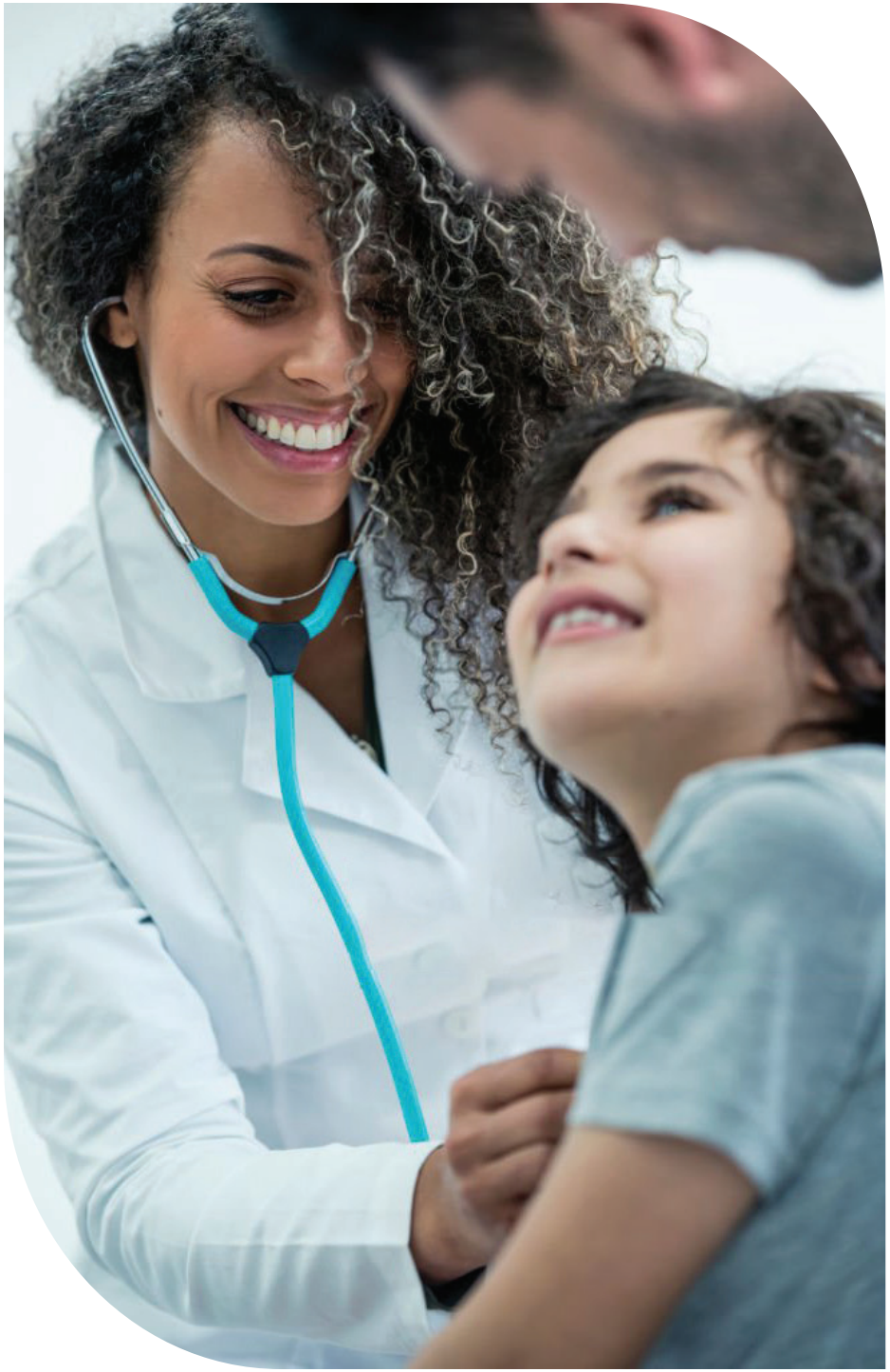


2023 End-of-Year Report

California Advanced Primary Care Initiative

DECEMBER, 2023

PBGH California Quality Collaborative

Integrated Healthcare Association

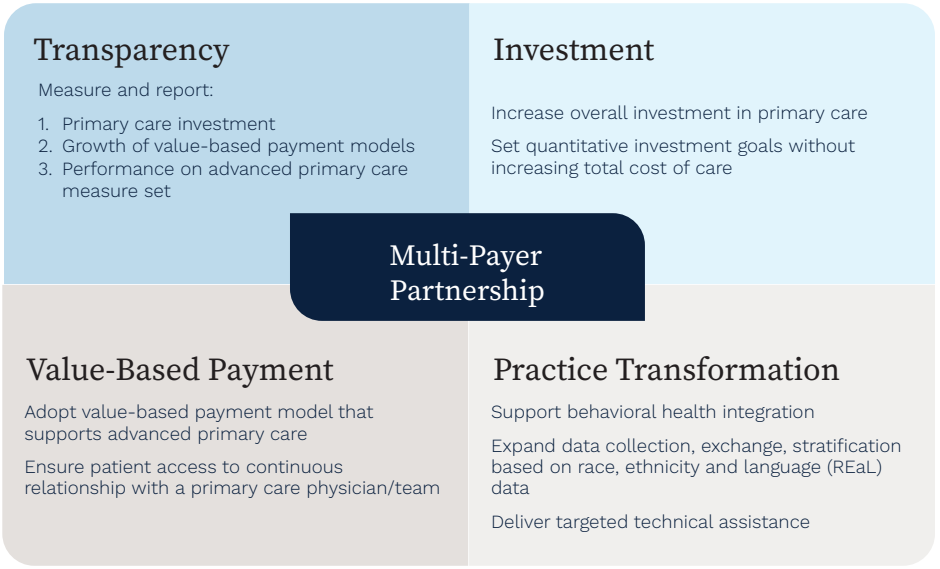
Background: What is the California Advanced Primary Care Initiative?

In 2023, the California Advanced Primary Care Initiative made significant progress toward strengthening primary care in the state. Through a collaborative effort, Aetna, Aledade, Anthem Blue Cross, Blue Shield of California, Health Net, Oscar, UnitedHealthcare, the Purchaser Business Group on Health's California Quality Collaborative (CQC) and the Integrated Healthcare Association (IHA) have:

- Developed a common value-based primary care model that provides prospective and performance payments, increasing total potential payment by 30%.
- Designed a demonstration project that will pilot the payment model in 30 practices with technical assistance support and a common reporting platform. The goal is to align payers to a common payment model to amplify the impact for each practice, resulting in improved patient outcomes.
- Progressed the ability to track, measure and define Advanced Primary Care through the execution of a measurement pilot, revision of an Advanced Primary Care measure set and completing an analysis showing percent of primary care spend.

Convened by CQC and IHA, the California Advanced Primary Care Initiative is an effort comprised of a group of California-based health care payers — predominantly health plans — who have voluntarily partnered to support providers in strengthening primary care delivery. In 2023, the collective membership of the participating payers was slightly under five million Californians in the commercial market. The group shares a common definition for advanced primary care based on attributes and measures that was