

# Payment for Primary Care

**Health Care Delivery Transformation Conference  
HFMA MA/RI**



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**Catalyst**

Innovations in Care Delivery

# Economic and Clinical Impact of Covid-19 on Provider Practices in Massachusetts



School of Medicine



HARVARD  
MEDICAL SCHOOL



School of  
Medicine



University of  
Massachusetts  
Medical School



Massachusetts Health  
Policy Commission



Massachusetts  
Chapter



CENTER FOR  
PRIMARY CARE  
HARVARD MEDICAL SCHOOL



THE JOHN D. STOECKLE CENTER  
FOR PRIMARY CARE INNOVATION

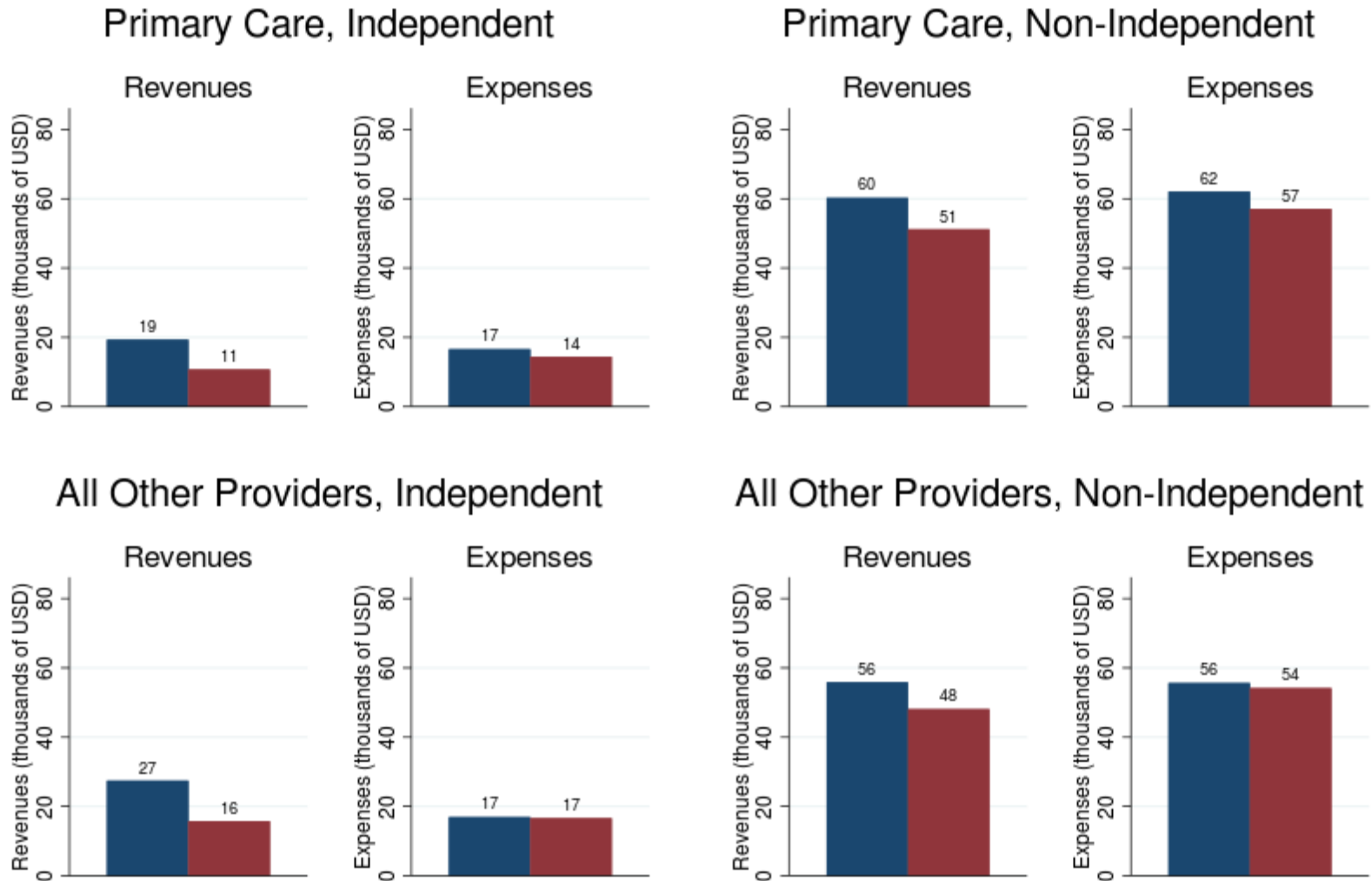


ARIADNE LABS

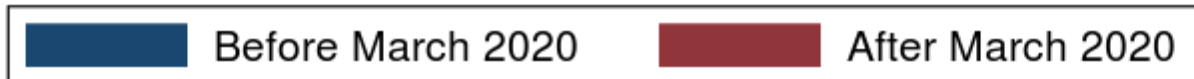
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## 7. What are your practice's total monthly revenues and expenses BEFORE and AFTER COVID-19 (all payers)?



Per FTE,  
weighted by FTE



Preliminary

## 9. Without additional financial assistance, what is the percent chance that your practice WOULD DO the following in the foreseeable future?

