

# Commercial Insurer Primary Care Spending

*Data through October 2013*

Presentation to Health Insurance Advisory Council | January 21, 2014

# Agenda

- I. Background & Highlights
- II. Primary Care Spending: Total Market
- III. Primary Care Spending: By Company
- IV. Non-FFS Primary Care Spending
- V. Primary Care investment projections

# About These Data

- This presentation details the primary care spending, **through October 2013**, for Rhode Island's three largest commercial health insurers: Blue Cross Blue Shield of Rhode Island (BCBSRI), United Healthcare (United), and Tufts Health Plan (Tufts). All data are submitted to OHIC on a quarterly basis.
- The first of OHIC's four Affordability Standards requires insurers to increase primary care's share of total medical payments by one percentage point per year from 2010 to 2014.
  - It also requires insurers to increase the percent of non-fee-for-service primary care spending by 5 percentage points per year.
  - This spending cannot result in higher premiums and cannot increase overall medical expenses
  - Note that Tufts is currently exempt from these requirements due to their small market position
- The standard compliments OHIC's commitment to payment reform by ensuring the foundation of our health care system remains a funding focus. It encourages efficient, affordable health care through organizational innovations in care delivery and payment reform.
- For more on the Affordability Standards and these data, please see the report on OHIC's website:

# Highlights from this Presentation

1. Insurers are hitting their targets and project to do so for 2013 and 2014
2. Primary care spending rose by 37% between 2008 and 2012 while total medical spending *fell* by 14%.
3. Non fee-for-service (non-FFS) investments continue to increase  
*Patient Centered Medical Homes is the largest non-FFS investment*
4. The future of primary care in Rhode Island looks promising  
*The Affordability Standards have added about \$64m of primary care dollars to Rhode Island's delivery system. Investments in primary care continue to grow and OHIC will likely extend modified versions of the standards to 2018*

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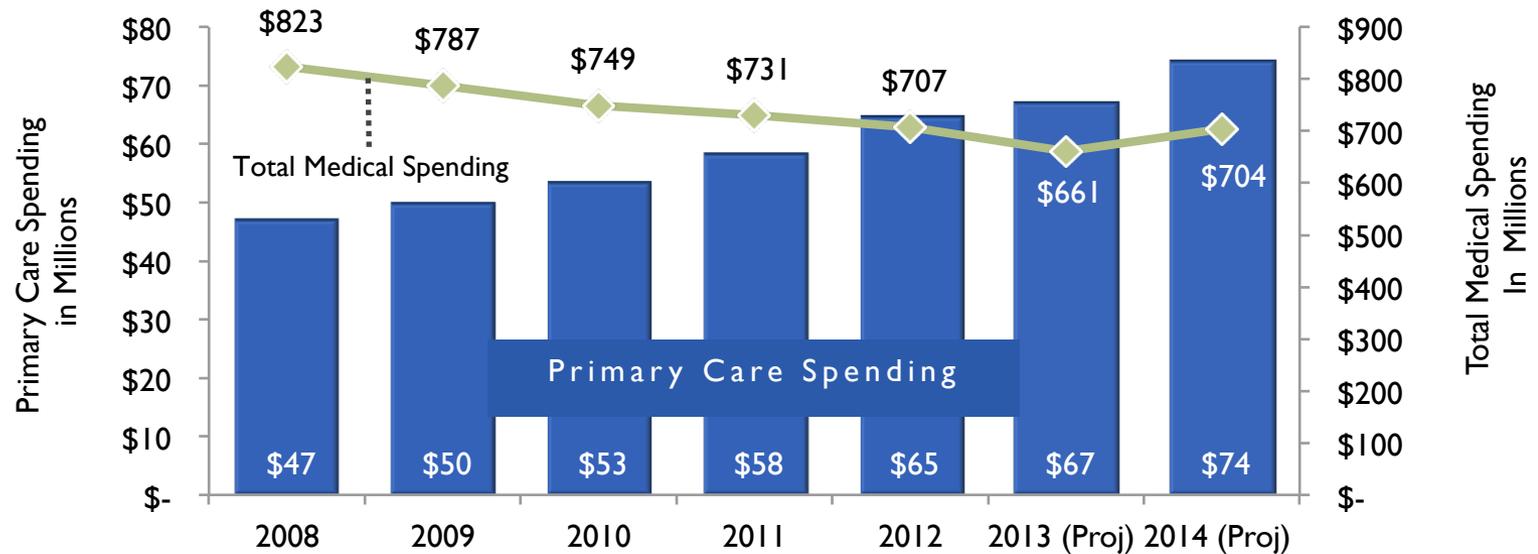
## Primary Care Spending, Total and as Percent of Total Spending 2009-2012 Actual | 2013-2014 Projections



9.1% of total medical spending went to Primary Care in 2012. Carriers project further growth through 2014.