collaboratively developed by care providers, health plans and other health system partners. The group is primarily focused on transforming the payment structure for primary care practices and shifting toward a common value-based payment model that emphasizes increased investment in primary care and health outcomes. Due to the range of payers that practices contract with, implementing payment changes collectively has the potential to yield greater positive impact compared to individual plan-driven efforts.

Figure 1: Commitments of Payers in the California Advanced Primary Care Initiative (2022-2025)



Why Focus on Primary Care?

Primary care is the only element of health care where an increased supply is associated with better population health and more equitable outcomes.[i] In the United States, adults who regularly see a primary care physician have 33% lower health care costs and 19% lower odds of dying prematurely than those who see only a specialist.[ii]

Despite these statistics, the power of primary care is hampered by chronic underfunding in the U.S., taking in approximately 4-7% of health care dollars on average while accounting for 55% of visits. Furthermore, over 65% of California physicians are solo, small or medium-sized providers who feel this the most and tend to have less technology and minimal integration with other functions of care.[iii] The payers in the initiative recognize this and want to lend support where it is most needed.

Over the course of 2023, payers in the California Advanced Primary Care Initiative have met as a group for 32 hours virtually and five days in person to align on strengthening primary care. Each payer has met for approximately three hours individually with CQC and IHA. Additionally, a physician work group has met for six hours to provide input that supports the California Advanced Primary Care Initiative's work.