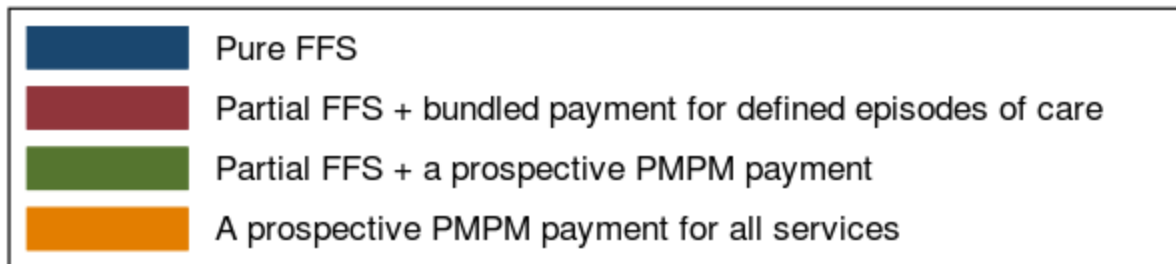
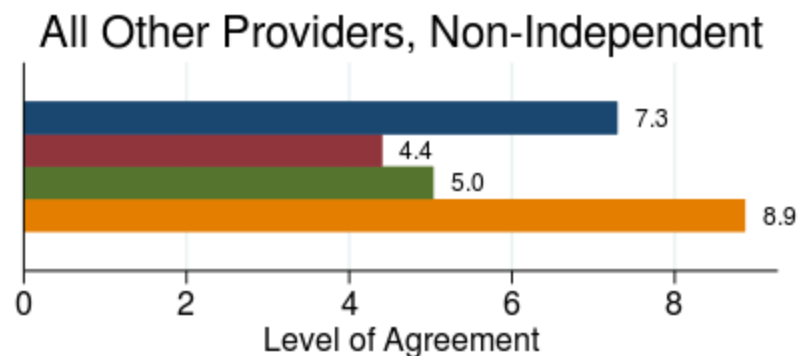
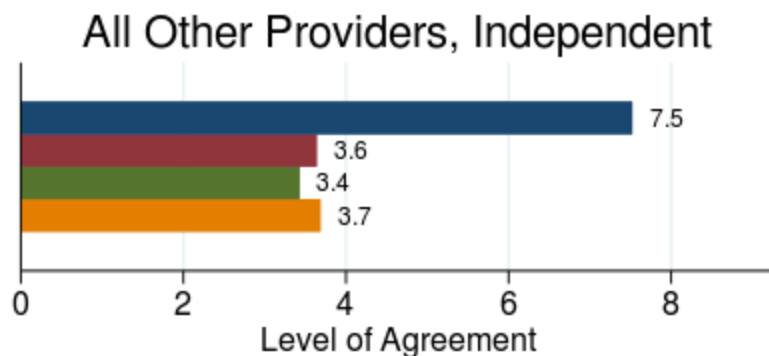
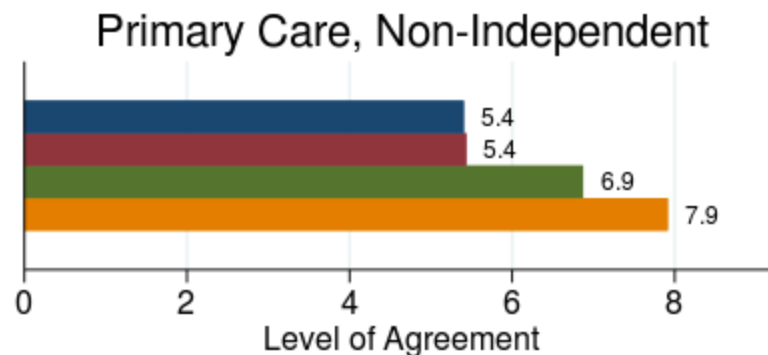
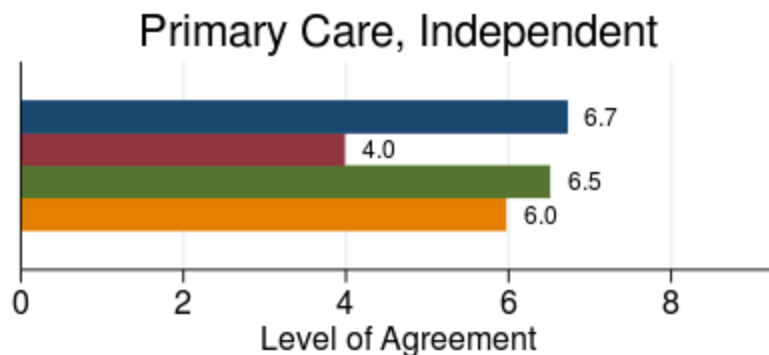
	All Practices		Primary Care				All Other Providers			
	(N=307)		Independent		Non-Independent		Independent		Non-Independent	
			(N=60)		(N=43)		(N=145)		(N=59)	
	Selected (%)	Likelihood (%)	Selected (%)	Likelihood (%)	Selected (%)	Likelihood (%)	Selected (%)	Likelihood (%)	Selected (%)	Likelihood (%)
Close the practice	42	17	60	21	28	6	47	23	20	7
Consolidate with hospital or health system	18	7	30	8	19	9	16	7	12	3
Consolidate with other practices	23	7	35	12	26	11	23	7	12	2
Cut salaries of providers or employees	61	41	78	50	86	60	48	36	56	31
Cut services or other operating expenses	67	43	77	47	81	53	61	41	63	33
Furlough or lay off employees	62	41	80	51	84	57	50	34	58	35
Generate revenue by improved diagnostic coding	25	12	33	16	47	20	17	7	20	13
Evolve toward membership-based practice	17	6	32	9	23	7	13	6	8	5
Generate revenue by providing more services	44	21	43	16	44	23	46	20	39	25
Other	4	3	5	2	0	0	6	3	3	3
Sell the practice	26	10	33	11	21	6	31	14	10	4

# Poll Question

After experiencing COVID-19, primary care practices in Massachusetts would prefer the following payment model most going forward:

- A. Fee for service (FFS)
- B. Partial capitation (FFS + PMPM payments)
- C. Global budget (full PMPM payments)

**10. Going forward, assuming current fees (payment rates), accurate risk-adjustment, and adequate quality measurement, how would your practice prefer to be paid?**



Notes: FFS = fee-for-service, PMPM = per-member-per-month.

