



## The Care for Californians Initiative

### Protecting Access to Primary Care during the Pandemic and Beyond

Primary care professionals are on the front lines of the COVID-19 pandemic, triaging, testing, treating, and educating patients. However, patients across California have been forgoing essential care for chronic disease management, preventive services and mental health care. This has resulted in concerns about patient health as well as the financial instability of primary care practices. In addition to the direct human suffering caused by COVID-19, the pandemic has laid bare the fragility of our primary care health system. Primary care is particularly vulnerable given its relatively low compensation, and the fact that most independent primary care physicians do not have the financial reserves to weather the current crisis. Direct support for primary care providers is critically needed to protect a vital part of front-line care, build economic resilience, protect against future spikes in health care costs, and prevent failures in care delivery.

Without significant support, our already insufficient primary care infrastructure will erode, leading to patient access issues in the near term, and market consolidation and higher costs for years to come. Primary care physicians are seeing revenue drop by as much 80 percent. In the absence of assistance, many primary care physicians may retire, close their practice, or be acquired by large for-profit organizations. Such consolidation often leads to higher prices without any improvements in quality.

Our broad coalition of patients, employers and primary care physicians support **The Care for Californians Initiative**, which compels health plans and insurers to be part of the solution by requiring them to pay primary care providers emergency prospective payments for 2020 and 2021. The Care for Californians Initiative is not only an immediate lifeline for primary care, it would establish a stakeholder workgroup led by California's Secretary of Health and Human Services to implement payment models that align all payers, foster resilience, and support primary care as a central element of the movement toward value-based patient-centered care.

#### **Require Temporary Payment Reform for Primary Care**

Health plans are spending less on patient care yet continue to collect premiums. As a result, Moody's and other investor services predict health insurers will remain profitable over the next few years. California's success at "flattening the curve" has also helped prevent a huge spike in COVID-19 costs. However, the pandemic is not over; nor are Californians need for disease management, immunizations, and other primary care services. This proposal provides an emergency solution that centers on meeting public health needs, building financial resilience in primary care, and keeping health plans fiscally sound as they continue to face uncertainty. The Care for Californians Initiative would allow primary care providers to receive a combination of emergency prospective payments and fee-for-service billing during 2020 and 2021, with the emergency payments decreasing in 2021. Virtual, telehealth video/telephonic visit payment would be paid equal to in-person visits through 2021 and be part of any long-term payment reform discussions. Specifically:

For 2020, for non-capitated provider contracts, health plans would be required to pay their contracted primary care providers a monthly emergency prospective payment, retroactive to March 2020 that is the greater of either:

- 1) Seventy percent of their monthly average based on the total fee-for-service payments per member paid in 2019.
- 2) Seventy percent of the average capitation payment to a primary care physician with similar attributed patients.

For 2021, to the extent health plans have not converted their primary care provider contracts to capitated payment, they would be required to pay contracted primary care providers a monthly emergency prospective payment that is the greater of either:

- 1) Fifty percent of their monthly average based on the total fee-for-service payments per member paid in 2019.
- 2) Fifty percent of an average capitation payment to a primary care physician with similar attributed patients.

The 2020 costs to health plans for implementing this program would be about 3.5 to 4.7 percent of the enrollee premiums they collect. In 2021, the decrease in the monthly emergency prospective payment from 2020 is based on the expectation that practices will adjust to the pandemic, and both expand their use of telehealth and of appropriate in-person services paid for on a fee-for-service basis.

A reconciliation process would be established to ensure that the emergency prospective payments are fair. The reconciliation process would use 2019 payments as the baseline, taking into account a change in the number and acuity of patients and adjusting for changes to the practice (e.g., addition of providers, types of services provided).

### **Require State-Led, Long-Term Payment Reform for Primary Care**

While the short-term prospective payment intervention would provide an immediate lifeline for primary care practices, California must also move toward fundamental primary care payment reform that pays primary care physicians for quality rather than just volume.

We are urging that by December 2020, the Secretary of Health and Human Services will convene a working group of relevant stakeholders – including primary care practitioners, health plans, consumer advocates, public and private purchasers – to develop a payment model coupled with performance-based incentive payments that hold physicians appropriately accountable for quality and costs. By May 2021, the working group would make industry-wide recommendations and regulatory/legislative proposals that may be needed beyond 2021, ideally, aligning commercial payers, Medicare, and Medicaid in the payment model and performance measures, and supporting effective integration of whole person care and behavioral health.

These actions will help California move toward a more stable primary care foundation, help provide better care, decrease cost, and increase access to care.

For additional information, contact Bill Kramer ([wkramer@pbgh.org](mailto:wkramer@pbgh.org)) at the Pacific Business Group on Health, Janus Norman ([JNorman@cmadocs.org](mailto:JNorman@cmadocs.org)) at the California Medical Association, or Adam Francis ([afrancis@familydocs.org](mailto:afrancis@familydocs.org)) at the California Academy of Family Physicians.