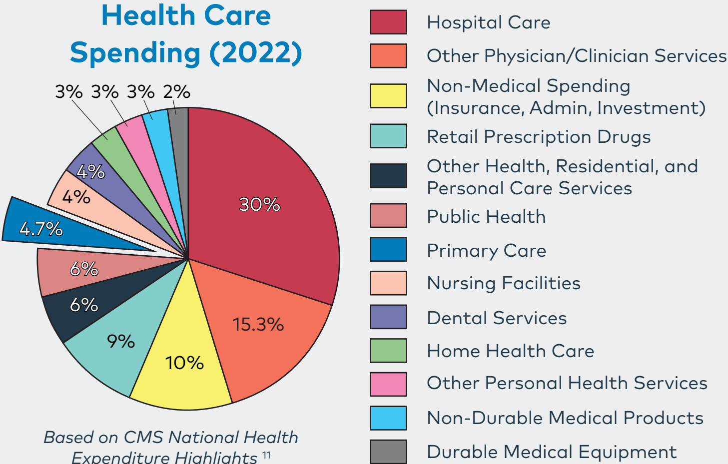
5 Ann Kempski and Ann Greiner, "Primary Care Spending: High Stakes, Low Investment," Primary Care Collaborative, December 2020, https://thepcc.pub/2020-Evidence-Report .



Data from Edelman 2024 Trust Barometer. Survey conducted March 4-13, 2024, with about 12,000 respondents from 12 countries.



Data from 2024 Scorecard [6]



Based on CMS National Health Expenditure Highlights [11]

The share of adults who report no "usual source of (primary) care" continues to increase.[6] More and more, patients are losing the opportunity to build trust with a care team dedicated to helping them manage all aspects of their health.

Disparities across race, ethnicity and income in having a regular source of primary care contribute to gaps in trust, care, and health outcomes.[7] Primary care teams that know and reflect the communities they serve help build trust and engagement that lead to more equitable, person-centered care models.[8] Evidence suggests community health workers (CHWs), for example, can engage people with underlying socioeconomic issues into primary care, improve prevention rates, and reduce hospitalizations.[9]

The decline in access to primary care is a direct result of underinvestment. In a well-functioning health care system, primary care is the bedrock of patients' care experience. In the United States, however, primary care is not prioritized. Case in point: primary care accounts for only 4.7% of all health care spending, or less than 5 cents on the dollar. Primary care spending has fallen despite rising rates of insurance coverage over most of the last decade.[10]

And this lack of investment has ripple effects. Primary care visits are dropping,[12] while visits to specialists have increased — leading to higher costs, a frequently fractured care experience, duplicated care and more focus on treatment at the expense of prevention.

6 Yalda Jabbapour, et al., "The Health of US Primary Care: 2024 Scorecard Report - No One Can See You Now," Milbank Memorial Fund, February 28, 2024, https://thepcc.pub/2024-MMFPC-Scorecard.

7 "Adults Age 18 and Older with a Usual Source of Care," The Commonwealth Fund, accessed June 4, 2024, https://thepcc.pub/USOC-CWF-2024.

8 "Health System Innovation: Why Communities Are Essential in Health System Innovation," Community Catalyst, March 28, 2024, https://thepcc.pub/CC-Innovation.

9 "Implementing High-Quality Primary Care: Rebuilding the Foundation of Primary Care."

10 Yalda Jabbapour, et al., "The Health of US Primary Care: 2024 Scorecard Report - No One Can See You Now."

11 "Fact Sheets National Health Expenditures 2022 Highlights," Centers for Medicare & Medicaid Services, December 13, 2022, https://thepcc.pub/2022-Expenditures-CMS.

12 Yalda Jabbapour, et al., "The Health of US Primary Care: 2024 Scorecard Report - No One Can See You Now."

Underinvestment in primary care leads to shortages of the professional teams[13] needed to address rising rates of chronic conditions, mental health needs and other challenges faced by an aging, diverse population.

Under the predominant Medicare fee-for-service system that pays primary care based on discrete services, primary care is persistently undervalued in part because the time primary care professionals spend with patients is not measured accurately.

MedPAC, an independent commission that advises Congress on Medicare payment policy, has recommended that "Congress establish a per beneficiary payment for primary care providers."[14]

The workforce shortage contributes to long wait times for primary care appointments. A widely cited 2022 survey across 15 U.S. cities found a wait time of 20.6 days for family medicine appointments.[15] It also noted the increase in availability of urgent care, retail care, and telehealth settings to serve some primary care needs.

