

# California's Primary Care Investment Benchmark: What Family Physicians Need to Know

## Background

In 2022, California passed a law creating the Office of Health Care Affordability (OHCA) which also established the state's Primary Care Investment Benchmark. The law charged OHCA with three main responsibilities including:

1. Slowing health care spending growth
2. Promoting high value system performance and
3. Assessing market consolidation.

The primary care investment benchmark is a key strategy to implement OHCA's responsibility to promote high value system performance. The benchmark requires the state to measure the percentage of total health care expenditures that are allocated to primary care and set spending benchmarks that consider current and historic underfunding of primary care services.

## The Goal

Increase spending on primary care to 15% of total medical expenses by 2034.

## The Benchmarks

### 1. Annual Improvement Benchmark

Payers are required to increase primary care spending as a percent of total medical expenses by 0.5 to 1 percentage point per year from 2025 through 2033.

### 2. Statewide Investment Benchmark

By 2034, 15 percent of total system medical expenses must be allocated to primary care.

## What Counts as Primary Care?

Primary Care Services are measured via the payments insurers make to providers in support of primary care services.



**Claims-Based Payments** - Must meet all three criteria as defined by OHCA

1. **Primary Care Provider** - Clinicians offering comprehensive, continuous, coordinated care and primary care team members including: family physicians, internal medicine physicians, pediatricians, certain nurse practitioners, physician assistants, pharmacists, community health workers, nurses, and certain certified clinical nurse specialists. Does not include OBGYNs to be consistent with focus on providers caring for the whole patient.
2. **Primary Care Service** - Services that promote comprehensive primary care including: office visits, preventive care, chronic care management, lab tests, certain women's health services, and other primary care services.
3. **Primary Care Setting** - Office settings, home and community-based sites of service, telehealth, school, FQHCs, rural health clinics, Indian health service facilities, correctional facilities, hospital outpatient departments, assisted living facilities, and other places where coordinated primary care takes place. Excludes retail and urgent care sites.

### Non-Claims-Based Payments

- Population health, practice infrastructure and performance payments
- Shared savings and recoupments
- Capitation payments
- There are some limitations on how much these can count toward the target

## Timeline for Implementation

### October 2024

#### **Benchmarks Established:**

The OHCA Board approved the two primary care investment benchmarks.

### 2025-2026

#### **Data Collection and Measurement:**

Measurement of primary care spending will begin in Fall 2025. OHCA will publish a report in Summer 2026.

### 2025-2033

#### **Annual Improvement Benchmark:**

Insurers are required to increase primary care spending as a share of total medical expense by 0.5 to 1 percentage points per year.

### 2034

#### **Statewide Investment Benchmark:**

15% of total medical expense must be allocated to primary care across all payers.

## Enforcement Mechanisms

- The policy currently lacks penalties to incentivize enforcement by payers
- The law does include other incentives to encourage compliance
  - Public reporting of payer performance will create transparency and public pressure for those that are not in compliance
  - OHCA is authorized to not apply enforcement measures for exceeding the state's 2.5% cost containment threshold if plans that are achieving the primary care or behavioral health spending goals

## Potential Implications for Family Physicians

- Higher Compensation for family physicians
- Improved Practice Infrastructure and Resources
- Reduced Burnout
- Increase in Alternative Payment Methods
- Improve the Pipeline of Students Choosing Family Medicine
- Greater Call for Workforce Development Funds

*For additional information about California's primary care investment benchmark and CAFP's work to improve primary care financing, visit [www.familydocs.org/PCFA](http://www.familydocs.org/PCFA).*