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## California Advanced Primary Care Initiative

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Memorandum of Understanding Among  
California Payers in Support of Multi-payer Partnership



## Background

California has been a national leader in scaling primary care transformation through collaboration and support of value-based payment. Stakeholders including public and private purchasers, health plans, provider organizations and patients have worked together to align and coordinate across a shared delivery system.

This history of multi-stakeholder alignment has resulted in efforts to develop a statewide performance accountability infrastructure and incentive program through the Integrated Healthcare Association (IHA) and the scaling of technical assistance to delivery systems and care teams provided by the California Quality Collaborative (CQC), a program of the Purchaser Business Group on Health (PBGH). These two organizations serve as neutral conveners and facilitators to advance partnership in measurement and improvement.

CQC and IHA implemented a statewide technical assistance program, funded through the Centers for Medicare and Medicaid Services' Transforming Clinical Practice Initiative (TCPI) from 2016 through 2019. California's TCPI networks demonstrated the impact of data-driven technical assistance to improve health outcomes through primary care, generated significant savings through reduced hospital utilization<sup>1</sup> and seeded collective efforts to identify and reward high-performing primary care practices providing Advanced Primary Care.<sup>2</sup>

<sup>1</sup> California Quality Collaborative. "Lessons in Scaling Transformation: Impact of California Quality Collaborative's Practice Transformation Initiative." 2019. <https://www.pbgh.org/wp-content/uploads/2020/12/lessonsinscaling.pdf>

<sup>2</sup> Purchaser Business Group on Health. "Journey to Advanced Primary Care." 2021. <https://www.pbgh.org/wp-content/uploads/2021/09/Journey-to-Advanced-Primary-Care.pdf>

In addition, CQC and IHA have worked with system partners since 2019 to develop shared standards of Advanced Primary Care, including common definitions of primary care practice attributes, a performance measure set, practice attribution methodology and a value-based hybrid payment model. The 'Building Consensus on Advanced Primary Care Standards in California' timeline provides an overview of the process to date that has culminated in the collaborative payer initiative to align goals and implementation efforts for scaling Advanced Primary Care across health plans and delegated provider organizations in California's delivery system.

Stakeholders in California have identified the following recommendations for scaling Advanced Primary Care:

- **Payment and Investment:** Increase investment in primary care and revenue to providers through a common value-based primary care payment model that provides sufficient support for the adoption and maintenance of Advanced Primary Care Attributes, including the ability to assess and address patients' behavioral health and social needs.
- **Access to Primary Care Provider and Team:** Ensure all patients have access to a continuous relationship with a primary care provider and team that demonstrates equitable and integrated Advanced Primary Care.
- **Data Collection and Exchange:** Expand data collection, exchange and aggregation, as well as stratification based on race, ethnicity and language (REaL) data, for care delivery and value-based payments.
- **Shared Technical Assistance:** Support transformation with shared resources for targeted technical assistance for quality improvement and the transition of business operations for value-based payment models.

## BUILDING CONSENSUS ON ADVANCED PRIMARY CARE STANDARDS IN CALIFORNIA

### 2019:

- Call for shared standards, CQC Steering Committee defines [Advanced Primary Care Attributes](#)

### 2020–21:

- Covered CA, RAND and California Health Care Foundation (CHCF) partner with IHA on assessment of [primary care spending](#) that correlates greater investment with higher performance on health outcomes and lower total spending

### 2021:

- [Advanced Primary Care Measure Set](#) is endorsed by the CQC Steering Committee and IHA Program Governance Committee, and adopted by Blue Shield of CA
- Large purchasers, through PBGH, adopt Advanced Primary Care attributes and measure set in a [Common Purchasing Agreement](#)
- Recommendations for delivery system alignment developed through CQC workgroup

### 2021–22:

- Four CA purchasers and CHCF partner with CQC and IHA to pilot the Advanced Primary Care Measure Set statewide for 2022 and develop supporting practice identification and attribution methodology
- Development of collaborative value-based primary care payment model via IHA

### 2022:

- Development of multi-payer commitments (MOU) for primary care alignment and a collaborative process through 2025

# Purpose and Scope

The purpose of this Memorandum of Understanding (MOU) among California payers, including health plans and delegated provider organizations (the “Payers”), is to outline a multi-payer initiative – known as the California Advanced Primary Care Initiative – that strengthens the primary care delivery system by enabling practices to transform to a high-performing, value-based care model.

Payers participating in this initiative believe that while there are many paths towards a better health care system, all successful paths are based on a foundation of strong and advanced primary care. Recognizing that the impact of any one payer alone is limited, the payers in this initiative have collaboratively committed to coordinate with CQC, IHA (the “Conveners”) and Payers to transform the way in which primary care is delivered and financially supported.