Increasing administrative burdens associated with electronic health records and tasks like insurer prior authorization requirements, in addition to lower compensation from lack of investment and undervalued primary care services, discourage medical students from choosing primary care and push experienced primary care clinicians to exit primary care.[16]

> *"Short visits, complicated patients, lack of control, electronic health record stress, and poor work-home balance can lead to physicians leaving practices they once loved, poor patient outcomes and shortages in primary care physicians."*
>
> ***- Agency for Health Research and Quality, 2023*** [17]

Investments in Primary Care Pay Off for People, Communities and Economies

The Congressional Budget Office (CBO), the budget scorekeeper for Congress, recently affirmed the value of primary care investment.[18] It calculated federal savings in Medicare and Medicaid spending offsetting roughly half of the cost of proposed new investments in community health centers.

The CBO concluded from a large body of research that new federal investment in community health centers would generate some offsetting savings, or efficiencies, from lower utilization of emergency departments, inpatient visits, and other high-cost services.

13 1. Alison Huffstetler, "Health Is Primary: Charting a Path to Equity and Sustainability," Primary Care Collaborative, October 1, 2023, https://thepcc.pub/2023-PPC-Evidence-Report.

14 "Rebalancing Medicare's Physician Fee Schedule...," MedPAC, June 2018, https://thepcc.pub/MedPAC-FS-2018.

15 "Physician Appointment Wait Times Getting Longer," AMN Healthcare, September 12, 2022, https://thepcc.pub/Wait-Times-AMN2022.

16 "Physician Burnout," AHRQ, accessed June 7, 2024, https://thepcc.pub/AHRQ-Physician-Burnout..

17 "Physician Burnout," AHRQ.

18 "Medicare Accountable Care Organizations: Past Performance and Future Directions," Congressional Budget Office, April 2024, https://thepcc.pub/CBO-ACO-2024.

The CBO's estimate is limited to federal health spending and doesn't include efficiencies that would also accrue to states and the private sector if more robust primary care was accessible in more communities.

Other research finds communities with relatively more primary care physicians have lower mortality rates and longer life expectancy.[19] Having more primary care physicians in a community was associated with reduced mortality from heart disease, cancer, and respiratory illnesses. Similar research suggests that Black patients live longer in communities with access to Black physicians.[20]

Yet roughly 30% of the U.S. population—much of it living in rural areas—live in communities falling below a minimum adequacy level as determined by the Health Resources and Services Administration (HRSA) of 1 primary care physician per 3,500 residents.[21]

New research suggests that when Medicare beneficiaries receive primary care that is more comprehensive and continuous, it makes Medicare more efficient overall. When beneficiaries in traditional Medicare had more primary care visits and those visits were with the same primary care clinician, they utilized hospitalization services less and their cost of care was lower.[22]

The effect was greater for beneficiaries with more complex conditions. Research also suggests low-value care is less likely to occur in health systems with a high proportion of primary care physicians.[23]

In a review of evidence from Medicare accountable care organizations (ACOs), CBO found the ACOs that included more primary care doctors delivering more primary care services were more likely to be the high performing ACOs and generate savings for Medicare while giving more regular care to beneficiaries.[24]

Recommendation: Invest More in Primary Care and Invest in Patient-based Payments

A key lever to drive better access, efficiency and health outcomes is to invest more in primary care through alternative payment models that support whole-person, team-based care.[25]

For example, ACO PC Flex — a new primary care model from the CMS Innovation Center — supports practices in ACOs participating in the Medicare Shared Savings Program (MSSP).

The ACO Flex framework invests in primary care through a hybrid model of up front, monthly per beneficiary payments and fee-for-service payments. Regular, monthly payments provide more certainty to support robust primary care teams and changes to workflows.[26]

The PC Flex model follows recommendations made in 2021 by the National Academies of Science, Engineering and Medicine (NASEM) to shift primary care payment to hybrid models.[27]

After more than a decade of federal pilot projects and similar[28] but less evaluated efforts by commercial payers, it is time to apply and scale what has been learned.

19 Sanjay Basu, "Association of US Primary Care... and Population Mortality," JAMA Internal Medicine, April 1, 2019, https://thepcc.pub/PC-and-Mortality-JAMA.

20 John E. Snyder, "Black Primary Care Physician Representation and US Population Life Expectancy," JAMA Network Open, April 14, 2023, https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2803898.

21 "State of the Primary Care Workforce 2023," National Center for Health Workforce, November 2023, https://thepcc.pub/PC-Workforce-HRSA-2023.

