

**March 6, 2024**

Senate Committee Hearing  
Committee on the Budget  
**How Primary Care Improves Health Care Efficiency**

On Wednesday, March 6, 2024, the Senate Committee on the Budget, met to address the growing need for increased focus on primary care services and support within our existing healthcare system. Chairman **Sheldon Whitehouse** (D - RI) and Ranking Member **Chuck Grassley** (R - IA) convened the hearing and laid the foundation for the existing healthcare landscape, emphasizing the need for increased focus on primary care support, both in clinical and financial terms.

*“Why is American health spending so inefficient? One answer is how badly we fund primary care”,* said Senator Whitehouse. He continued in his frustrations with the slow adoption of awareness of the necessary need to increase access to primary care services:

*“In our Budget Committee hearing last October, we heard that – despite overwhelming evidence that primary care is associated with longer life expectancy and lower downstream health costs – the U.S. continues to spend less on primary care, as a share of total health spending, than any other peer OECD country. In fact, average primary care spending across our peer nations is nearly double ours. U.S. percentage spending on primary care declined from a sad 6.5% in 2002 to a woeful 4.7% in 2019. Today, three in ten Americans report not having a usual source of primary care. In some areas, often rural areas, the situation is much worse.”*

Senator Whitehouse continued to emphasize the need to improve upon the way CMS establishes the physician fee schedule, identifying the historic under importance placed on primary care services and highlighting the growing shortage of primary care doctors looming over the next decade... *“in a decade the U.S. will face a shortage of between 17,000 to 45,000 primary care doctors. If good primary care reduces overall costs, as the data suggests, that will be a very expensive shortage – one to which the existing fee schedule is leading us”,* concluded Senator Whitehouse.

Ranking member Senator Grassley addressed the ability of telehealth to fill the gaps in preventative and primary care medicine, particularly in underserved areas. *“Rural primary care depends on a suite of providers – doctors, physician assistants, and nurse practitioners, along with telehealth and other innovations to deliver timely care. To make primary care more accessible and effective, we need to remove federal government barriers, lean on consumer choice and price transparency, and be outcomes-based.”*

Five expert witnesses brought testimony on the importance of adjusting reimbursement levels for primary care, increasing access via telehealth and virtual modalities, and encouraging the support of primary care on a broader scale in medicine.

Listing of Key Witnesses in Speaking Order:

**Mr. Christopher Koller**

President, Milbank Memorial Fund

**Dr. Amol Navathe**

Associate Professor, Perelman School Of Medicine &  
The Wharton School, University of Pennsylvania

**Dr. Bob Rauner**

President, Partnership For A Healthy Nebraska &  
Representative, American Academy of Family Physicians

**Ms. Lisa M. Grabert**

Visiting Research Professor  
Marquette University College of Nursing

**Dr. Christina Taylor**

Chief Medical Officer, Value-Based Care, Clover Health, &  
President-elect, Iowa Medical Society

**Mr. Christopher Koller:** In his testimony, Christopher Koller highlighted the inefficiencies in the U.S. healthcare system, emphasizing that despite spending more on healthcare than peer countries, the outcomes are poorer, *“on a per capita basis we spend almost twice as much on health care as our peers”*. The U.S. life expectancy is lower, and there's a higher rate of preventable deaths compared to similar nations. The unbalanced healthcare delivery system, skewed towards specialists, contributes to higher costs and poorer outcomes, *“our ratio of specialists to generalists was over seven to one, compared to ratios of about two to one in the other countries.”*

The Medicare Physician Fee Schedule (PFS) is identified as a major factor, with the Relative Value Scale Update Committee (RUC) influencing prices and undervaluing primary care. Mr. Koller recommended revising the PFS valuation process, reporting primary care spending levels, implementing hybrid payment models for primary care, and waiving Part B cost sharing for designated usual sources of care to improve efficiency and balance in the healthcare system.

**Dr. Amol Navathe:** Dr. Navathe provided detailed testimony focusing on the financial realm of healthcare. He recommended CMS be given the authority to pay primary care practices through a hybrid primary care payment model, that the inefficiencies in the Medicare Physician Fee Schedule should be addressed with independent and representative expert input, and we should continue to encourage a

robust and sustainable primary care model to achieve more cost-efficient health care. He emphasized the importance of implementing a hybrid payment system and encouraged Congress to support this by *“enabling CMS to make this a reality”*. *“This will also require reform of the Medicare Physician Fee Schedule to address inefficiencies and re-align payment rates for services toward more cost-efficient delivery of high-quality health care in the U.S.”*, said Dr. Navanthe.

