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Presentation to the Senate Committee on Health Care: Senate Bill 609

Jeff Heatherington
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Primary care is the only area of health care where more supply produces better health outcomes and equity, at a cost savings.

"An association was found between increased primary care spend and fewer emergency department visits, total hospitalizations, and hospitalizations for ambulatory care sensitive conditions."[1]

Every 10 additional primary care physicians per 100,000 was associated with a 51.5-day increase in life expectancy.[2]

"CMS should aim to increase physician payment rates for primary care services by 50 percent and identify overpriced health care services and reduce their rates to accomplish this."[3]

Sources:

[1]Investing in Primary Care, A State-Level Analysis: Patient-Centered Primary Care Collaborative – Robert Graham Center

[2]Association of Primary Care Physician Supply with Population Mortality in the United States, 2005-2015, a study of JAMA Internal Medicine

[3]"Implementing High-Quality Primary Care: Rebuilding the Foundation of Health Care" – National Academies of Science, Engineering, and Medicine

In Oregon, every $1 increase in spending on primary care = $12 in savings.[1]

Source

[1]Evaluation of Oregon's Patient Centered Primary Care Homes on Expenditures and Utilization from 2011 to 2019, Final Report: OHSU-PSU School of Public Health – Oregon Health Authority

What is Happening in Oregon?

BUSINESS

Update: Oregon approves controversial Corvallis Clinic, Optum merger

By Amelia Templeton (OPB)
March 13, 2024 6 a.m. **Updated:** March 14, 2024 3:23 p.m.

The Oregon Health Authority has granted emergency approval for a merger between the Corvallis Clinic and Optum Oregon, a division of the largest for-profit healthcare company in the country.

Attorneys for the Corvallis Clinic said the business was running out of cash and would have to start layoffs and stop seeing patients unless the state approved the merger right away.

State regulators looked at the Corvallis Clinic's bank statements and payroll and agreed there was an immediate emergency.

Some in Benton County, meanwhile are criticizing the fast-tracked merger. Clinics across the country are facing a cash flow crisis this month due to a cyberattack on Optum, the same healthcare giant that's involved in the merger.

The Corvallis Clinic employs more than 600 people and is one of the largest primary and specialty providers in the area. Optum didn't respond to emailed questions. Neither did The Corvallis Clinic.

Hands On Medicine says goodbye as independent clinics struggle to break even

Northeast Portland clinic's story shows predicament of independent primary care providers across the country

by JAKE THOMAS
|THE LUND REPORT PREMIUM
OCTOBER 29, 2024

What is Happening in Oregon?

- For family medicine, Portland had the worst average wait time (44 days), and the lowest Medicaid acceptance rate (40%) out of 15 major metro areas measured.[1]
- In Oregon, 9 primary care service areas have 0 primary care providers, 24 have 0 dentists, and 20 have 0 mental health providers.[2]

Sources:

[1]2022 Survey of Physician Appointment Wait Times and Medicare and Medicaid Acceptance Rates (AMN Healthcare, Merritt Hawkins)

[2]2024 Oregon Areas of Unmet Health Care Need Report (Oregon Office of Rural Health)

Implementing a Reimbursement Minimum Under SB 609

CPT Code 99395

Preventative Visit Established Patient (Age 18-39)

OHA Fee Schedule: $98

Medicare Formula: $111

Actual Commercial Paid Example: $336

SB 609 Rate (as Introduced): $292

CPT Code 99391

Periodic Comprehensive Preventative Medicine (Age 0-1)

OHA Fee Schedule: $82

Medicare Formula: $93

Average Commercial Rate (Estimate): $230-240

SB 609 Rate (as Introduced): $245

Medicaid Payments at Commercial Levels Already Exist

- OHSU, as a public academic center, receives commercial level reimbursement from OHP.
- In 2023, Michigan received approval from CMS to pay dental providers commercial level reimbursement for Medicaid services.

What About Value-Based Payments?

Viewpoint

August 22, 2024

Value-Based Payment and Vanishing Small Independent Practices

Hayden Rooke-Ley, JD[1]; Zirui Song, MD, PhD[2]; Jane M. Zhu, MD, MPP[3]

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JAMA. 2024;332(11):871-872. doi:10.1001/jama.2024.12900

An estimated 80% of physicians are now employed by hospitals, health systems, and corporations.[1] Many factors have contributed to this shift away from independent practices, including rising administrative burdens, changing employment preferences, greater capital demands for health information technology, and favorable financial incentives (eg, site-differential payments). However, underappreciated among these factors is another important accelerant of corporate consolidation: the shift from fee-for-service to value-based payment models. These models, which require clinicians to manage a budget or spending target for subgroups of their patients, include global budget contracts, like accountable care organization (ACO) contracts, as well as bundled or episode-based payment models. For small independent practices in particular, these payment models require significant support and resources. The pursuit of the capital investments, analytic tools, technology platforms, and regulatory expertise needed to enter value-based payment models risks further corporate alignment and consolidation. This inadvertent consequence warrants attention as policymakers seek to widen adoption of value-based payment models across the health care system.

What About Value-Based Payments?

- Value-based payments have direct link to fee-for-service architecture.
- Value-based payments increase the administrative burden only on primary care.
- PCPs are not properly resourced and their work is undervalued under current models.
- This makes them vulnerable to closure or acquisition.

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