- For all three commercial insurers, spending on primary care is rising.
- In 2012, insurers spent 9.1 cents of every fully insured commercial medical dollar on primary care services, an increase of nearly 3.5 cents from 2008. The share of spending on primary care is projected to rise to 10.1% (\$67m) in 2013 and 10.5% (\$73m) in 2014.
- If these projections are realized, the share of primary care spending will have grown by 84% between 2008 and 2014.

## Total Medical Spending and Total Primary Care Spending 2008-2012 Actual | 2013 & 2014 Projections



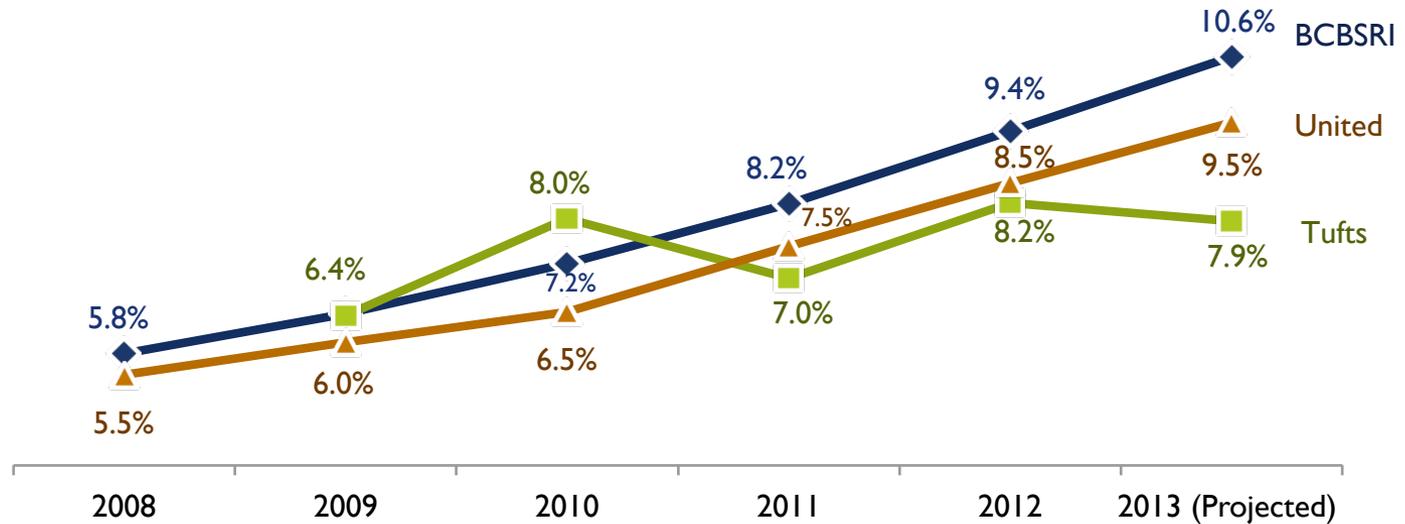
Since 2008, primary care spending has risen (+37%) while total medical spending has fallen (-14%).