[i] National Academies of Sciences, Engineering, and Medicine. 2021. Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care. Washington, DC: The National Academies Press. https://doi.org/10.17226/25983
ii "Primary care physicians and specialists as personal physicians. Health care expenditures and mortality experience", PubMed, 1998, https://pubmed.ncbi.nlm.nih.gov/9722797/
iii "California's Physician Landscape: A Rapidly Changing Market with Limited Data", California Healthcare Foundation (CHCF), California's Physician Practice Landscape: A Rapidly Changing Market with Limited Data (chcf.org)

California Advanced Primary Care Initiative | 2023 Milestones

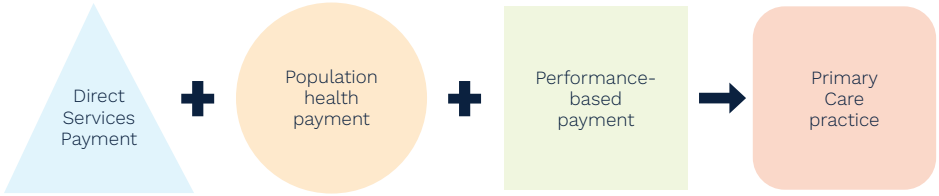
Completed Design of a Common Value-Based Payment Model

The initiative has designed a payment model with the goal of increasing pay for primary care practices and doing so differently, in a manner that invests in primary care in California and promotes value-based care. The payment model includes three elements of payment to participating practices. Together, these elements are intended to increase revenue to practices, support patient relationships and care coordination and improve provider satisfaction. More detail can be found in our Common Value-Based Payment Model Guide for Primary Care Physicians and Payers coming soon.

Payment Model Elements

1. Element 1: Direct Services Payment
    a. Fee for service (if "Fee for Service Plus" version of the payment model)
    b. Capitation (if "Hybrid" version of the payment model)
2. Element 2: Population Health Management Payment
3. Element 3: Performance Incentive Payment

Figure 2: Payment Model Elements



Payment Model Element	Hybrid	FFS Plus	Details
Capitation	X		• Two levels exist (Basic, Intermediate) • Includes clinical and social risk adjustment
Fee for Service	X	X	• For key preventive services, specific types of visits, certain drugs, common procedures and surgeries, radiology, pathology, etc.
Population Health Payment	X	X	• Paid prospectively each month to improve process, support transformation, and better manage the patient panel • Includes clinical and social risk adjustment
Performance-based Payment	X	X	Incentive payments for performance on individual Advanced Primary Care measures in the common set. Two ways to earn: • Payment for meaningful improvement (10% relative) if original score is between the national 25th to 66th percentile benchmark, OR • Payment for attainment of scores above the 66th percentile (higher) Payment is higher for improvement or attainment on equity sensitive measures.

Developed a Payment Model Demonstration Project

From July 1, 2024 to December 31, 2025, Aetna, Anthem Blue Cross, Blue Shield of California and Health Net will test the common value-based payment model in up to 30 independent primary care practices in the Southern California and Central Valley regions. Due to the range of payers that practices contract with, implementing payment changes collectively has the potential to yield greater positive impact compared to individual plan-driven efforts. Goals of the demonstration project are as follows:

- Test the payment model.
- Build advanced primary care capabilities within participating practices through payment and direct technical assistance, enabling care team success in value-based payment models.
- Improve outcomes for people served by the participating practices.

Aetna, Anthem Blue Cross, Blue Shield of California and Health Net have jointly agreed to a common valued-based payment model that provides flexibility in how prospective payments are invested, rewards improvement and high performance and increases total payment. To make the case for scaling the payment model throughout the state, these health plans are jointly conducting a demonstration project with practices that contract for commercial PPO with at least one of the plans, and ideally multiple plans, that account for a significant portion of the practice's panel. This will enable business and clinical transformation across the whole practice.

By coordinating this demonstration project among shared practices and aggregating resources and technical assistance to practices in one collective approach, the project can demonstrate that collective impact is greater than individual efforts and needed change can be accelerated.

