Integrated Healthcare ASSOCIATION

Understanding primary care spend in California Commercial Market

Lance Lang, MD FAAFP

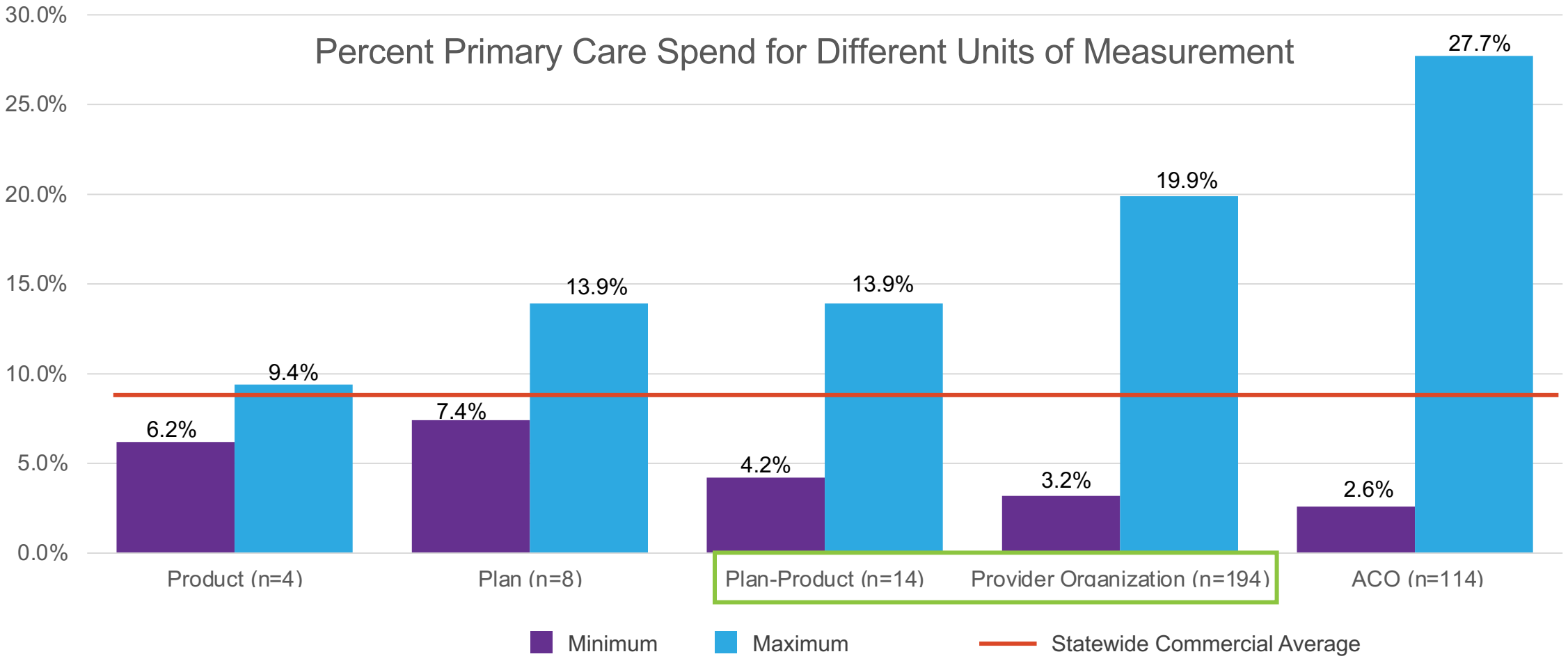
California Primary Care Spend Methodology

- Integrated Health Care Association Atlas: claims and some clinical data for 15 million Commercial lives in 2018
- Narrow list of specialties: IM, FP, GP, Peds, NPs and PAs
  - Anchored in IOM definition of primary care: “the provision of integrated accessible health care services by clinicians who are accountable for addressing the large majority of personal health care needs, developing a sustained partnership with patients, and practicing in the context of family and community.”
  - Include adolescent, adult, and geriatric health sub-specialties
  - Include hospice & palliative care sub-specialties, limited to home health and hospital procedure codes
- Comprehensive procedure types…including all services provided by the above specialties
- Total cost of care denominator includes all medical and pharmacy costs including member cost share
- Object was to see if CA had variation comparable to that documented elsewhere both at plan level and within capitated physician organizations with correlation to outcomes