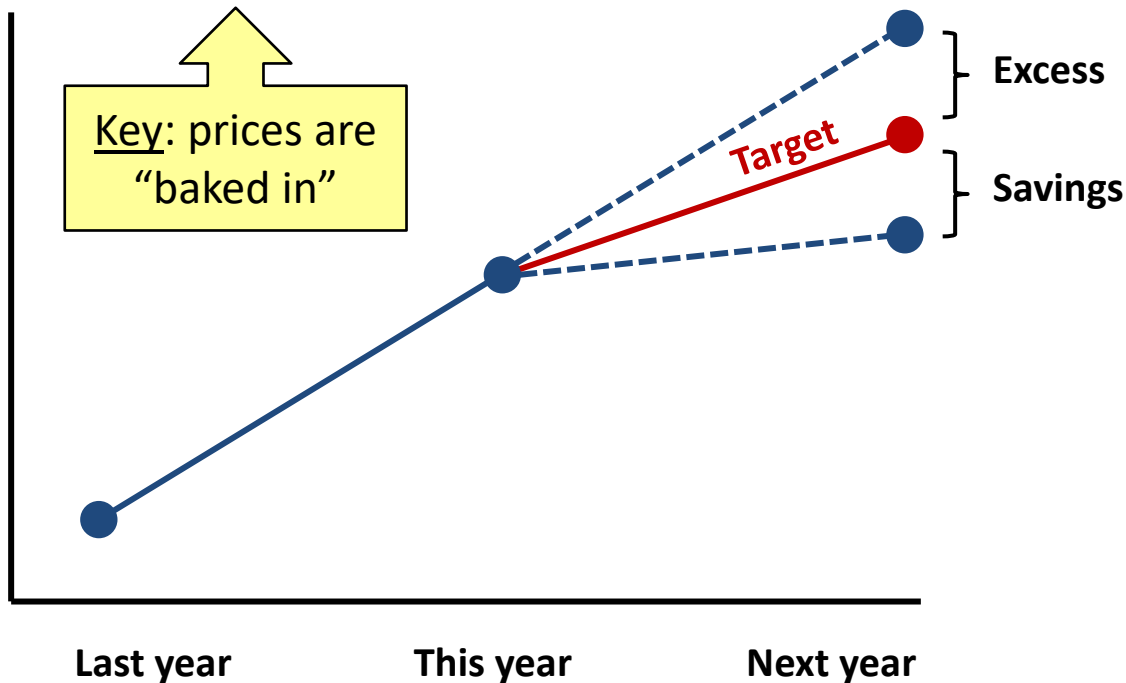
Preliminary

Weighted by FTE

# Prospective Payment

Prospective spending target (risk-adjusted) for provider organizations

Spending = Prices x Quantities



1-sided  
Contract

2-sided  
Contract

--	<b>Penalty</b>
<b>Reward</b>	<b>Reward</b>

No Risk

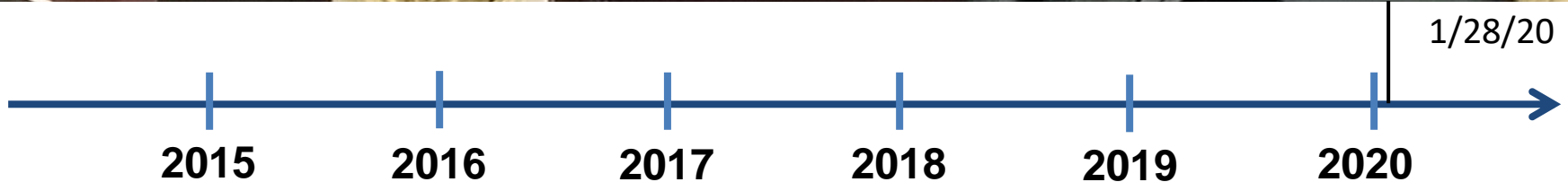
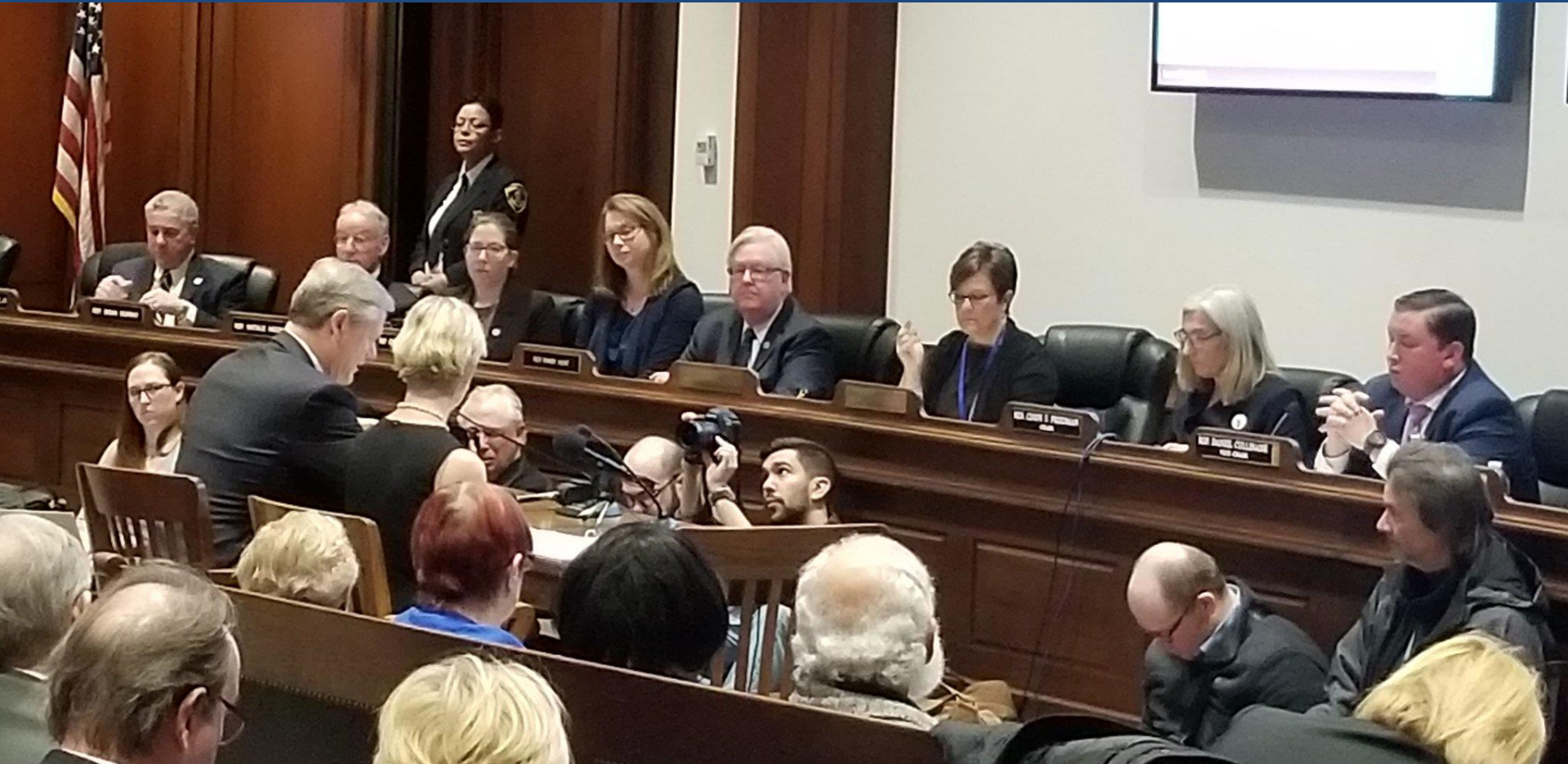
Risk

