



**Statement for the Record**

Senate Committee on Budget

Hearing on "How Primary Care Improves Health Care Efficiency"

Prepared by Families USA

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Chairman Whitehouse and Ranking Member Grassley, on behalf of Families USA, we want to thank you for holding this important and timely hearing on the crucial payment and delivery reforms needed in the U.S. health care system and the critical role of primary care in advancing our nation's health. Central to improving the health and health care of our nation's families is ensuring that the U.S. health care system has a robust and comprehensive primary care system. Health systems rooted in strong and effective primary care achieve better, more equitable health outcomes at a lower cost.<sup>1</sup> We applaud today's discussion of these important issues and potential policy solutions to bolster our country's primary care workforce and ensure that primary care is accessible to people across the country.

### **Health Care Affordability and Quality Crisis**

Nearly half of all Americans have reported having to forgo medical care due to the cost, a third have indicated that the cost of medical care interferes with their ability to secure basic needs like food and housing, and more than 100 million Americans are in medical debt.<sup>2,3</sup> The rising cost of American health care has created an affordability crisis for our nation's families, workers, consumers, and taxpayers. Over the last five decades, per capita health spending in the United States has increased from \$1,875 per person in 1970 to \$12,914 per person (in 2021 inflation-adjusted terms) -- a six-fold increase.<sup>4</sup> During that same time period, total national spending on health care as a percentage of gross domestic product increased from 6.9% in 1970 to an astounding 19.7% in 2020.<sup>5</sup>

But for all this money spent, the United States has some of the worst health outcomes, lowest levels of access to care, and greatest inequities compared with other industrialized countries.<sup>6</sup> Moreover, the United States has the lowest life expectancy, the highest rates of infant mortality, and among the highest rates of maternal mortality compared with other industrialized nations.<sup>7</sup> These health outcomes are even worse for people of color who experience higher rates of illness and death across a range of health conditions compared to their white counterparts.<sup>8</sup>

Very simply, our health care payment and delivery system is failing America's consumers and their families. Our system's broken economic incentives drive monopolistic health industry behaviors that generate high volumes of high-priced services and increase health care prices, rather than investing in preventative services, primary care, and interventions that address the social drivers of health.

### **Our Payment System Undervalues Primary Care and Fails Our Nation's Families**

It is well established that health-related socioeconomic and environmental factors drive 80% to 90% of variations in peoples' health outcomes, but our health system's predominant payment model, fee-for-service (FFS), provides a very narrow view of health and health care by only reimbursing clinical care, which accounts for 10% to 20% of health outcomes.<sup>9</sup> FFS payment systems incentivize providers to make money by doing more, particularly performing high-profit or high-margin procedures, rather than encouraging providers to generate a profit based on keeping people healthy.

Primary care has long been a victim of the perverse incentives in FFS that drive our health care system. Despite evidence that appropriate primary care utilization decreases hospitalization rates, increases patient satisfaction, and improves health equity, spending on primary care has steadily decreased over the last decade.<sup>10</sup> This is true despite primary care being proven to deliver a strong return on investment: In addition to better health outcomes, primary care also contributes to notable cost savings. U.S. adults with

regular access to a primary care provider have 33% lower health care costs and every \$1 increase in primary care spending results in \$13 in savings.<sup>11</sup>

Under FFS, the provision of high-cost surgeries and procedures is heavily rewarded while preventative and diagnostic work has remained systemically undervalued.<sup>12</sup> Because of this, not only are primary care providers (PCPs) reimbursed at rates notably less than specialists, but many of the non-medical services PCPs provide, such as care coordination and patient education, are not reimbursed at all. By undervaluing services that address the social drivers of health, particularly primary care and preventative services, and over-valuing high-cost specialty care, the economic incentives of FFS work against improving health and reducing disparities.

The circumstances around how we pay for primary care have also led to notable declines in the number of primary care providers, significantly impacting access to essential health care for our nation's families and individuals.<sup>13,14</sup> Almost 30% of American adults now report not having a usual source of care, a 21% increase among adults from 2012 to 2021.<sup>15</sup>

To address the U.S. health care access, affordability, and quality crisis, we must meaningfully transform health care payment and delivery to drive improvements in health equity and health outcomes, reorienting economic incentives to pay for what actually keeps people healthy. Our system of primary care can and should provide comprehensive, person-centered, relationship-based care that considers the needs and preferences of individuals, families, and communities, and can be counted on throughout a person's life.<sup>16</sup>

### **Congress Must Act to Strengthen Our Primary Care System**

Congress must work to ensure that payment models provide prospective, population-based payments for comprehensive primary care that include a strong emphasis on addressing the social drivers of health. One area where this Committee and Congress should focus is around optimizing primary care reimbursement through new methods to more accurately determine physician payment rates that have historically under-reimbursed high-value activities and services like primary care.

In addition, Congress should advance the movement toward value-based care through the development of a primary care hybrid model within the Medicare Shared Savings Program. The traditional fee-for-service payment model has continued to underinvest in primary care and leave PCP's vulnerable to economic hardship while failing to incentivize the care that makes people healthy. A hybrid model would provide primary care practices with both the flexibility and consistency of population-based payments and the benefits of low-risk per-visit payments.<sup>17</sup>

### **Conclusion**

Thank you again for holding this hearing and pursuing policies that would bolster primary health care services and better align the economic incentives of the health care sector with the needs of consumers and families. Ultimately, policy solutions should reorient health care payment and delivery to the goal that we all have — improved health for ourselves and our families that is affordable and economically sustainable. The journey to fully transforming our health care system is long, but Congress holds the power to take the next critical steps. Families USA stands ready to support you in this essential and urgently needed work. Please contact Jane Sheehan, Deputy Senior Director of Federal Relations at Families USA, [JSheehan@familiesusa.org](mailto:JSheehan@familiesusa.org), for further information and to let us know how we can best be of service to you.

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