IHA

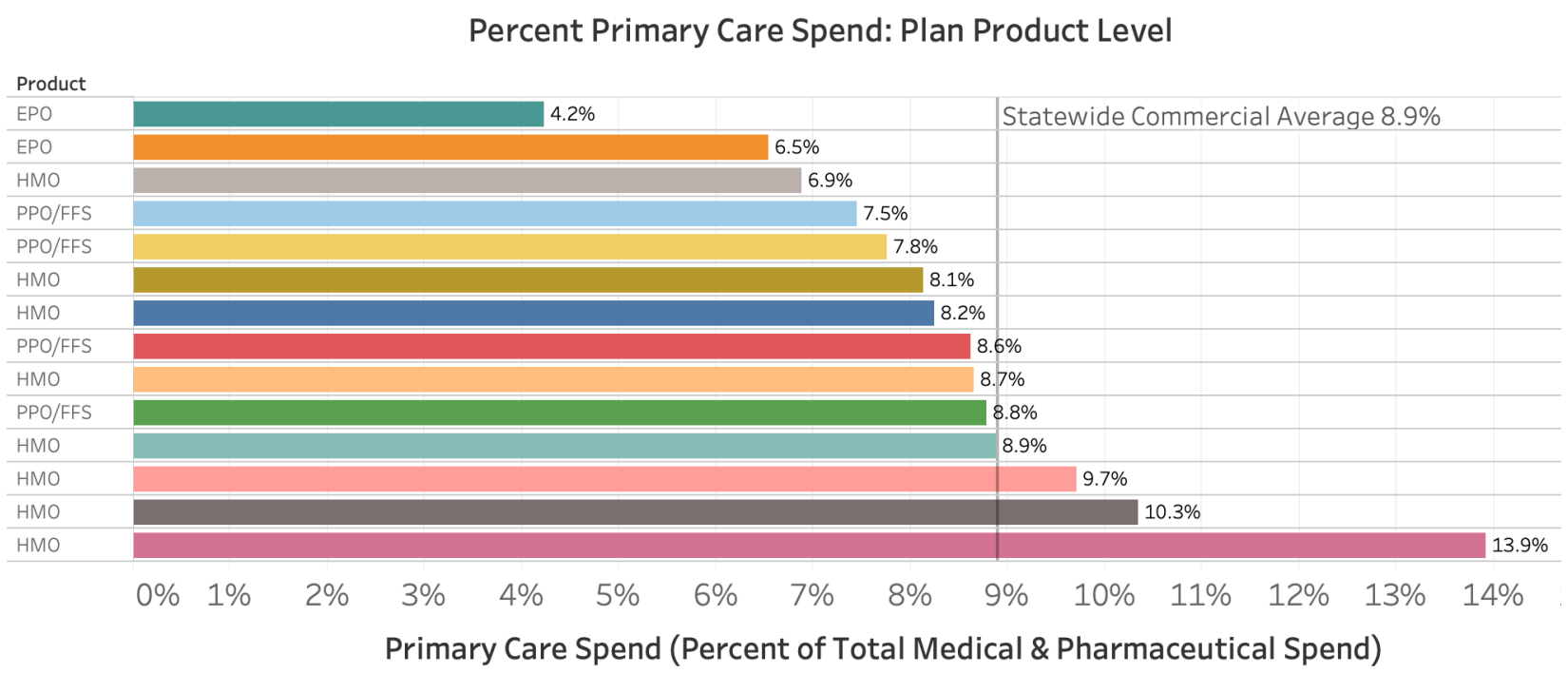
Primary Care Spend – variation results

Amount of variation increases as size of unit of measurement decreases



* Plan-product is a combination of a particular plan and a particular product, e.g., Anthem EPO, Anthem HMO, Anthem PPO