- Total medical spending for the commercial market has fallen for a number of reasons including innovative benefit designs, transformative care practices, falling population, a national recession experienced acutely in RI, and rising out-of-pocket contributions.
- Primary care spending would have otherwise declined along with total spending without the Affordability Standards' incentives and requirements

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## Primary Care Spending as Percent of Total Medical Spending by Company 2008-2012 Actual | 2013 Projections



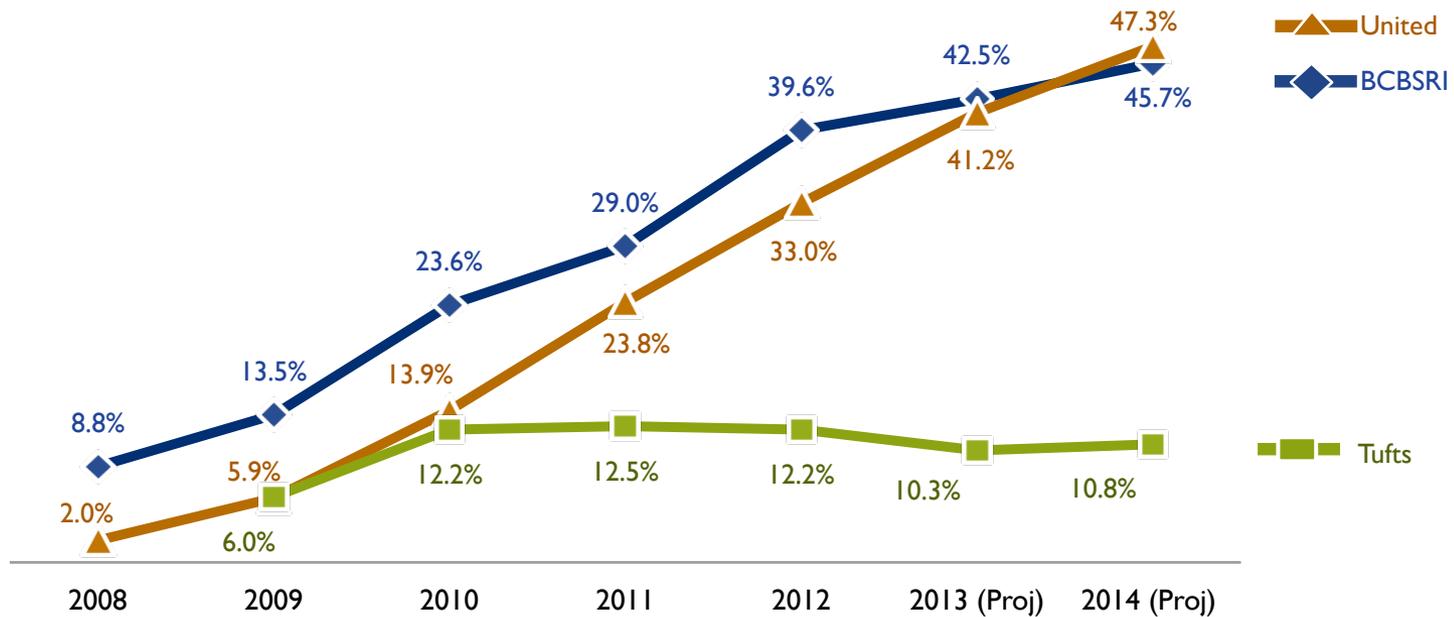
Spending on primary care has grown for each carrier since 2008 and the OHIC targets help ensure smooth growth.

- Each company has steadily increased the portion of their premium dollars they dedicate to primary care since 2008.
- From 2011 to 2012, BCBSRI's spending on primary care grew 1.2 percentage points, United's by 1.0 and Tufts, a recent market entrant, by 1.4, in line with the other insurers.
- Tufts' results are more uneven than BCBSRI or UHC in part because of their small, but growing, membership in Rhode Island

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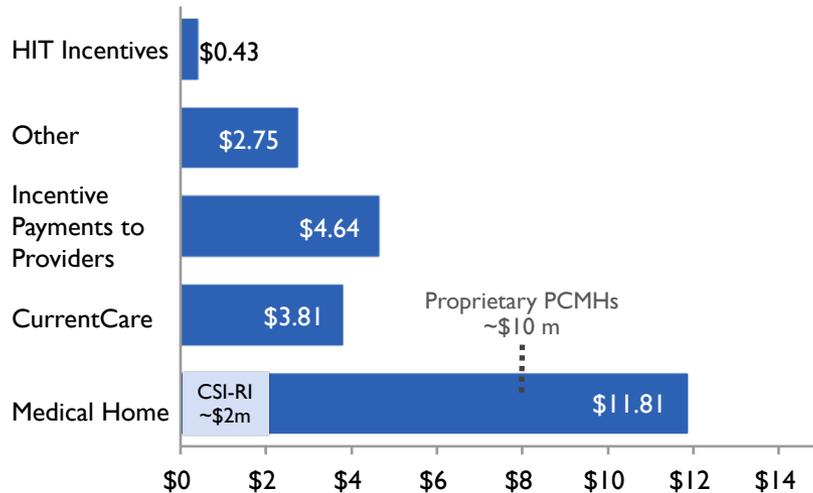
Percent of Primary Care Payments Dedicated to Non-Fee for Service Investments  
 2008-2012 Actual | 2013-2014 Projected



