

May 27, 2020

The Honorable Toni Atkins
President Pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker
California State Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Holly Mitchell
Chair, Committee on Budget and Fiscal Review
California State Senate
State Capitol, Room 5050
Sacramento, CA 95814

The Honorable Phil Ting
Chair, Committee on Budget
California State Assembly
State Capitol, Room 6026
Sacramento, CA 95814

Re: Support the Care for Californians Initiative

Dear Leaders of the California Legislature:

Primary care professionals serve on the front lines of health care. For many of us, they are the first point of contact with the health care system. They have been integral to combating COVID-19: triaging, testing, treating, and educating patients. Primary care providers are critical to ensuring children receive the preventive and developmental care they need. They provide critical services, from reproductive health care, to care for seniors, children, and those with special needs. Preventive care such as well-child visits and vaccine are vitally important for childhood development as well as community public health. They play a crucial role in reducing health care disparities. When not fighting COVID, they have been using telemedicine to treat patients with depression, detecting early signs of cancer and chronic disease, and doing their best to keep their practices afloat as other patients forgo essential chronic disease management and preventive health services.

In addition to the direct human suffering caused by COVID-19, the pandemic has laid bare the fragility of our primary care health system. Years of relatively low compensation combined with an 80 percent drop in revenue means many independent primary care practices have already closed. 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. In the absence of assistance, many more 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.

In areas of the country where there are more primary care providers per person, death rates for cancer, heart disease, and stroke are lower and people are less likely to require hospitalization. We risk all of our health if we do not act now to ensure access to primary care remains strong throughout this pandemic and beyond.

Our coalition of patients, health insurance purchasers, and health care professionals urge you to enact the Care for Californians Initiative.

The Initiative requires the State to take three crucial actions:

- 1) Provide immediate payment reform and support for a portion of primary care practices.**
- 2) Establish a reconciliation process to ensure payments do not result in undue compensation.**
- 3) Ensure a successful transition to sufficient support and value-based payment for primary care.**

1) Immediate Payment Reform and Support for a Portion of Primary Care Practices

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. 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. The Care for Californians Initiative compels health plans and insurers to be part of the solution by allowing primary care providers to receive a combination of emergency prospective payments and fee-for-service billing during 2020 and 2021, with the 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. This proposal provides an emergency solution that centers on meeting public health needs while creating a lifeline for primary care providers to maintain access to care for their patients.

2) A Reconciliation Process to Ensure Payments Do Not Result in Undue Compensation

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).

3) Ensure a Successful Transition to Sufficient Support and Value-Based Payment For Primary Care

The pandemic has exposed significant problems with our health care system, including how we pay for and incent primary care. While the short-term prospective payment intervention would provide an immediate support 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 know this will save money and improve patient outcomes.

The proposal directs the Secretary of Health and Human Services convene a working group of relevant stakeholders – including primary care practitioners, health plans, consumer advocates, public and private purchasers – by December 2020 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 recommendations will align commercial payers, Medicare, and Medicaid in the payment model and performance measures, and support effective integration of whole person care and behavioral health.

Adults in the U.S. who have a primary care provider have 19 percent lower odds of premature death and save 33 percent on health care over their peers who only see specialists for their care. Access to primary care helps keep people out of emergency rooms, where care costs at least four times as much other outpatient care. If everyone saw a primary care provider first for their care, it would save the U.S. an estimated \$67 billion every year. For every \$1 increase in spending in primary care, \$13 is saved in overall spending. The Care for Californians Initiative will help California move toward a more stable primary care foundation, help provide better care, decrease costs, and increase access to care – now and in the future. Thank you for your consideration.

Sincerely,

David Bazzo, MD
President
California Academy of Family Physicians



Gary Passmore
President
Congress of California Seniors



Liz Helms
President/CEO
California Chronic Care Coalition



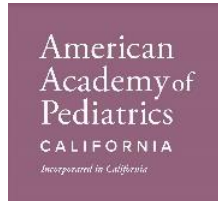
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