Primary Care Spend – plan-product results

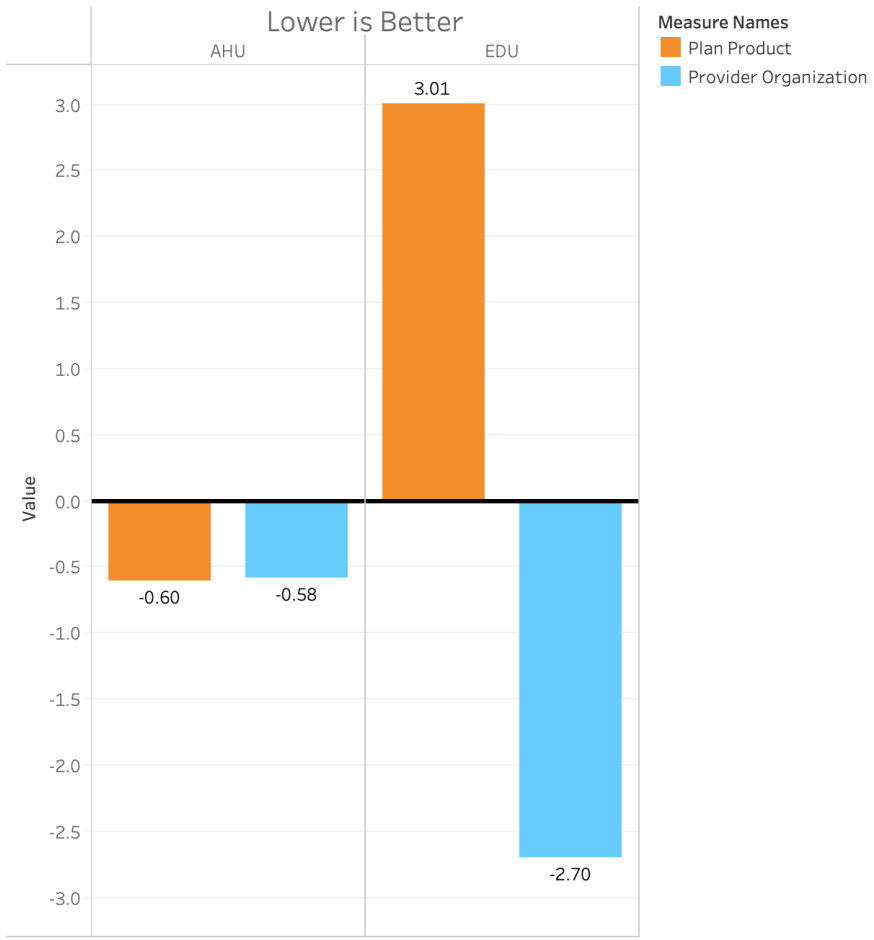


- On average, 8.9% of Commercial total medical and pharmaceutical spend went towards primary care
- At the plan-product* level Primary Care Spend ranges from 4.2 to 13.9%
  - 3 lowest: 2 EPO and 1 HMO plan-product
  - 3 highest: 3 HMO plan-products

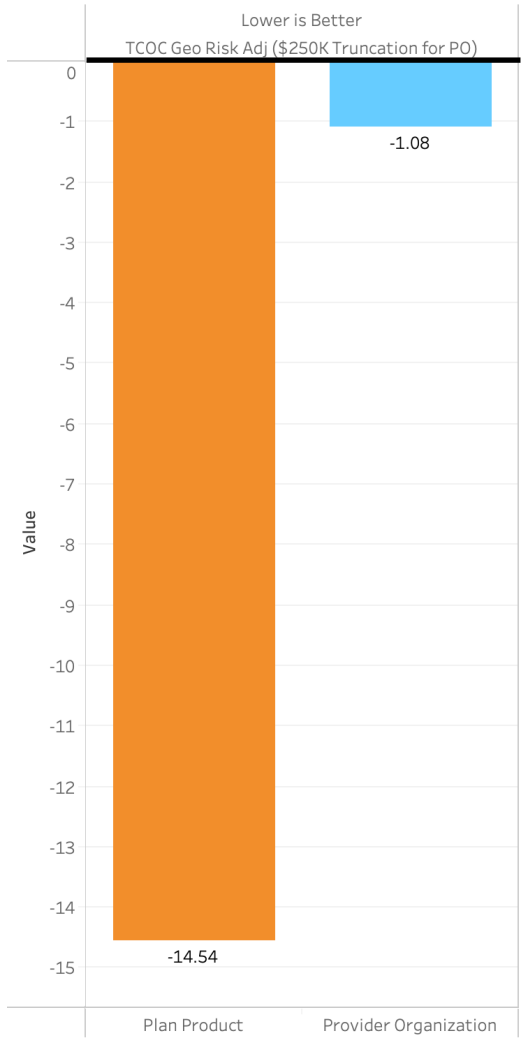
* Plan-product is a combination of a particular plan and a particular product, e.g., Anthem EPO, Anthem HMO, Anthem PPO

Higher Primary Care Spend is associated with lower utilization & cost

Hospital Utilization: Change Per 1000 Member Years with a One Percent Increase in Primary Care Spend