Figure 3: 2023 Payment Model Demonstration Project Pre-Activities Completed

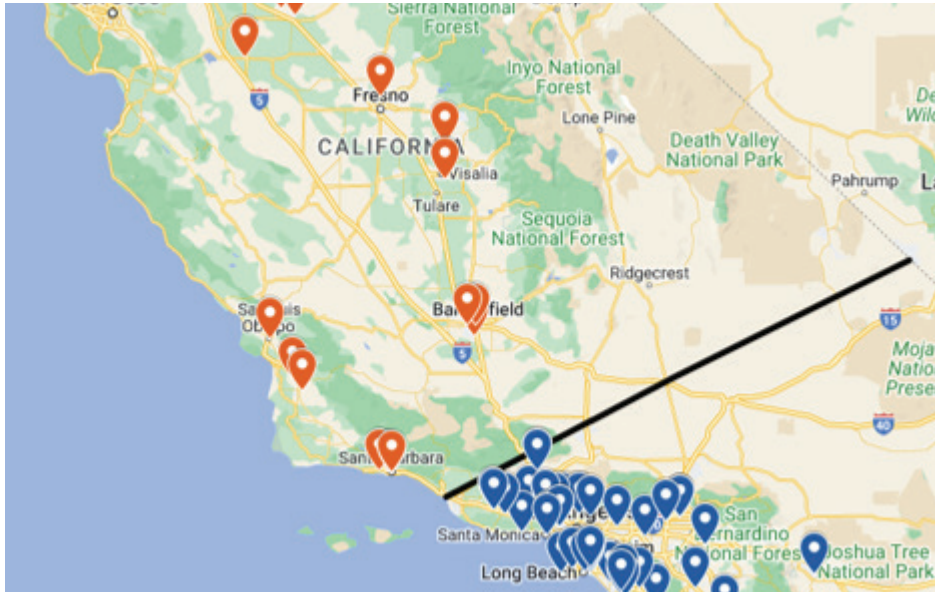
Activity	Details
Agreed on measurement and reporting requirements	• Completed RFP and agreed on common reporting platform
Agreed on a shared technical assistance model	• Individual tailored coaching, designed for easy practice participation
Built common contract language (for each payment model type)	• To minimize the difference in requirements for the practice
Built comprehensive evaluation plan	• Quantitative (e.g. ROI, measure improvement) • Qualitative data (e.g. practice and health plan experience)
Built outreach list with practices common across health plans	• Focused in Southern California and Central Valley

Figure 4: Challenges and Solutions from Combining Health Plan Network Data

"Multi-Plan" Practice outreach list challenges	Solutions
• High patient numbers are needed to prove out the business case and enable individual evaluation with adult and pediatric measures and overall group evaluation	• Set a floor threshold of attributed adult and pediatric patients for each plan and a threshold for total across plans (iterated on threshold scenarios)
• Different identifiers posed challenges • Plans use Tax ID Number (TIN) for contracting, which IHA did not have • Each TIN may be associated with multiple National Provider Identifiers (NPIs), which did not align across plans. • NPIs are often affiliated with multiple locations	• Collect TINs from plans based on plan NPI overlap lists • Map members to practice first and then assign to primary care provider • Focus on practices that have a small number of locations, because (in most cases) each location needs to be recruited independently
• Plans had challenges with estimating patient attribution	• IHA provided attribution results for purposes of practice list development
• Plans wanted to avoid overlap of practices in existing VBP programs to have pure results	• Plans did many rounds of list filtering

Figure 5: Payment Model Practice Outreach Map

Potential practices to be recruited for the payment model demonstration project based on contracting overlap and a sufficient number of adult and/or pediatric patients attributed across all plans are represented in the map below. The total number of California patient lives represented in this outreach list across all plans participating in the payment model demonstration project is approximately 95,000.



Advanced Primary Care Measurement

The Advanced Primary Care Measure Set is purposely small and outcomes-focused, contains adult and pediatric measures and avoids redundancy. Where possible, it aligns with existing large-scale measure sets to prevent increasing the reporting burden on providers and includes subdomains designed to emphasize key areas of measurement within primary care delivery. The primary goal is to establish a common measure set that can be used for value-based payment and improvement efforts at the practice level to identify performance variation and accelerate the adoption of advanced primary care. The initiative accomplished two milestones in 2023 to improve measurement through this measure set.