**Dr. Bob Rauner:** In his testimony, Dr. Rauner, a family physician from Nebraska, representing the American Academy of Family Physicians (AAFP), shared his experience and insights into the challenges and successes of primary care in the United States. Dr. Rauner emphasized the importance of payment system reforms, particularly the need for ongoing per-member per month (PMPM) payments, to sustain and incentivize high-quality care. His testimony underscored the underinvestment in primary care in the U.S., with only five to seven percent of total healthcare spending allocated to it. Dr. Rauner advocated for alternative payment models (APMs) that prioritize primary care, citing successful examples like the Comprehensive Primary Care Plus (CPC+) intervention. APMs can reduce costs and improve patient outcomes but require increased investment in primary care. Dr. Rauner suggested that a combination of risk-adjusted PMPM payments and advance payment models can support the sustainability of primary care efforts. He encouraged federal policymakers to enhance participation opportunities in primary care models, increase flexibility in evaluating model success, and ensure that financial gains from APMs are reinvested back into primary care practices.

**Ms. Lisa Grabert:** In her testimony, Lisa Grabert, a Visiting Research Professor at Marquette University, discussed critical aspects of the Medicare program and primary care reforms. Grabert highlighted the challenges facing Medicare due to demographic changes, with an increasing number of beneficiaries, particularly in Medicare Advantage (MA) plans. She emphasized the strain on the program's financial health and the urgency of addressing efficiency concerns.

Notably, Grabert discussed the impact of the COVID-19 pandemic on primary care, emphasizing the surge in telehealth services, with a focus on MA policies which saved money across the board. *“In total 45 percent of Medicare beneficiaries used telehealth in 2020. There were two policies that were primarily responsible for these changes in the delivery of primary care services—one in FFS and one in MA.”*

Grabert suggested that policymakers should prioritize reforms within the rapidly growing MA sector, with a focus on flexibility and efficiency, ultimately reinvesting any savings back into the Medicare program. Ms. Grabert underscored the need for strategic reforms in the highest growth area of Medicare, MA, and emphasized the importance of efficient and cost-effective policies to ensure the program's sustainability.

**Dr. Christine Taylor:** In her testimony, Dr. Christina Taylor, an internal medicine physician, and Chief Medical Officer for Value-Based Care at Clover Health, underscored the critical role of Primary Care Providers (PCPs) in coordinating care, emphasizing the positive impact they have on patient outcomes and cost reduction. *“Patients who see Primary Care Providers have a lower overall cost of care. A recent study found, On average, each additional in-person primary care visit was associated with a total cost*

*reduction of \$721 (per patient per year...Among the top 10% of high-risk patients, the first PC in-person visit was associated with a reduction of \$16 406 (19%)."*

Drawing on her experiences, Dr. Taylor discussed successful initiatives that improved patient access, engagement, and quality of care while achieving shared savings, specifically through their collaboration with the American Medical Group Association. Dr. Taylor stressed the importance of investments in personnel and technology for effective care coordination, particularly for small or rural practices.

*"Having both timely data and care managers in place resulted in true care coordination to ensure there was good follow up, reduced medical error, and readmissions prevented."*

She points out challenges such as administrative burden and the need for predictable reimbursement models to support the transition to Value-Based Care. Dr. Taylor advocates for solutions like those offered by companies like Clover Health, which bring timely patient information to PCPs, aiding them in delivering safer and more efficient care. She concluded by urging support for primary care physicians in entering and sustaining Value-Based Care programs to enhance patient health and reduce costs.

#### CTeL's Analysis: What's Next?

Each of these testimonies sheds light on what we in the telehealth world already know. Access to care, specifically access to quality, affordable primary care, is foundational to the health of our communities. Increasing transparency and establishing a reimbursement and payment structure that supports providers of all specialties is essential to the success of healthcare on the whole. The over-emphasis on specialty providers has left a hole in the primary and preventative healthcare space. If our communities do not have access to a primary care physician simply for the fact that there are none in their region, the benefits of preventative care go unused. Telehealth is uniquely tailored to fill these gaps, provide the necessary care, and greatly impact the overall healthcare of our communities.

CTeL is committed to supporting primary care providers, not only in increasing telehealth service capabilities but encouraging the inclusion of appropriate reimbursement and coverage strategies in legislation. CTeL supports the passage and reauthorization of bills and legislation which creates a holistic, quality, and comprehensive healthcare environment.

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