The participating Payers also share the following beliefs:

- Strengthening primary care is a significant lever in addressing equity.
- Increased investment in primary care is correlated with improved health outcomes.<sup>3</sup>
- The objective of re-allocating resources toward primary care is to strengthen primary care’s ability to deliver on its potential for better health outcomes and reduced overall health care costs.
- Behavioral health is part of primary care, and integration is crucial.
- Payers can participate in collaborative efforts while maintaining competition that drives value (e.g. patient experience, benefits).

- ACOs can co-exist with “hybrid” payment models.
- Independent practices should be supported; they amplify access and choice in the health system and are vital to serving diverse and under-resourced communities.

Through 2025, the California Advanced Primary Care Initiative will regularly convene Payers in a collaborative dialogue to align, coordinate and evaluate implementation progress and the impact of value-based payment models, primary care investment and practice transformation. Payers will use good faith efforts to contract with primary care providers and practices in value-based arrangements, and practices will be held accountable for meeting transformation and performance metrics.

Thus, to achieve this vision of Advanced Primary Care in California, the Payers and Conveners enter into this MOU committing to build upon the previously defined shared standards of Advanced Primary Care and partner in the development and implementation of a California Roadmap for Advanced Primary Care (Roadmap). The Roadmap will detail activities to achieve the commitments set forth in the MOU.

This MOU supports graduated implementation to work toward a critical mass of patients impacted by these changes; 2023 will be focused on planning and infrastructure development for anticipated implementation beginning in 2024. Payers will initiate or build upon existing programs that increasingly align as much as possible on goals and activities. Recognizing the resources needed to implement business model changes, a minimum of three years is the anticipated horizon for demonstrating a return on investment through system-wide cost savings. All work transpiring will comply with existing regulations, coordinate with and obtain agreement from employer-funded products when impacted, and will not increase overall health care costs.

This MOU serves to memorialize respective commitments of the Conveners and Payers in a public, transparent fashion. This MOU is non-binding, but each participating Payer is committed to this multi-payer initiative and will make earnest efforts to implement it.

<sup>3</sup> Bailit Health, Integrated Healthcare Association. “Investing in Primary Care: Why it Matters for Californians with Commercial Coverage.” 2022. <https://www.chcf.org/wp-content/uploads/2022/04/InvestingPrimaryCareWhyItMattersCommercialCoverage.pdf>

# Commitments for Scaling Advanced Primary Care



## 1. TRANSPARENCY:

Payers will participate in primary care related measurement and public reporting, using standard definitions, specifications and incremental steps toward transparency. Payers will initially review and approve their own results prior to sharing results among participants and then the public. Results will not be shared without plan prior approval.

### a. Investment<sup>4</sup>:

- i Report primary care spend as a percentage of total health care spend (inclusive of non-claims primary care related payments when available), measured at the health plan, health plan-product and provider organization levels. Payers will support IHA in calculating and reporting on their behalf using data currently being reported to IHA, with the intention to figure out how to collect and incorporate non-claims payments, as well as expand to other product and business lines, such as Medi-Cal.

1. Each Payer would have the chance to review data and ask for clarifications to ensure that all elements of primary care spend are included for accurate representation before external sharing, within the group or the public.
2. Publication would not occur until all Payers have reviewed their data and agreed. Reports may not involve all products at the same time.

### b. Payment<sup>5</sup>:

- i. Report number and percent of contracted primary care providers paid using the Health Care Payment Learning and Action Network Alternative Payment Model (HCP LAN APM) categories and associated subcategories, measured at the health plan and provider organization levels<sup>5</sup> once a mechanism has been established.
- ii. Report percent of spend within each HCP LAN APM category and associated subcategories, measured at the health plan and provider organization levels once a mechanism has been established.
- iii. Explore a centralized, standardized process for collecting and reporting this information to comply with purchaser and regulatory requirements.

### c. Performance<sup>6</sup>:

- i. Report performance on the Advanced Primary Care Measure Set at the practice level. Payers will support IHA in calculating and reporting on their behalf using data currently being reported to IHA and will provide IHA with any additional data as needed for attribution and aggregation, pending payer ability to collect the data. The 2022 pilot of the Advanced Primary Care Measure Set will be evaluated to inform measure set adjustments needed for continued measurement and reporting.

<sup>4</sup> These specifications are included in Covered California and the California Department of Health Care Services (DHCS) requirements.