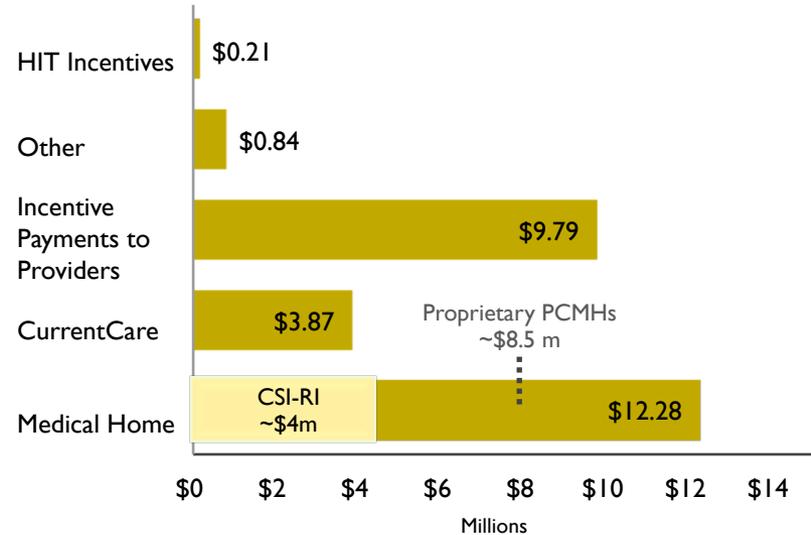
## Spending on non-FFS projects are growing and led by investments in patient centered medical homes (PCMHs)

- Since 2008, insurers have increasingly invested in structural, non fee-for-service (non-FFS) enhancement such as EHR incentives, loan forgiveness and PCMH programs.
- Of the \$65m spent on primary care in 2012, nearly \$22m (34%) funded non-FFS projects.
- OHIC's Affordability Standards requires insurers allocate at least 35% of their total spending on primary care to non-FFS payments in 2013 and 40% in 2014.