22 Dilara Sonmez, "Primary Care... Associated with Medicare Savings," JAMA Network Open, August 21, 2023, https://thepcc.pub/PC-Continuity-JAMA-23.

23 Ishani Ganguli, "Low-Value Care at the Actionable Level...," JAMA Internal Medicine, November 1, 2021, https://thepcc.pub/Low-Value-Care-JAMA-2021.

24 "Primary Care: More of It Bends the Cost Curve for Acos," Primary Care Collaborative, April 27, 2023, https://thepcc.pub/Cost-Curve-Webinar.

25 Corinne Lewis et al., "How Congress Can Strengthen Primary Care through Medicare Payment Reform," The Commonwealth Fund, March 27, 2023, https://thepcc.pub/PC-in-Medicare-CF-2023.

26 Ezekiel Emanuel, "Designing a Successful Primary Care Physician Capitation Model," JAMA, May 25, 2021, https://thepcc.pub/PCC-Capitation-JAMA-21.

27 "Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care," May 4, 2021, https://thepcc.pub/NASEM-PC-FS.

28 "APM Measurement Survey," Health Care Payment Learning & Action Networ, May 1, 2024, https://thepcc.pub/HCPLAN-APM-Report.

How We Invest Matters: Follow the Evidence and Experience of Primary Care in Payment Reform

Invest in primary care teams.

Primary care teams are challenged to deliver integrated, continuous care. But they are paid through a fee schedule that values care and services through discrete, activity-based fees, which encourages fragmented care and burden practices with administrative costs.[29]

Primary care investment should be made in payment models that move away from fee-for-service (FFS) because FFS fuels fragmented care and undermines whole-person care delivered by teams.

In 2024 testimony before the Senate Budget Committee, Amol Navathe, MD, who is also a MedPAC commissioner, noted that the current fee-for-service system is transactional rather than comprehensive, paying for activity rather than health.[30] He observed:

> *This (FFS) leads to an unsustainable model of clinicians churning through 30 to 40 visits per day to keep practice finances stable. The ever-increasing number of billing codes, including those for telehealth services and patient portal messaging, places tremendous administrative burden on practitioners.*

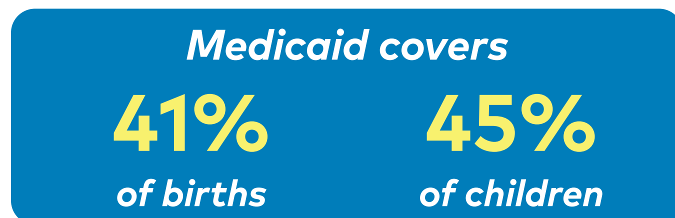
Dr. Navathe's recommendation is consistent with those made previously by MedPAC[31] and other experts.[32]

Medicaid and the private sector must get engaged to bring comprehensive care to all communities.

Medicaid also underinvests in primary care.

For example, Medicaid frequently pays less than Medicare pays for similar primary care services.[33] Medicaid covers 41% of all births[34] and together with CHIP covered over 45% of children at the end of 2023.[35]

It is the safety net for low-income pregnant people and accounts for more than 40% of the revenue of community health centers.[36] It is the largest payer of mental health and plays a large role in the reimbursement of substance use disorder services.[37]



While the populations served by Medicare and Medicaid are different, both populations benefit from comprehensive primary care.

As Medicare embarks on the ACO PC Flex model with features intended to advance health equity, accommodate safety net practices, and offer new upfront investments to primary care practices, states should consider aligning their primary care payment strategies with this approach.

29 Amol S Navathe, "Testimony of Amol S. Navathe, MD, PHD: Bolstering Chronic Care through Medicare Physician Payment," United States Senate Committee on Finance, April 11, 2024, https://thepcc.pub/Finance-Testimony-Navathe-Chronic-Care.

30 Amol S Navathe, "Testimony of Amol S. Navathe, MD, PHD: Achieving Health Efficiency through Primary Care," March 6, 2024, https://thepcc.pub/Navathe-Testimony-Budget-24.

31 "Per Beneficiary Payment for Primary Care," June 2014, https://thepcc.pub/MedPAC-PBPC.

32 Robert A. Berenson and Adele Shartzer, How can CMS improve the Medicare Physician Fee Schedule?, December 21, 2022, https://thepcc.pub/CMWF-Fee-Schedule-22.

33 "Medicaid-to-Medicare Fee Index," Kaiser Family Foundation, June 22, 2022, https://thepcc.pub/Medicare-Medicaid-Index-KFF.