Completed an Advanced Primary Care Measurement Pilot

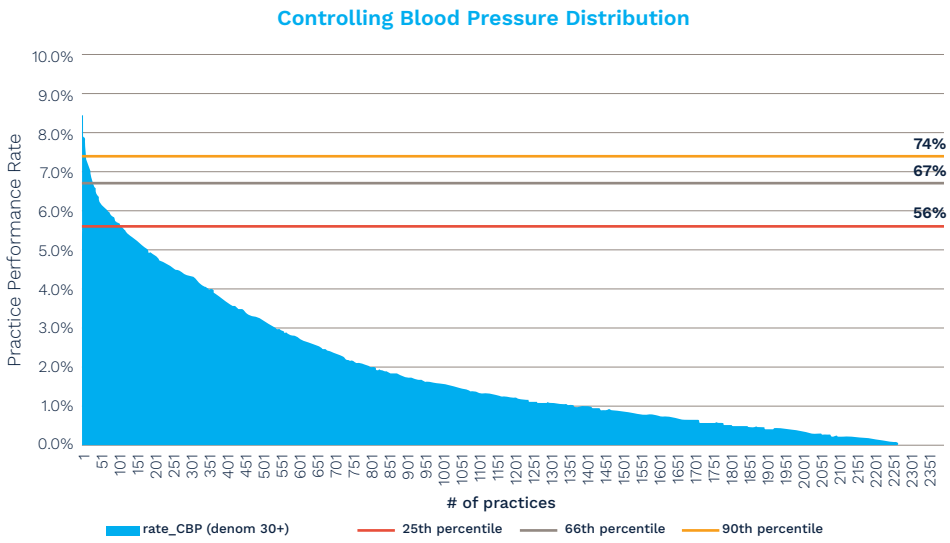
In 2021, CQC and IHA — in collaboration with purchasers and health plans — initiated the process to test the effectiveness of the Advanced Primary Care Measure Set through a pilot program conducted at the practice level in California. The pilot leveraged IHA's comprehensive dataset as it encompasses statewide claims and eligibility data for a substantial portion of health plans and provider organizations, covering both commercial and Medicare Advantage business lines, as well as some Medi-Cal participation. In 2023, the initiative completed the pilot analysis and results discussion, determining proposed system action steps.

Why Test the Measure Set in this Way?

To effectively leverage the Advanced Primary Care Measure Set for improvement, providers require comprehensive views of their activity across patient panels. This capability is currently hindered as providers, contracting with multiple payers, must log in to various systems to assess performance. Payers and purchasers also need this insight to shape strategy and allocate resources effectively. The absence of a unified view stems from providers having to navigate disparate systems, exacerbating the challenge of assembling a complete performance overview. This administrative burden, coupled with inconsistent measures and reporting requirements from payers, not only complicates the process for providers but also undermines patient outcomes.

Below is an example graph of results for performance on the Controlling Blood Pressure measure across practices in California based on IHA's data and an innovative practice-level algorithm developed by stakeholders:

Figure 6: Example Advanced Primary Care Measurement Pilot Distribution Graph (Controlling Blood Pressure)



Average Rate	Range	# of practices above 25th percentile	# of practices above 66th percentile	# of practices above 90th percentile
19%	0–87%	106	27	8

More detail and full results can be found in our issue brief, Measuring Primary Care in California: Pilot Results and the Path Forward and in our webinar on the same topic.

Testing the measure set with IHA data at the practice level yielded the following takeaways:

Actions to Improve Data Collection and Performance

The Advanced Primary Care Measurement Pilot represents a large enough sample of California claims data to reveal several necessary improvements to the California health care delivery system:

1. Expansion of clinical data exchange capability: Better infrastructure for clinical data reporting at the point of care will enable providers to represent their true performance, both for their own improvement tracking and for increased visibility across the system for decision making. Part of improving infrastructure involves payers and purchasers acknowledging the daily lived experience of care teams managing many platforms, reporting streams and sets of requirements — and helping align to alleviate that administrative burden.

2. Comprehensive views of performance at the point of care across payers, products and populations: Interoperability of systems, standard data specifications and alignment of formats and initiatives across multiple payers, state agencies, purchasers and improvement organizations will facilitate this type of comprehensive performance reporting. Larger populations for measure assessment and improvement tracking will also support stratification across demographic variables and uncover disparities for reduction.