2012 Spending on Non-FFS Investments, in millions



2013 Projected Spending on Non-FFS Investments



## Proprietary PCMHs are the largest category of Non FFS spending, followed by incentive payments to providers

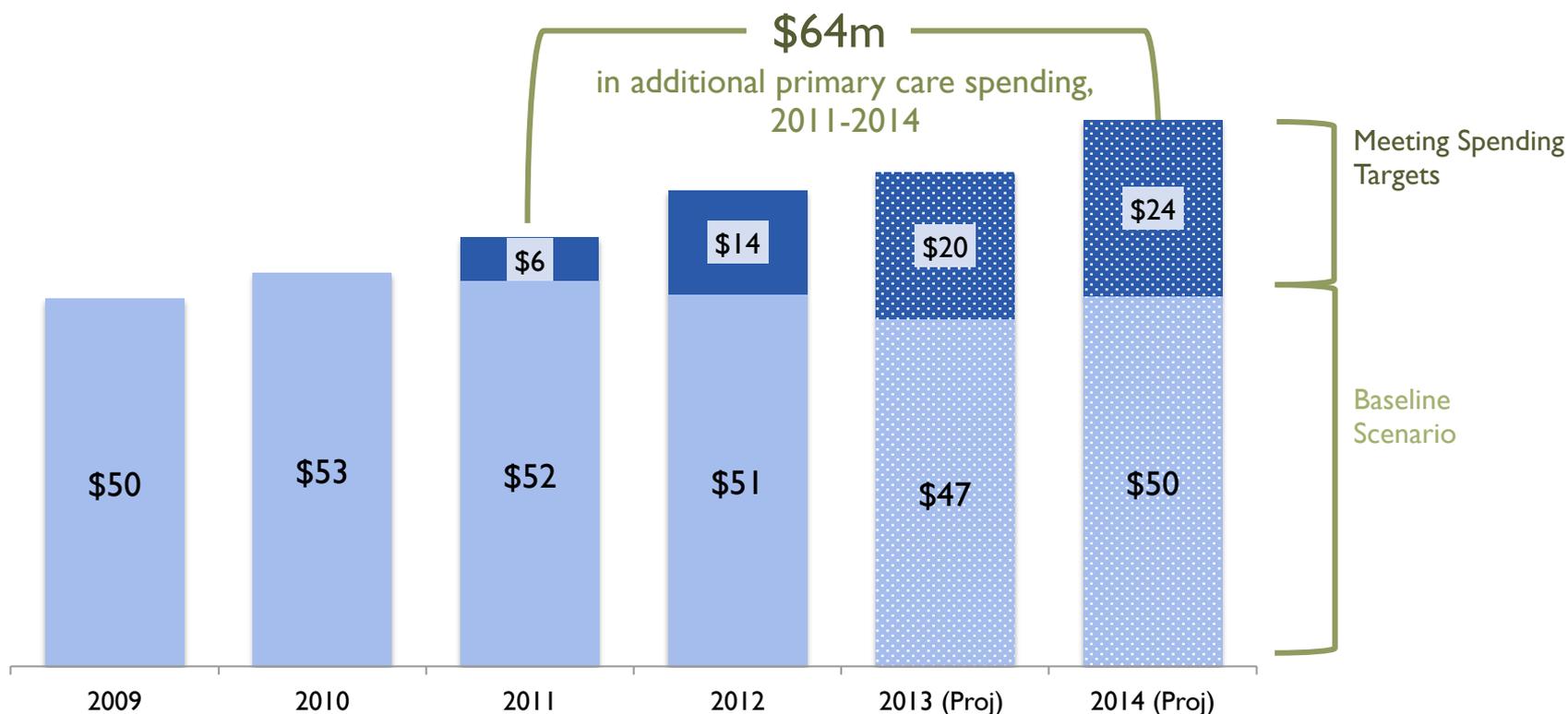
- While all insurers invest in the state's all payer medical home program, as required by the second Affordability Standard, investments in the companies' own PCMHs account for nearly half of all 2012 non-FFS investments.
- Each insurer also contributes in some form to CurrentCare in support of the third Standard.
- In addition to Current Care and PCMHs, insurers also fund incentive payment to providers. UHC, for instance, dedicates over half (57%) of its non-FFS spending to these payments.

Data Source: Quarterly spending submissions to the Office of the Health Insurance Commissioner, through October 2013

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Figure 7: Total Primary Care Spending in Millions  
Baseline Scenario vs. Meeting Primary Care Target



**Affordability Standards increased primary care spend by \$64m over previous trends**

If insurers continued to spend the same proportion of total medical spend on primary care as they did before the Affordability Standards went into effect, the delivery system would have about \$64m fewer dollars invested in it.

Data Source: Quarterly spending submissions to the Office of the Health Insurance Commissioner, through October 2013

# Appendix: Data on Policy Impact

Col. Ref.	(A) Reported	(B) Reported	(C) (B) / (A)	(D) (B) / (A) <i>2010 rate held constant</i>	(E) (D) * (A)	(F) (B) - (E)
Year	Total Medical Spend	Total Primary Care Spend	Rate	Baseline Rate	Baseline Spend	Difference
2009A	\$787,305,711	\$49,919,759	6.34%	6.34%	\$49,919,759	-
2010A	\$748,913,726	\$53,448,630	7.14%	7.14%	\$53,448,630	-
2011A	\$731,962,046	\$58,208,681	7.95%	7.14%	\$52,238,819	\$5,969,861
2012A	\$707,932,382	\$64,594,559	9.12%	7.14%	\$50,523,865	\$14,070,694
*FORECAST 2013F	\$661,215,632	\$67,046,663	10.14%	7.14%	\$47,189,775	\$19,856,888
*FORECAST 2014F	\$704,354,460	\$74,085,760	10.52%	7.14%	\$50,268,515	\$23,817,245
					<b>Total Addition Above Baseline</b>	<b>\$63,714,688</b>

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