<sup>5</sup> Health Care Payment Learning and Action Network. "Alternative Payment Model Framework." 2017. Page 3. <http://hcp-lan.org/workproducts/apm-refresh-whitepaper-final.pdf>

<sup>6</sup> These specifications are included in Covered California, CalPERS and other purchasers' requirements.

## Commitments for Scaling Advanced Primary Care (continued)



### 2. PRIMARY CARE PAYMENT:

To enable practices to provide Advanced Primary Care sustainably and at scale, Payers will work toward implementing the following within their various contracts for primary care and taking incremental steps toward increasing alignment with the standard payment model methodology.

- a. Move toward adoption of the standard Advanced Primary Care Measure Set for use in current primary care performance-based incentive payments<sup>7</sup>. Sole adoption of the common set developed through consensus is ideal to drive alignment and reduce reporting burden for practices and remains an aspirational goal.
  - i. Develop a decision-making process and structure will be developed for stakeholders to collectively maintain and evolve the Advanced Primary Care Measure Set.
  - ii. Explore a common program to administer measurement and reporting to support incentive payments based on the Advanced Primary Care Measure Set.
- b. As recommended in the 2021 NASEM report on primary care<sup>8</sup>, expand the use of the three-part value-based payment (VBP) framework for applicable products regulated by the California Department of Managed Health Care (DMHC): 1) hybrid payment (capitation + fee-for-service, FFS) for direct services, 2) population health management per member per month (PMPM) payment or provision of services in lieu of payment (by provider organizations, ACOs and/or sub-contractors) and 3) significant performance-based payment based on the Advanced Primary Care Measure Set, rewarding both attainment and improvement.
  - i. Health plans and provider organizations both contract directly with practices, and health plans should encourage provider organizations to adopt the same model in order to cascade and maximize the growth of this payment model to support Advanced Primary Care.
- c. Encourage and facilitate patient selection of a primary care provider (PCP)/usual source of care, and if the enrollee does not actively choose one or opt out, match enrollee with a PCP within a specified time threshold of enrollment to support advanced payment model effectiveness.
- d. Continue dialogue to explore:
  - i. Future goals for progressively expanding the percent of primary care providers paid through the HCP LAN APM Category 4: Population-Based Payment.
  - ii. Development and adoption of a common PCP matching algorithm.
  - iii. Alignment within the standard payment model on capitation levels and codes, population health management payment amount and full performance-based payment methodology.
  - iv. Implications for different sites of care (e.g. virtual).
- e. Offer value-based payment models to practices that are designed to promote health equity, as well as to mitigate adverse impacts on patient and provider populations experiencing health inequities by ensuring:
  - i. Prospective payments are sufficient to cover the cost of infrastructure changes to support health equity (e.g., traditional health workers, changes to IT systems to track equity) and adjusted for social risk.
  - ii. New upside or downside risks will not exacerbate existing inequities.

<sup>7</sup> The California APC Measure Set will be revised in 2023 for Measurement Year 2024, based on feasibility results of the pilot conducted for MY 2022.

<sup>8</sup> National Academies of Sciences, Engineering, and Medicine. "Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care." 2021. Page 7. <https://doi.org/10.17226/25983>

## Commitments for Scaling Advanced Primary Care (continued)



### 3. PRIMARY CARE INVESTMENT:

Payers will work toward increasing their overall investment in primary care across all business and product lines, as demonstrated by the commitment to a Payer collaborative process to set a primary care investment quantitative goal. This collaboratively set goal would involve working toward a target percentage of total trended spend on primary care, with incremental relative improvement until the goal is achieved. To facilitate this investment Payers will work toward rebalancing payment across primary care providers and practices.



### 4. PRACTICE TRANSFORMATION DRIVEN BY INCREASED INVESTMENT:

Payers will continue collaborative dialogue to explore shared opportunities across all business and product lines to:

- a. Adopt clinical models and business processes that support primary care practices in integrating screening, diagnosis and treatment of mild-to-moderate behavioral health needs per the scope of primary care.
  - i. Plans will support integration by updating primary care contracts to enable flexibility in delivery of behavioral health services.
  - ii. Payers will define standards for behavioral health-related privacy, consent and data sharing through a collaborative process, similar to the development of the Advanced Primary Care shared standards.
- b. Expand data collection, exchange and aggregation, as well as stratification based on race, ethnicity and language (REaL) data, for care delivery and value-based payments.
- c. Support shared, targeted technical assistance for quality improvement and the transition of business operations for value-based payment models.