3. Performance improvement: From the available data, no practice scored above the 66th national percentile on half or more of the measures. Though it is clear that data is missing, in particular for controlling high blood pressure, depression screening and childhood immunizations, there is enough of a performance sample to see there is significant opportunity for improvement.

4. Support for the delivery system: The daily reality for physicians and their teams, particularly those working in small practices without the ability to negotiate higher rates, can be both challenging and chaotic. In California, more than 65% of practicing physicians operate at solo, small or medium-sized practices. To navigate these challenges successfully and foster sustained improvement and job satisfaction, physicians in such practices require additional resources. These include shared tools, technical assistance and team support to facilitate the adoption of new processes and systems necessary for practice transformation.

Established Advanced Primary Care Measure Set Annual Revision Process

In 2023, the initiative designed a process for annual review of the measure set to ensure alignment with the most relevant measures, adaptability to the system's reporting capabilities and timely consideration of innovative measures that best represent advanced primary care in the evolving health care landscape. Results from the Advanced Primary Care Measurement Pilot also feed into decision making on revisions to the set. The process consists of agreement on proposed changes, if any, by the initiative's payers in September, review by IHA's technical committee, then approval by CQC's Steering Committee in November. This process will also serve as a mechanism to identify new measures to monitor for potential inclusion at a later date. Below is the new measure set approved by the CQC Steering Committee in November 2023.

Figure 7: Advanced Primary Care Measure Set

Quality Domain	Measure	NQF ID	Population	Industry Alignment			
				Commercial[1]	Medi-Cal[2]	CMS[3]	DMHC[4]
HealthOutcomes & Prevention	Asthma Medication Ratio (AMR)	1800	Pediatric/Adult	●	●	●	●
	Breast Cancer Screening (BCS-E)	2372	Adult	●	●	●	●
	Childhood Immunization Status Combo 10 (CIS)*	0038	Pediatric	●	●	●	●
	Colorectal Cancer Screening (CCS)*	0034	Adult	●	●	●	●
	Controlling High Blood Pressure (CBP)*	0018	Adult	●	●	●	●
	Glycemic Status Assessment (GSD) HbA1c Poor Control (>9%)*	0059	Adult	●	●	●	
	Glycemic Status Assessment (GSD) HbA1c (<8%)*	0575	Adult	●			●
	Immunizations for Adolescents (Combo 2) (IMA)	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	New measure to be added post testing in 2025						
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	●			

* Priority measures for stratification across race, ethnicity and other variables by Covered California and/or the National Committee for Quality Assurance (NCQA). GSD HbA1c (>9%) and (<8%) are both included in 2024 to support payer tracking needs.

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

1. Integrated Healthcare Association. Align. Measure. Perform. Commercial HMO (Measurement Year 2024)
2. California Department of Health Care Services. Medi Cal Managed Care Accountability Set (Measurement Year 2024)
3. Center for Medicare and Medicaid Universal Foundation Measure Set (2023)
4. DMHC Health Equity and Quality Measure Set (2023)

Below is the rationale for the changes made to the Advanced Primary Care measure set for 2024 (measurement year 2023).

Figure 8: Changes to Advanced Primary Care Measure Set for 2024

	Measure	Acronym	Rational
Remove	Concurrent Use of Opioids and Benzodiazepines	COB	Appropriate under certain circumstances which are hard to carve out
Add	Breast Cancer Screening	BCS	Disparities sensitive women's health measure
	Diabetes HbA1c Control <8%	HBD	This measure is tied to health plan financial implications in the Covered California QTI contract, until a benchmark for poor control exists
Test	Pharmacotherapy for Opioid Use Disorder	POD	Could replace COB as a patient safety measure
	Well-Child Visits in the First 30 Months of Life	W30	CIS had small number challenges; this could be another way of measuring pediatric performance
	Child and Adolescent Well-Care Visits	WCV	
	Prenatal and Postpartum Care	PPC	Disparities sensitive women's health measure

Conducted Measurement and Analysis of Primary Care Spending

In 2023, the initiative completed an analysis for MY 2019-2021 on primary care spending for health plans and provider organizations. Measures of primary care spending percentages as well as primary care dollars per member per month were calculated. These two measures of primary care spending were highly correlated, meaning that organizations that spend a higher percentage of total cost on primary care also generally pay more dollars per member per month for primary care.