34 Alice Burns Robin Rudowitz, "10 Things to Know about Medicaid," KFF, June 30, 2023, https://thepcc.pub/10-Things-Medicaid.

35 "February 2024 Medicaid & Chip Enrollment Data Highlights," May 31, 2024, https://thepcc.pub/Medicaid-Enrollment-Feb-2024.

36 Celli Horstman et al., "Community Health Centers Need Increased... Funding," September 25, 2023, https://thepcc.pub/CHC-Fed-Funding.

37 "Behavioral Health Services," Medicaid, accessed June 7, 2024, https://thepcc.pub/Medicaid-Behavioral-Health.

Some employers are also innovating,[38] such as with worksite-based, whole-person primary care clinics that use teams to offer convenient one-stop access to a range of services from prevention, chronic care support, counseling, nutrition, physical therapy, and pharmacy.[39]

Our nation's life expectancy is 4.7 years behind countries with similar economies. [40]

Other employers are partnering with community-based "direct primary care" practices that use a monthly subscription model to reduce reliance on fee-for-service and enable expanded access typically not paid for in fee schedules.[41]

Some employers are offering some primary care access through telehealth options, which may favor convenience over care continuity, while others are leading efforts at behavioral health integration with primary care.[42]

The decline in a usual source of care among lower income adults with employer coverage coincides with the rise in high-deductible health plans in employer-sponsored coverage.

The growth of high-deductible health plans in the employer-sponsored market, however, can create barriers to primary care,[43] particularly for low and moderate wage workers and those in poorer health.[44]

Trust in Health Care and Medicine is Eroding: Community-based Primary Care Can Rebuild It

Health systems with more primary care physicians are more cost-effective because they are more likely to deliver high-value services.[45] Value-based insurance designs should encourage selection of a regular source of primary care and minimize cost-sharing, reflecting primary care's high value.

Primary care practice ownership has changed dramatically, with practices increasingly owned by hospital systems, corporate entities or investor entities such as private equity or venture capital.[46] Some new primary care models, particularly those offered by some Medicare Advantage plans,[47] offer convenience and comprehensive care.

In other models, patients may be subject to facility or other surprise fees. Patients are suddenly left to find new primary care if their practice moves to a subscription-based "concierge" model. Others lose primary care when a corporate owner decides to close clinics. These ownership trends may contribute to declining rates of trust in institutions and professions while also contributing to clinician dissatisfaction.

Policies that strengthen primary care and primary care relationships are likely to strengthen health and trust in the health care system and improve professional satisfaction for primary care clinicians. It will take leadership across multiple stakeholders and sectors to pivot resources to primary care.

The time to act is now; we are long past due for a health system centered on the health and wellbeing of persons and communities.

38 "Why Employers Have Primary Care on Their Mind," Catalyst for Payment Reform, March 20, 2020, https://thepcc.pub/Employer-Payment-Reform-2020.

39 2021 Worksite Clinics Survey Report, National Assocation of Worksite Health Clinics, May 2021, https://thepcc.pub/2021-Worksite-Clinics.

40 Shameek Rakshit et al., "How Does U.S. Life Expectancy Compare to Other Countries?," Peterson-KFF Health System Tracker, Kaiser Family Foundation, January 30, 2024, https://thepcc.pub/KFF-Life-Expectancy.

41 Amy R Mechley, "Direct Primary Care: A Successful Financial Model... ," American Journal of Lifestyle Medicine, April 15, 2021, https://thepcc.pub/Direct-PC-AJLM.

42 "Advanced Primary Care," Purchaser Business Group on Health, April 9, 2024, https://thepcc.pub/PGBH-Advanced-Primary-Care.

43 Charlotte Rastas et al., "Association Between High Deductible Health Plans...," Journal of General Internal Medicine, June 2022, https://thepcc.pub/High-Deducible-Rx-Adherence.

44 "With High-Deductible Employer Health Plans, Who Wins?," Knowledge at Wharton, June 17, 2019, https://thepcc.pub/High-Deductible-Pros-Cons.

45 Ishani Ganguli, "Low-Value Care at the Actionable Level of Individual Health Systems," JAMA Internal Medicine.

46 Reed Abelson, "Corporate Giants Buy Up Primary Care Practices at Rapid Pace," The New York Times, May 8, 2023, https://thepcc.pub/PC-Consolidation-NYT.

47 "Value-Based Care Benefits Patients and Physicians, New Report Shows," Humana, November 15, 2023, https://thepcc.pub/VBC-Patients-and-Docs.