# Payer Organizations Voluntarily Committing to the California Advanced Primary Care Initiative

We, the undersigned, commit to making a good-faith effort to scaling Advanced Primary Care in California, in accordance with the beliefs and goals defined collaboratively by the committees of CQC and IHA as set forth in this document. As signatories to this voluntary and nonbinding MOU, we agree to commit to and, where applicable, align work to achieve the goals for multi-payer alignment. We agree CQC and IHA should convene the signatories of this voluntary MOU at least annually through 2025 to revisit this compact and assess progress to ensure effectiveness in enabling Advanced Primary Care through value-based payment in California. We invite and welcome other organizations to sign onto this MOU and join this initiative as we proceed. This MOU shall remain in effect until December 31, 2025.

## HEALTH PLANS

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## PROVIDER ORGANIZATIONS

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# Appendix

The information in this appendix represents more detail on the Transparency and Payment sections above.

## FIGURE 1: TRANSPARENCY GLIDE PATH

This applies to all business and product lines.

### Initial Areas of Alignment (2022-2023) Commercial/Medicare Advantage

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IHA measure Primary Care Spending annually by health plan, health plan-product and PO

- Private reporting only for Measurement Year (MY) 2019-2022
- Use data in product lines already submitted to IHA by plans, with appropriate permissions

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IHA measure APC Measure Set at practice level, aggregated across contracted plans and POs, starting with MY 2022

- Use data already submitted to IHA
- Pilot in 2023 for MY 2022; make adjustments and continue
- IHA share summarized results with plans and participating purchasers for pilot



### Further Areas of Alignment (2024 and beyond)

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Unblinded reporting of Primary Care Spending starting with MY 2023

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Start using aggregated APC Measure Set results for performance-based payments starting with MY 2024.

Expand to include non-claims payments as well as other product and business lines, such as Medi-Cal.

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Report percent of providers/payment according to each HCP LAN category

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# Appendix

**FIGURE 2: ADVANCED PRIMARY CARE MEASURE SET**

These measures are included in the 2022 pilot of the APC Measure Set for practice-level performance. The results of the pilot will be used to analyze feasibility and applicability of the measures to inform future revisions to the measure set for proposed use in incentive programs beginning Measurement Year 2024.

Quality Domain	Measure	NQF ID	Population	Payer Alignment (California)			
				Commercial <sup>9</sup>	Medi-Cal <sup>10</sup>	Medicare <sup>11</sup>	DMHC <sup>12</sup>
Health Outcomes & Prevention	Asthma Medication Ratio	1800	Pediatric/Adult	●	●		●
	Childhood Immunization Status (Combo 10)*	0038	Pediatric	●	●		●
	Colorectal Cancer Screening*	0034	Adult	●	●	●	●
	Controlling High Blood Pressure*	0018	Adult	●	●	●	●
	Diabetes HbA1c Poor Control (>9%)*	0059	Adult	●	●	●	●
	Immunizations for Adolescents	1407	Pediatric	●	●		●
Patient Reported Outcomes	Depression Screening and Follow-Up for Adolescents and Adults (DSF)		Pediatric/Adult	●	●	●	●
	Depression Remission or Response for Adolescents and Adults (DRR-E)**		Pediatric/Adult		●		
Patient Safety	Concurrent use of Opioids and Benzodiazepines was removed due to stakeholder feedback. A replacement will be chosen in 2023 during updates post testing.						●
Patient Experience	Patient Experience (CG-CAHPS)	0005	Pediatric/Adult	●		●	●
High Value Care	Emergency Department Visits	-	Pediatric/Adult	●	●		
	Inpatient/Acute Hospital Utilization	-	Pediatric/Adult	●		●	
	Total Cost of Care	1604	Pediatric/Adult	●		●	

\* The National Committee for Quality Assurance (NCQA) and Covered California are requiring these measures to be reported stratified by race and ethnicity starting in 2022.

\*\* A phased approach will be used for organizations not currently able to report.

<sup>9</sup> [Integrated Healthcare Association, Align, Measure, Perform, Commercial HMO \(Measurement Year 2022\)](#)

<sup>10</sup> [California Department of Health Care Services, Medi-Cal Managed Care Accountability Set \(Measurement Year 2022\)](#)