In an initial study by IHA based on 2018 data, there were compelling results indicating that provider organizations that spent a higher percent of total cost on primary care demonstrated the desired outcomes of higher quality, better patient experience, lower emergency department and inpatient hospital utilization and lower total cost of care. The associations at the health plan product level were not as clear, likely due to the small sample size (i.e., 14 health plan products compared to 180 provider organizations).

For the 2019-2021 results, associations were made once again between more primary care spending and better outcomes for provider organizations — especially for clinical quality, patient experience and emergency department utilization — with some variation in the strength of the associations. Few associations were made at the health plan product level.

The results have been impacted by extenuating circumstances over the last few years. Assessing the resurgence of clear and compelling associations post-pandemic will be both intriguing and important.

Below are the average commercial primary care spending percentages for adults and children. The rates are two-and-a-half to three times higher for children than for adults. The rates for both children and adults remained steady for 2019 and 2020, then increased in 2021.

Figure 9: Average Primary Care (PC) Spend for Adults in California

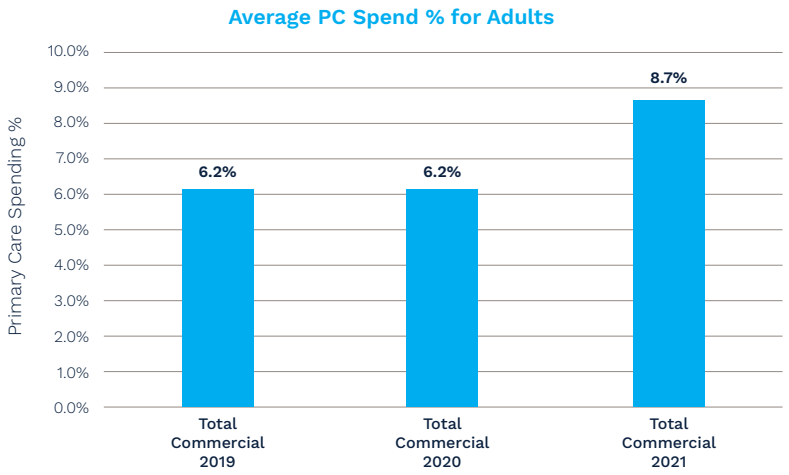
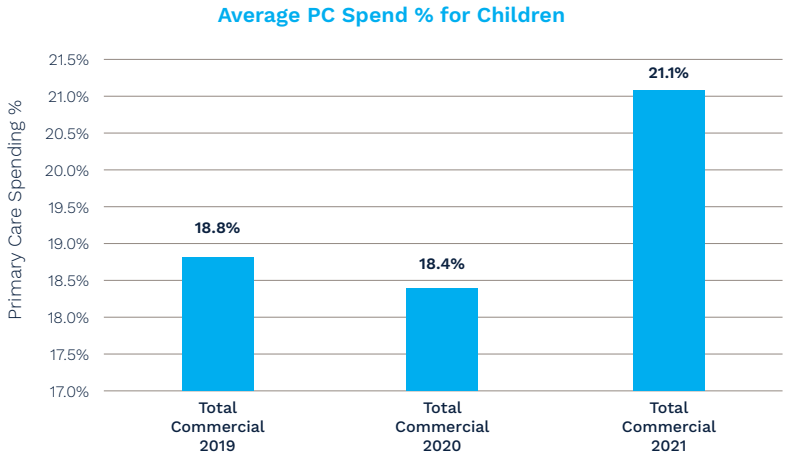


Figure 10: Average Primary Care (PC) Spend for Children in California



Below are the primary care spending percentages for adults by commercial product. Preferred Provider Organization (PPO) and Exclusive Provider Organization (EPO) rates are similar and lower than rates for Health Maintenance Organization (HMO), especially for 2021.

