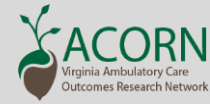




Alternative Payment Models (APMs) could increase investment in Virginia's primary care system



Primary care is the foundation of a strong healthcare system, yet persistently underfunded in the U.S. In 2022, the [National Academies of Sciences, Engineering, and Medicine](#) recommended expanded primary care payment through alternative payment models (APMs), which give additional incentives for providing high-quality, cost-effective primary care.

To better understand primary care in Virginia, including the use of APMs, we used data from the All-Payer Claims Database and National Plan and Provider Enumeration System to identify every primary care clinician and practice in the Commonwealth. We then surveyed all practices in 2018 and again in 2022, with a 30% and 23% response rate, respectively.

Few practices in Virginia have adopted APMs

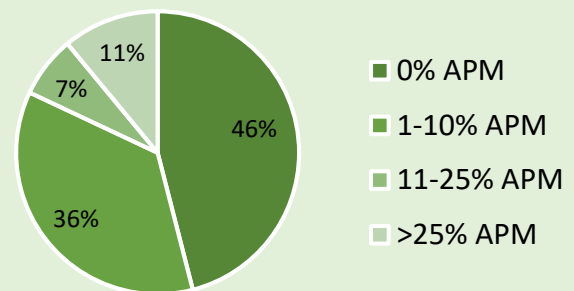


90% of primary care revenue is fee-for-service
46% of practices have no revenue from APMs
Only 11% report over 25% APM

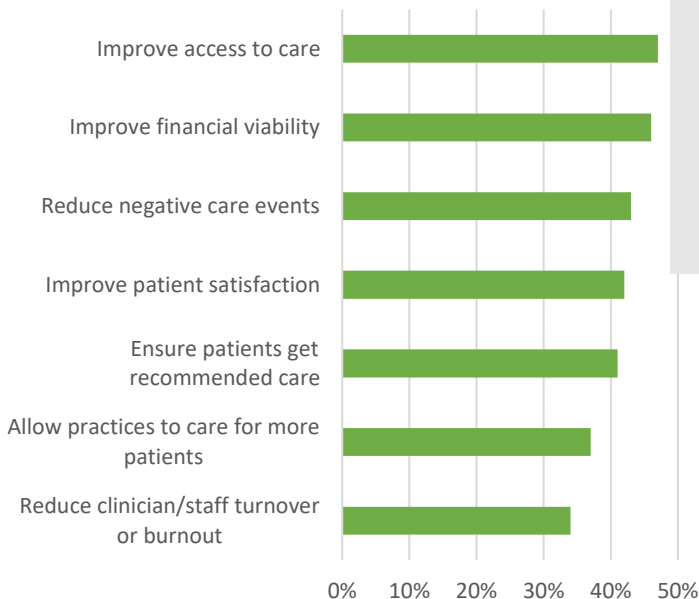


50% of practices are not participating in quality, value-based, or pay for performance payment systems

Practices by % APM revenue



Practices report APM opportunities could advance changes in primary care



Engagement with APMs would improve patient access to primary care

37% of practices report they would make changes to practice with payment increases that could be achieved through APM participation

20% would accept more Medicaid patients 31% would increase care management activities

62% would hire new staff 19% would increase support staff salary or bonuses

“Medicaid should come up with some kind of primary care capitation, so that we could manage a population and kind of take risk for them.”
-Practicing clinician

Many practices are eager to further engage in APMs

39% of practices are interested in Medicaid APMs

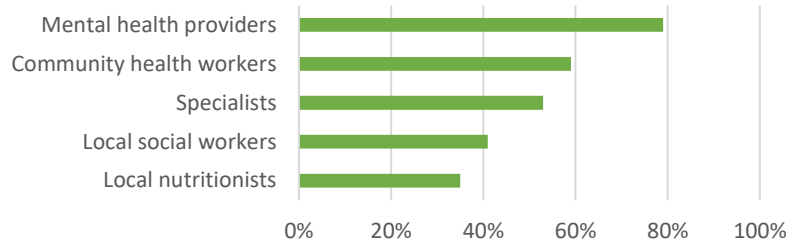
Practices with **medium** levels of APM (11-24% of revenue) are **most interested** in participating in APM

58% would participate in Medicaid APM

63% report APM would improve access

33% report APM would reduce staff turnover

Practices report they could see more Medicaid patients if they had better access to



Medicaid primary care spend in Virginia is below national average

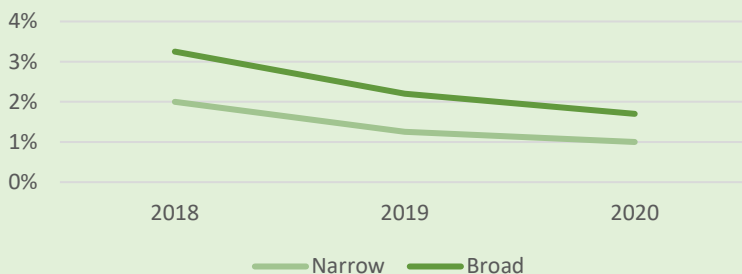
Medicaid primary care spend is between **1.3-2.2%**, compared with **5.4% nationally**.

64% of 2018 respondents reported reimbursement was a factor in accepting patients with Medicaid. Interviewees in 2022 report reimbursement continues to be a critical issue.

APM must be accompanied by a true increased investment in primary care.

“As we get busier Medicaid is probably the first panel that closes. It’s just financially very difficult.”
-Practicing clinician

Medicaid primary care spend as % of total spend



Primary care spend as % of total care

| Virginia | Narrow provider / narrow service (minimum) | Broad provider / broad service (maximum) |
|------------|--|--|
| Medicaid | 1.3% | 2.2% |
| Medicare | 2.7% | 4.5% |
| Commercial | 3.7% | 6.0% |
| All payers | 2.4% | 4.0% |

Virginia developed a four-quadrant approach to defining primary care in which both providers and services were given narrow and broad definitions. The narrow definition is more strict (includes less provider types / services) and the broad definition is more generous (includes more provider types / services). Source: [Virginia Task Force on Primary Care](#)

“Give a regular rate of revenue stream to primary care offices to expand their capabilities to help manage care that currently isn’t being reimbursed.”

-Practicing clinician

Implications

- APM represents a small fraction of primary care payment and revenue in Virginia
- APMs could have substantial benefits for patients and primary care practices; however, many clinicians remain skeptical about how APMs will work in practice
- Clinician input into how APMs are designed is critical for buy in and success
- Primary care is underfunded in Virginia and payment reform must include a true increased investment in primary care