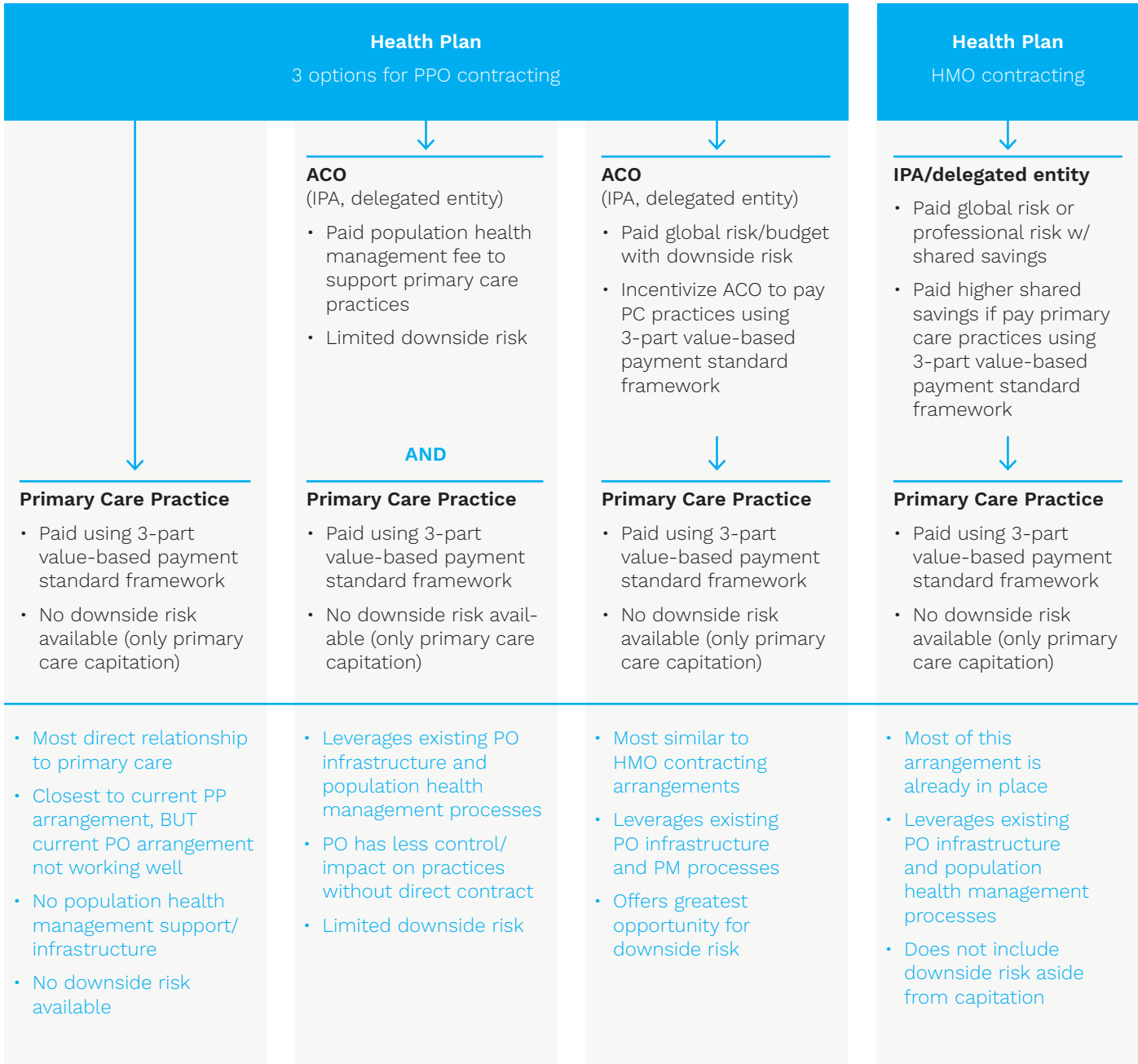
<sup>11</sup> [Centers for Medicare & Medicaid Services, Primary Care First, Payment and Attribution Methodologies PY 2022 \(pages 51-68\)](#)

<sup>12</sup> [Department of Managed Health Care Quality and Equity Measure set \(Measurement year 2023\)](#)

# Appendix

**FIGURE 3: PAYMENT MODEL CONTRACTING PATHS**

CQC and IHA outline below multiple paths for which payers can apply the payment model listed in section 2 of the MOU Commitments.



# Appendix

## FIGURE 4: PAYMENT GLIDE PATH

### Initial Areas of Alignment (2022-2024)

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Adopt APC measure set for existing performance incentives for primary care practices, starting MY 2024 (Sole adoption is ideal and an aspirational goal.)

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Offer patient selection of PCP and match to one if not selected, by year end 2024

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Expand the use of the 3-part value-based payment framework for applicable products regulated by DMHC: 1) hybrid payment (capitation + FFS) for direct services, 2) population health management PMPM payment, 3) performance-based payment based on APC Measure Set.

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### Further Areas for Alignment (2025)

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Adopt performance incentive standard methodology and benchmarks to reward both attainment and improvement

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Adopt common PCP matching and attribution algorithm

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Align with the standard payment model on capitation levels and codes, population health management payment amount and full performance-based payment methodology

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