Figure 11: Average Adult Primary Care Spend by Commercial Product

	HMO	PPO	EPO
2019	6.4%	5.8%	5.8%
2020	6.3%	6.1%	6.1%
2021	10.1%	6.2%	6.3%

Identified Ways to Promote Health Equity

Equity was a focus for all of the initiative's 2023 projects, including bringing in expert feedback from a focus group to ensure equity was being incorporated in a meaningful way. A summary of this work is below:

Figure 12: Equity Promotion and Learnings in 2023 California Advanced Primary Care Initiative Work

Payment Model: Include clinical and social risk adjustment (pay more for vulnerable patient mix). Custom centralized versions were developed. Utilized CA Healthy Places Index for social risk.
Payment Model: Pay incentives for improvement as well as attainment to help low performers get better.
Payment Model: Build a higher payout in the incentive portion of the payment model toward equity sensitive measures, for both improvement and attainment.
Payment Model Demonstration Project: Technical assistance in the payment model demonstration project will focus on practices improving data collection on patient experience and on collecting better demographic data.
Payment Model Demonstration Project: No practice pre-screening requirements will be needed for practices who want to join the payment model demonstration project.
Advanced Primary Care Measurement Pilot: An advanced primary care recognition that was developed for practices based on measure set results (though not yet used in 2023) gave equity-sensitive measure scores higher importance by assessing them as a separate pool.

Full detail on how health equity expertise was incorporated into the building of the common value-based payment model can be found in our issue brief Recommendations to Advance Equity Through Payment Models.

Established 2024 California Advanced Primary Care Initiative Roadmap

The 2024 high-level work plan for the initiative is below.

Figure 13: 2024 California Advanced Primary Care Initiative Work Plan

Work Stream	Q1	Q2	Q3	Q4
Payment Model Demonstration Project Recruitment/ Technical Assistance	Practice recruitment Common reporting platform setup	Practices sign contracts and begin onboarding Common reporting platform testing and training	Payment model demonstration project launch Practice coaching and virtual learning Common reporting platform launch and ongoing reporting and monitoring Baseline evaluation completed	Practice coaching and virtual learning
Plan Convenings	2 Virtual 1 In-person	1 Virtual 1 In-person	1 Virtual 1 In-person	2 Virtual
Transparency	Analysis of primary care spend and Advanced Primary Care measurement results (2023 data)		Primary care spend results delivered Advanced Primary Care Measure Set results (2023) evaluated	
External & Communications	2023 California Advanced Primary Care Initiative report Payment model demonstration project public communications begin (through 7/1) Issue Brief: Recommendations to Advance Equity Through Payment Models Potential Issue Brief: Clarifying Employee Retirement Income Security Act (ERISA) Impact on Value Based Payment and Recommendations	Ongoing communications for payment model demonstration project		Public webinar on California Advanced Primary Care Initiative activities

The California Advanced Primary Care Initiative is poised to make significant, innovative steps toward strengthening primary care for Californians in 2024.

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pbgh.org/cqc

About the Purchaser Business Group on Health (PBGH)

Purchaser Business Group on Health (PBGH) is a nonprofit coalition representing nearly 40 private employers and public entities across the U.S. that collectively spend $350 billion annually purchasing health care services for more than 21 million Americans and their families. PBGH has a 30-year track record of incubating new, disruptive operational programs in partnership with large employers and other health care purchasers. Our initiatives are designed to test innovative methods and scale successful approaches that lower health care costs and increase quality across the U.S.

About the California Quality Collaborative (CQC)

California Quality Collaborative (CQC), a program of PBGH, is health care improvement program dedicated to helping care teams gain the expertise, infrastructure and tools they need to advance care quality, be patient-centered, improve efficiency and thrive in today's rapidly changing environment.

The program is dedicated to advancing the quality and efficiency of the health care delivery system across all payers, and its multiple initiatives bring together providers, health plans, the state and purchasers to align goals and take action to improve the value of
health care for Californians.

About the Integrated Healthcare Association (IHA)

At Integrated Healthcare Association (IHA), we bring the health care community together to solve industry-wide challenges that stand in the way of high-value, equitable care. As a non-profit industry association, we use objective data, our decades of expertise, and our unique role as a trusted facilitator to make the health care system work better for everyone. We provide insights that help the health care system continuously improve. We build new tools that simplify how the industry works together. And we provide a forum for cross-industry leaders—through our board and our programs—to have honest conversations that guide the future of health care. Because we envision a future where people get the best possible care at an affordable price. Where providers can focus on delivering care, health plans can focus on serving their customers, and purchasers feel confident they're getting value for their money. A future where the health care system works.