

Here's how the Primary Care Stabilization Fund (PCSF) will work. The PC4YOU payment model will be available for Primary Care practices and health systems to opt into. We think it is very likely that most will choose to opt into this payment model because it will yield approximately double their revenue for primary care.

The PCSF, managed by the state (either HPC or EOHHS), would deliver a prospective monthly payment for every patient that is attributed to a practice that has opted into this payment model, regardless of whether or not this patient's insurance coverage is through a self-funded plan (employer-based/ERISA plan) or a fully funded plan.

This prospective monthly payment would likely be about double the revenue that the practice had previously been receiving for Primary Care. The specific amount would vary based on performance on quality measures, how complicated patients are, and the number of Primary Care transformers that the practice has attested to adopting.

The commercial payers would be required to pay the PCSF that prospective monthly payment for each attributed patient. So essentially, the PCSF is simply a pass-through.

ERISA law states that the government cannot dictate what employer-based plans do. However, the government is allowed to assess commercial payers. In fact, two legal experts on health reform reviewed the legislation and concluded that it fits within existing federal law.

Technically, an employer-based plan could choose not to participate with PC4YOU, but in doing so, they would have to pay for Primary Care twice, which they would never do. Here's what I mean.

Every employer-based plan works with a commercial insurance company as a third party administrator (TPA). When that TPA is assessed by the PCSF, they are in fact, paying for a patient's Primary Care. So the employer-based plan will have no interest in forsaking that, and paying for Primary Care again for their employee.

Alternatively, if you simply just create a better payment model for Primary Care and insist that all the commercial insurance carriers offer this, this will by law, exclude all patients who are covered by self-funded plans. This is about 60% of the commercial market in MA. So without Medicare, Medicaid, and self-funded patients, we're left with about 20% of the patients in MA which will be too little of an effect on Primary Care. This is essentially what happened in Delaware which has been a great disappointment there.

There are four major benefits to the Primary Care Stabilization Fund:

1. Bypassing ERISA law as discussed above.
2. Dramatically decreasing the administrative burden of Primary Care practices by allowing them to bill one prospective monthly payment per patient to the PCSF each month, instead of thousands of bills to many different insurance companies, many of which will get rejected and have to be filed again. The people doing all of this billing work could be repurposed into patient care.
3. In the current system, the insurance companies are dictated by the market power of each system. This means that Primary Care services at one system might be reimbursed at close to double the rate they are at different systems. Insurance companies have no ability to address this inequity because they are beholden to market power. In contrast, the state not only can increase rate equity, but one could argue that it is its job to do so.
4. Insurance companies will save money by not having to administer Primary Care.

In conclusion, it is the PCSF that is the key to making this Primary Care reform impactful. Last October, I was invited to a primary care health policy summit at UC Davis in Sacramento. At the end of 3 days of brainstorming Primary Care reform, the wise leader of the entire conference stated the following:

*I have heard about many different, excellent Primary Care reform proposals around the country over these last 3 days. However, they all have a fatal flaw. In Delaware, they doubled Primary Care investment, but the self-funded plans were not included so, the impact is too small. In California, Primary Care payment was increased to 15% but as a recommendation - not a requirement. The only Primary Care policy that I have heard this week that does not have a fatal flaw is PC4YOU in Massachusetts, specifically because of the Primary Care Stabilization Fund.*