



Primary Care Workgroup

TARGET CONSIDERATIONS

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Consideration 1

Voluntary Target or Required Increase



Most states seeking to increase primary care investment begin with a target. Over time, some require payors to spend a defined percentage of total medical expense on primary care.

VOLUNTARY TARGET

Advantages:

- ▶ Engages stakeholders in a collaborative process and inspires shared commitment
- ▶ Less likely to hasten overall cost growth because payors can adjust the pace of increased primary care spending

Drawbacks:

- ▶ May result in slower progress in reaching primary care spending goals

REQUIRED INVESTMENT

Advantages:

- ▶ More likely to result in achieving primary care spending goals

Drawbacks:

- ▶ More likely to increase costs

Consideration 2

Single Target or Target for Each Payer Type



Another consideration is whether to provide a single target for all payor types (such as commercial, Medicaid) to work toward or whether to have different targets for each payer type.

SINGLE TARGET

Advantages:

- ▶ Easier to communicate

Drawbacks:

- ▶ May not recognize differences across populations

TARGET FOR EACH PAYER TYPE

Advantages:

- ▶ Recognizes differences in populations and covered services across payer types

Drawbacks:

- ▶ May be confusing to stakeholders
- ▶ May raise questions regarding the methodology and fairness of different targets

Consideration 3



Absolute Improvement, Relative Improvement, or Both

Some states put forward a goal for absolute improvement or a specific defined level of primary care investment. Other states put forward a goal for relative improvement or incremental increases in primary care investment.

ABSOLUTE IMPROVEMENT

Advantages:

- ▶ Sets a vision for the future

Drawbacks:

- ▶ Rarely met as quickly as hoped
- ▶ Less guidance on how to operationalize (how much spending should increase each year)

RELATIVE IMPROVEMENT

Advantages:

- ▶ Acknowledges that care delivery transformation takes time
- ▶ More predictable increases in revenue

Drawbacks:

- ▶ May feel less inspiring than a single number

Combining them allows all to succeed at a reasonable pace and defines an eventual ceiling

Consideration 4



Percent of Total Cost of Care or Per Member, Per Month Amount

Most states set goals for primary care investment and define the goal as a percent of total medical expense. Behind the scenes, its helpful to understand what the percentage translates to as a per member, per month amount.

PERCENT TOTAL MEDICAL EXPENSE

Advantages:

- ▶ Consistent with other state and national approaches
- ▶ Tries to communicate that increased spending on primary care should reallocate rather than increase total spending

Drawbacks:

- ▶ Does not recognize differences in total cost of care across states

PER MEMBER, PER MONTH AMOUNT

Advantages:

- ▶ Easier to reflect the cost of achieving primary care delivery goals, sustainably, and efficiently
- ▶ More consistent with how payers typically measure health care costs

Drawbacks:

- ▶ May not resonate with stakeholder audiences unfamiliar with per member, per month calculations

Q & A