Change in PMPM Total Cost with a One Percent Increase in Primary Care Spend

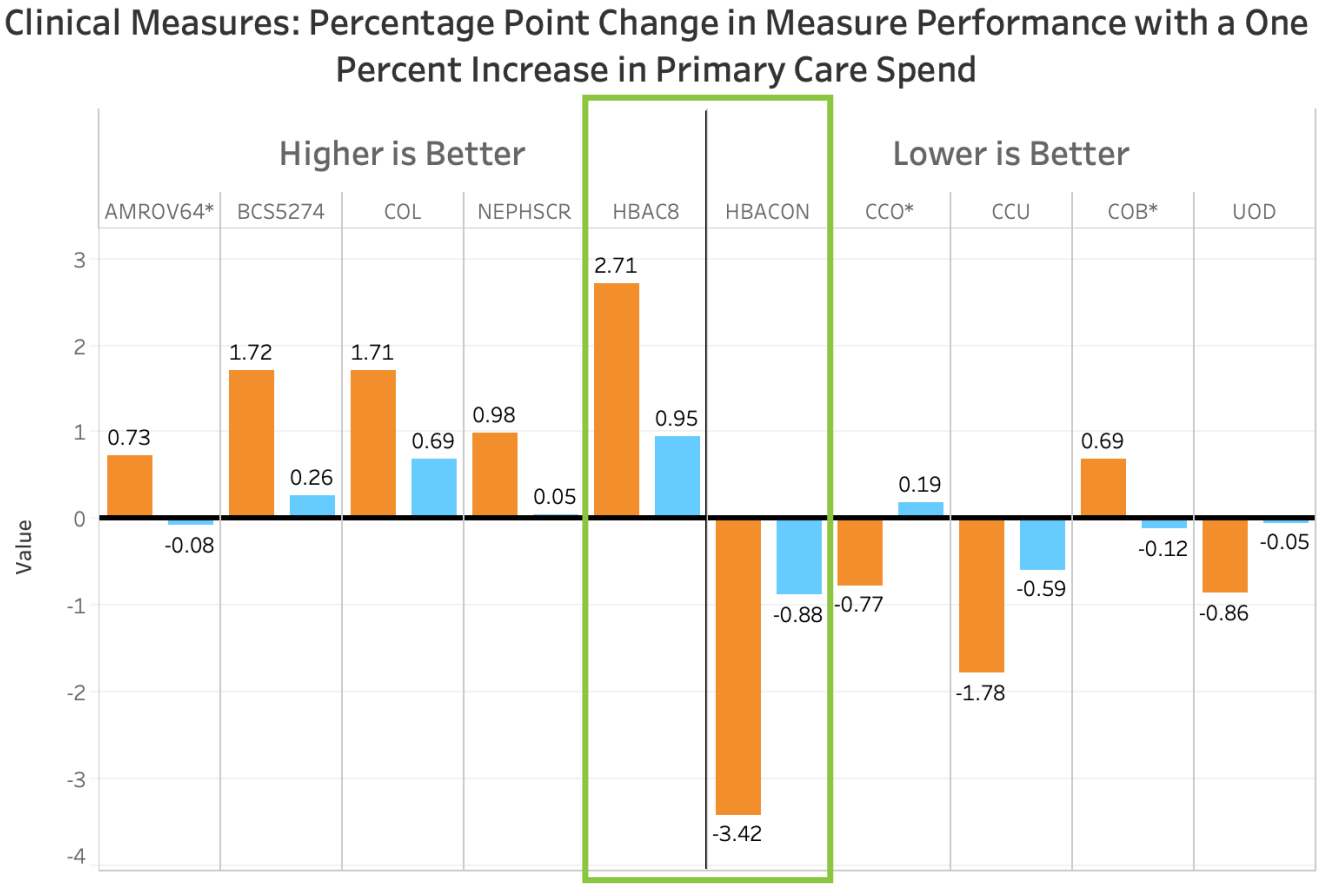


One percentage point increase in Primary Care Spend is associated with:

- lower acute hospital discharges for plan-product and provider organization levels
- lower geography and risk adjusted total cost at plan-product and provider organization levels
- inconsistent association with ED utilization at different levels

Higher Primary Care Spend is associated with better clinical quality

- The greatest associations are seen in the diabetes blood sugar control measures for plan-product, where 1 percentage point increase in Primary Care Spend is associated with:
  - 2.7 percentage point higher HbA1c good control
  - 3.4 percentage point lower HbA1c poor control
- Overall, a 1 percentage point increase in Primary Care Spend is associated with better performance in 9 of 10 clinical quality measures at plan-product level and 8 out of 10 at provider organization level
- For capitated provider groups, improvement tailed off above 8%



Values represent the slope of a linear regression line at the plan-product and HMO provider organization levels. Across all obersvations within each level, a one percentage point increase in primary care spending is associated with observed percentage point changes above. The larger the slope value, either positive or negative, the larger the observed change in a measure's performance with a one percentage point increase in primary care spend.

* Indicates that the direction of the slope of the linear regression does NOT have the +/- direction across the plan-product and provider organization level.

* Plan-product is a combination of a particular plan and a particular product, e.g., Anthem EPO, Anthem HMO, Anthem PPO

Most important limitations of this initial iteration

- Inconsistent inclusion of rendering provider field for claims from multi-specialty groups
- Used claims/encounter volume and PPO average allowed charges to calculate payment under capitation
  - Need far better data re budget allocation under capitation
  - May account for apparent lack of better outcomes above 8% since PCPs in capitated systems did better

IHA