"Spending  
Target"

"Global  
Budget"

+ Bonuses for performance on quality measures

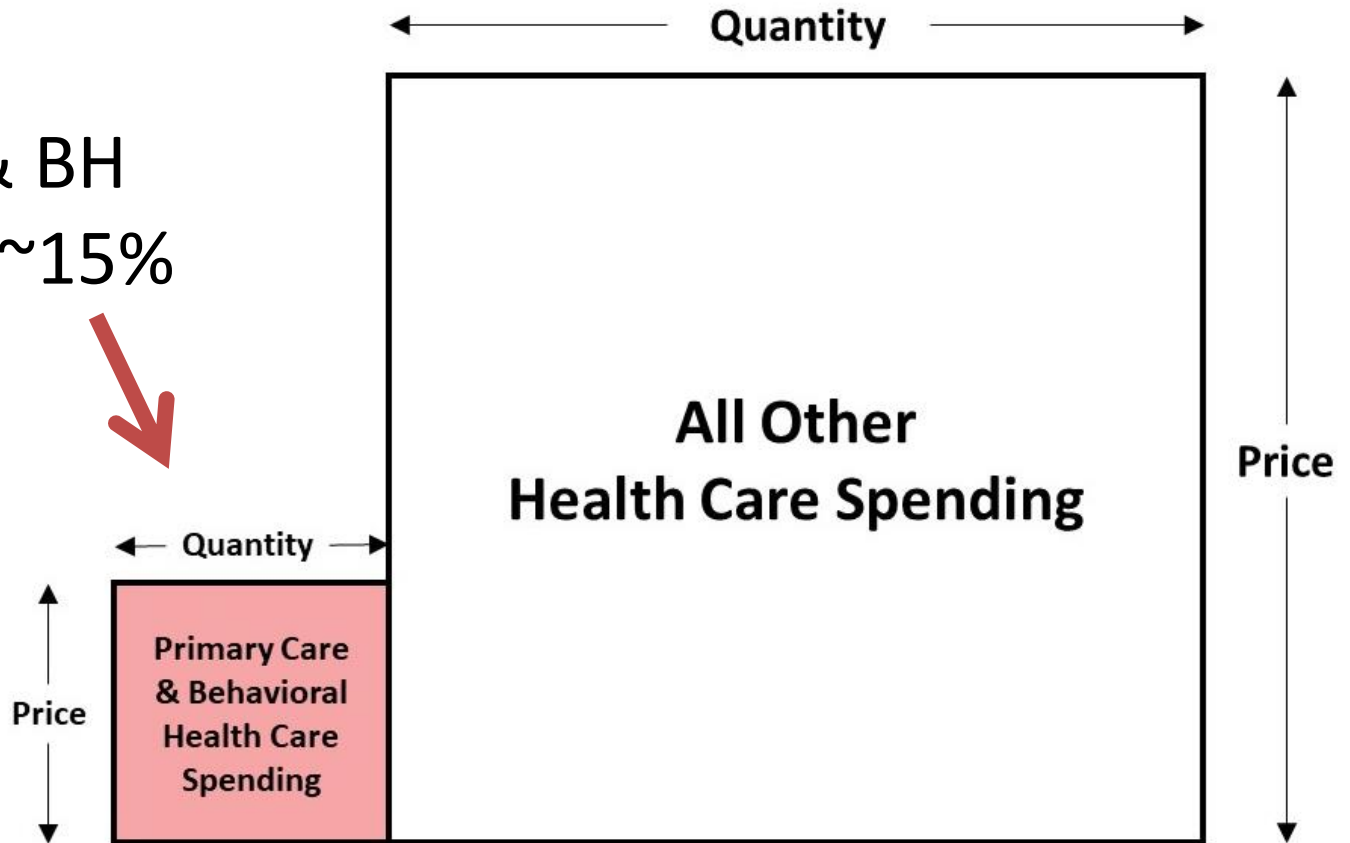
# Raise Primary Care & BH \$ by 30%



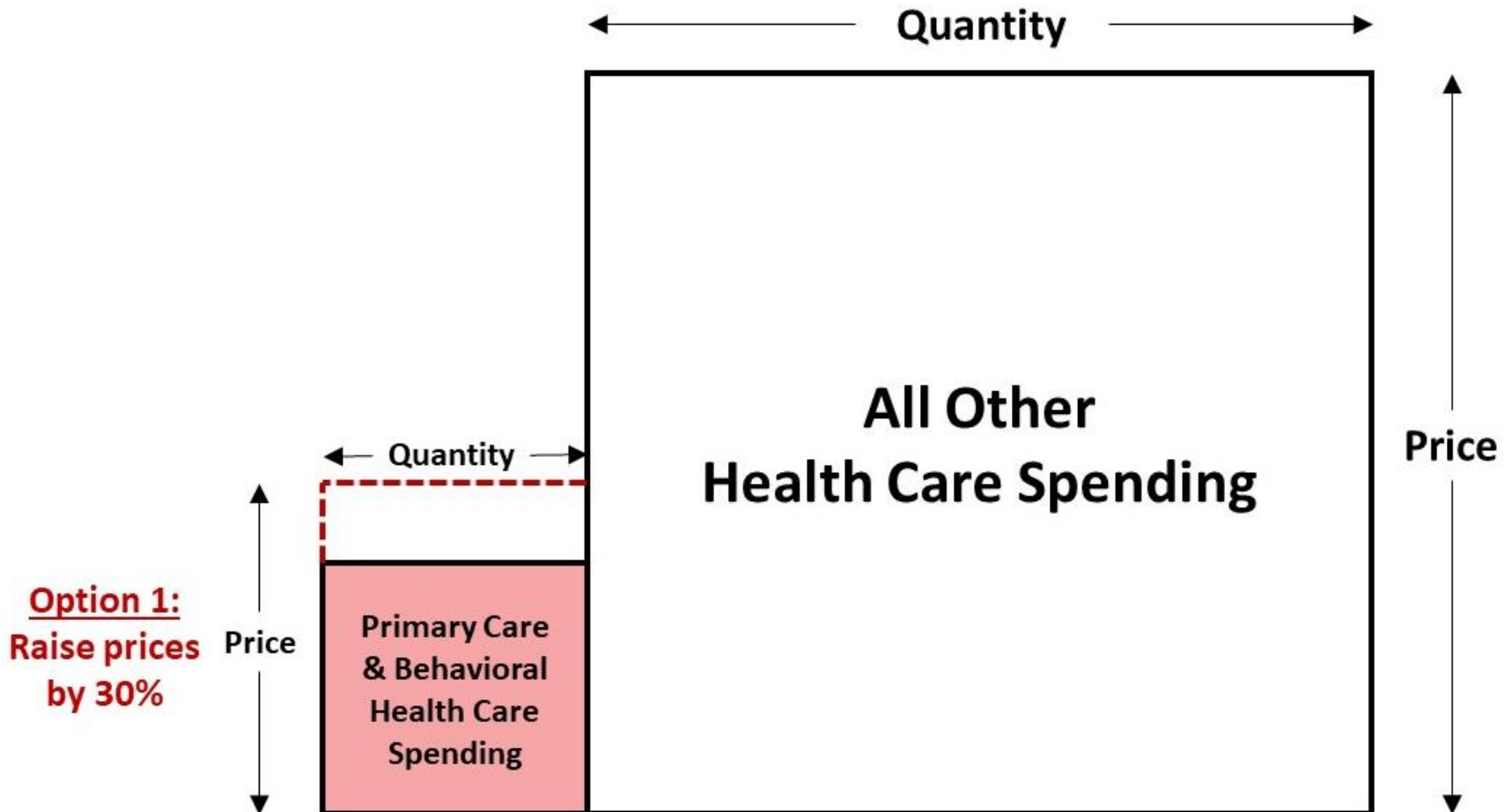


**Fact 1:** Spending = Price x Quantity

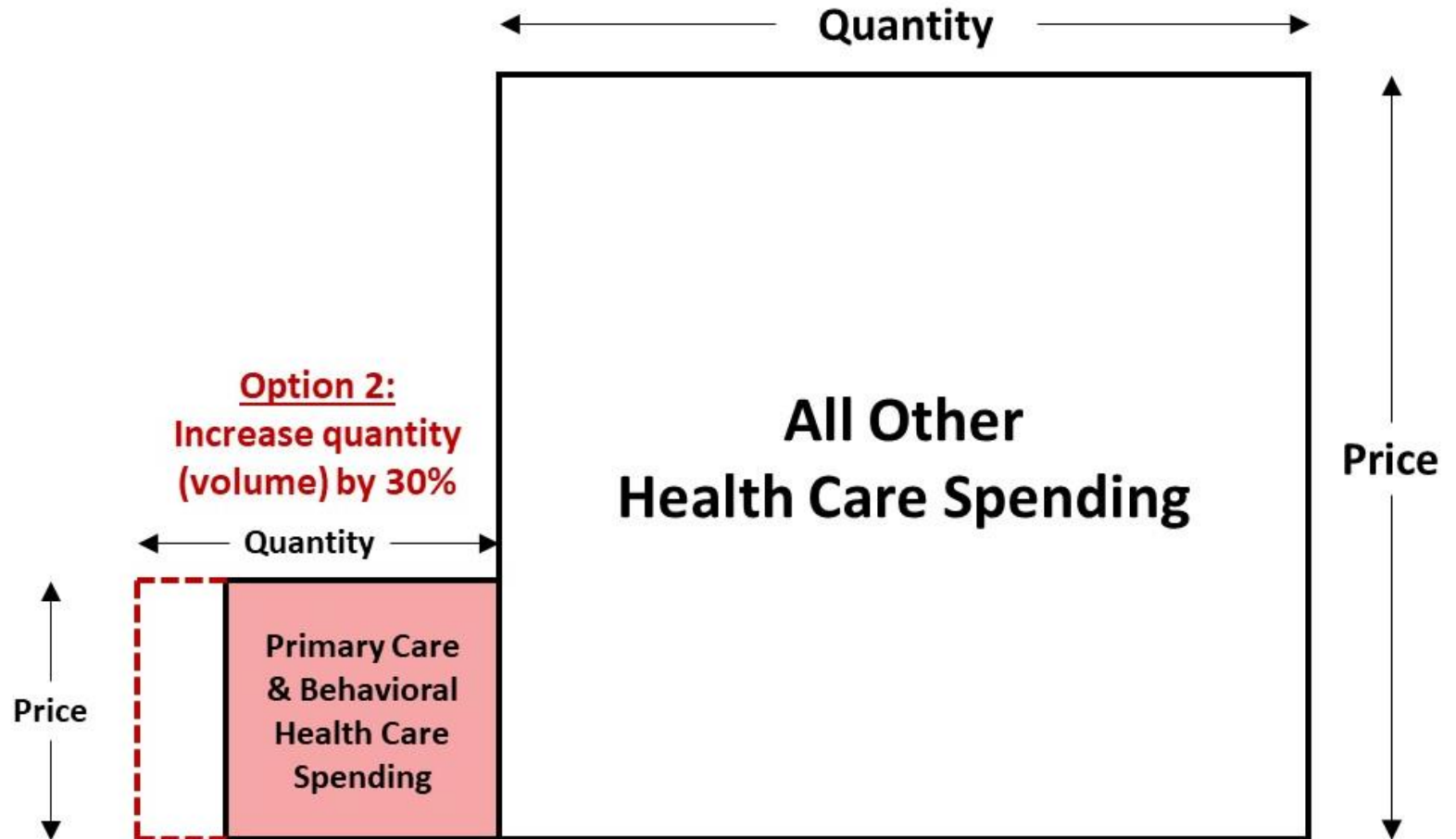
**Fact 2:** PC & BH  
spending = ~15%



# Provider Response #1: Raise prices by 30%

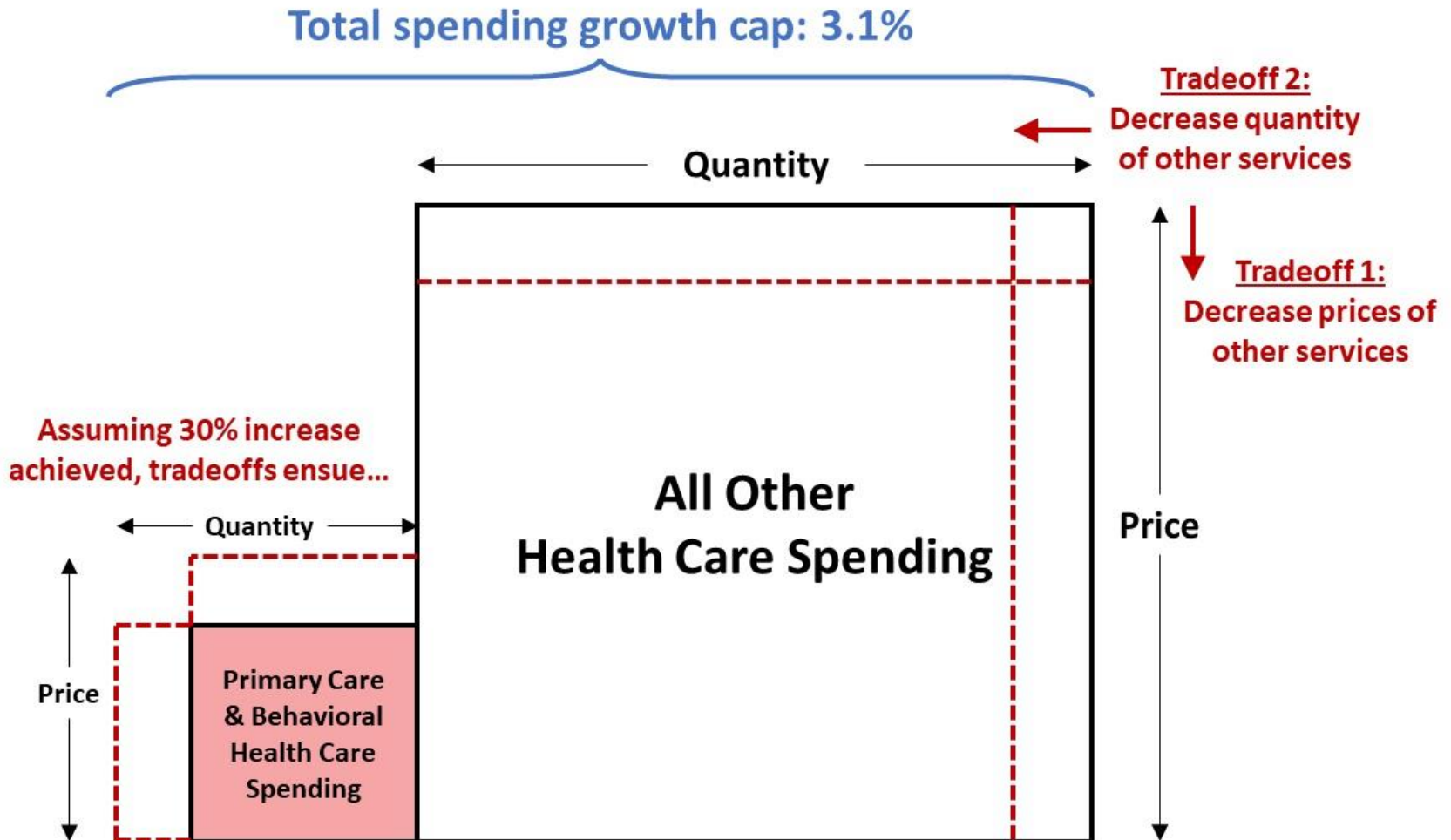


# Provider Response #2: Increase quantity by 30%



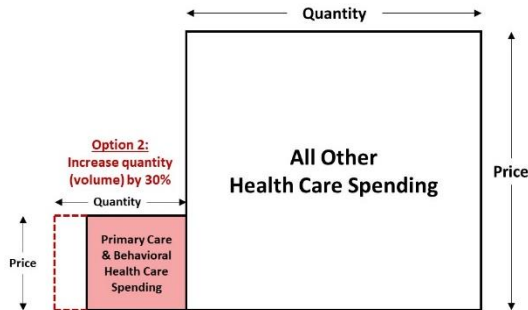
# Key Tradeoff: Specialist and hospital spending

Key Question: How will they respond?



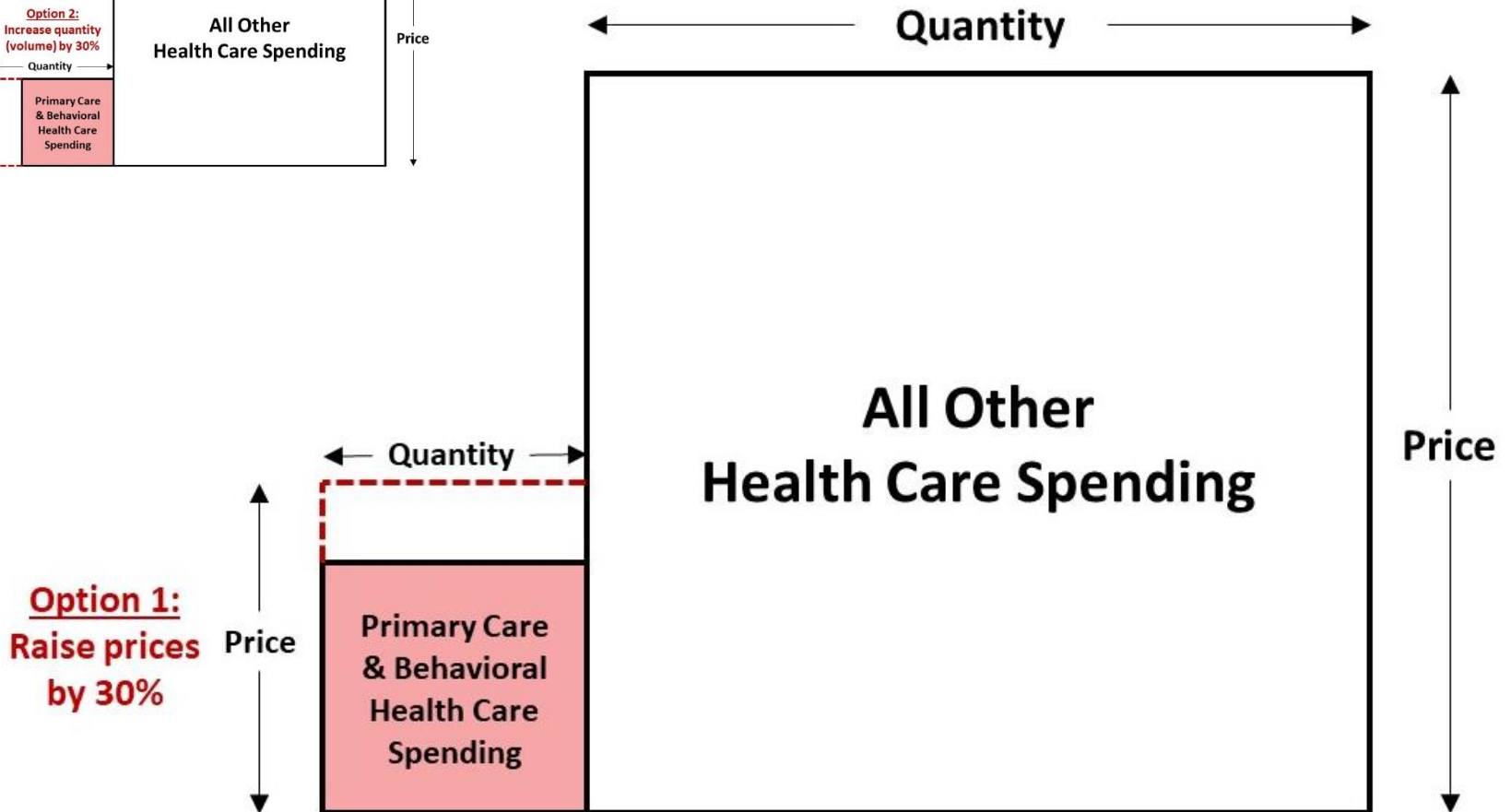
# Small Provider

Cannot raise prices



# Big Provider

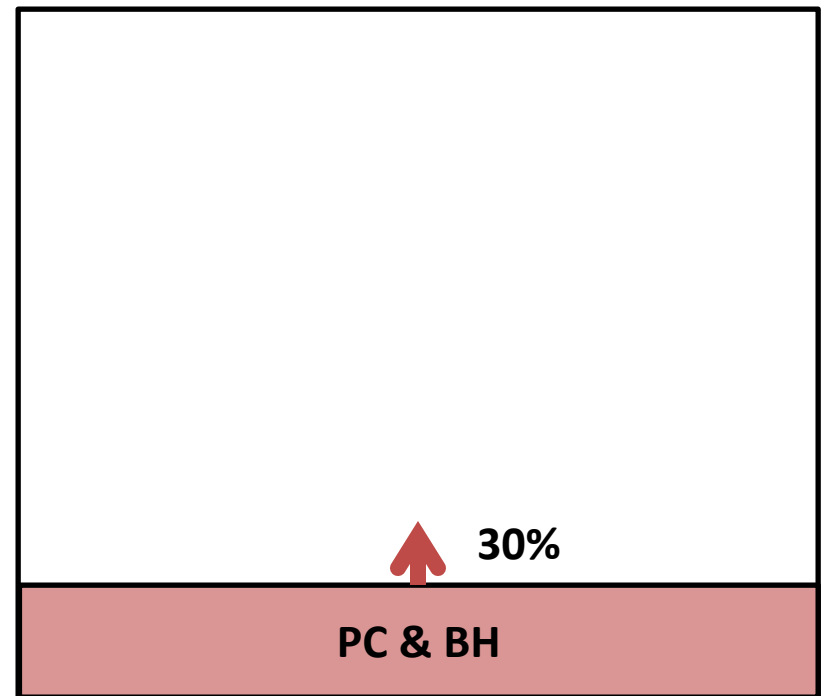
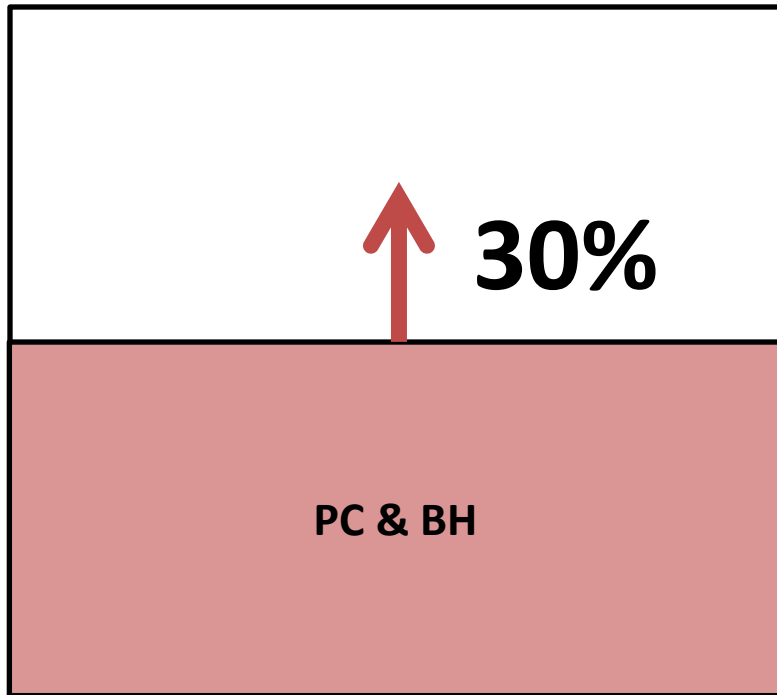
Can raise prices or increase quantity



# Equity of the Investment

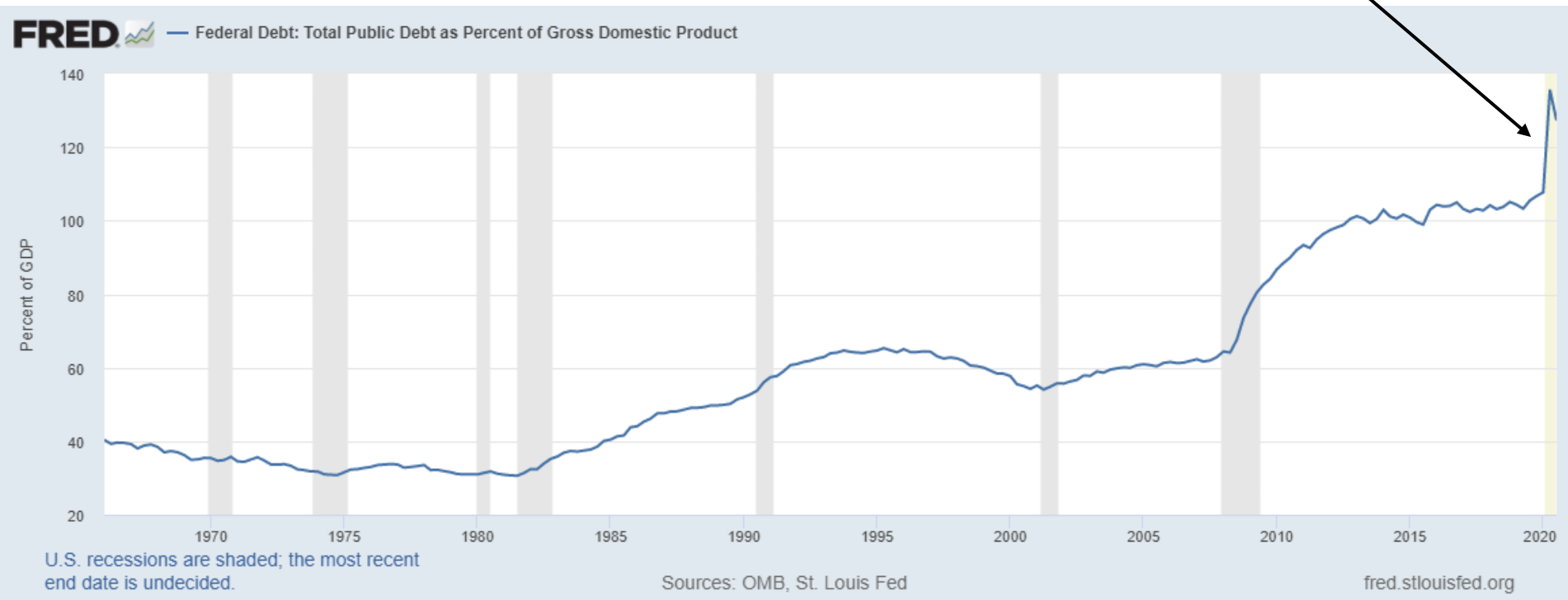
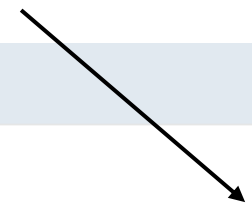
**Organization 1**  
No hospitals

**Organization 2**  
With hospitals



# Overarching Issue: Health Care Spending

**COVID-19**



**Total U.S. Debt Today: \$27 Trillion**

**Major Contributors: Health Care, Social Security, Defense**