MASSACHUSETTS HEALTH POLICY COMMISSION

EOHHS

Statutory Deliverable #3: Establish a Primary Care Spending Target

Introduction

Despite evidence that access to high-quality primary care is associated with increased health outcomes and lower health care costs, only five to seven cents of every health dollar is spent on primary care in the United States.[1] In 2021, the U.S. spent 4.7% of its total health care spending in primary care, compared to an average of 14% in other high-income nations, many who rank higher in health outcomes than the US.[2] In Massachusetts, primary care spending as a percentage of all commercial health care spending was 6.7% in 2023, and is declining.[3]

To address this underinvestment, many states have passed legislation to increase the proportion of total health care spending directed to primary care. In 2024, California's Office of Health Care Affordability set a goal of increasing primary care spending to 15% of total medical expenditures by 2034.[4] In 2017, Oregon set a primary care expenditure target of at least 12% for all payers to be reached by 2023. Though this benchmark is not enforceable, the Oregon Health authority can require carriers that do not reach the target to submit a plan to increase spending on payment for primary care as a percentage a percentage of total health expenditures by at least one percent each plan year.[5] In 2024, Rhode Island set a new primary care spending target of 10%, effective 2025.[6]

Primary Care Task Force Deliberation: Statutory Deliverable #3

At the Massachusetts Primary Care Access, Delivery, and Payment Task Force (PCTF) meeting on June 17, 2025, Christopher Koller, President of the Milbank Memorial Fund, gave a guest presentation, *Increasing Primary Care Spending Rates in Massachusetts: Lessons from Other States,* and provided insights on how best set a target for increasing spending in primary care. This presentation provided the PCTF with a guiding framework, design questions, and a set of principles for establishing a primary care spending target here in Massachusetts.

At the PCTF meeting on July 22, 2025, task force members reflected on available state data regarding primary care spending from the Center for Health Information Analysis (CHIA) Primary Care Dashboard and reviewed legislative proposals calling for a spending target in Massachusetts. Drawing on their experience and expertise in the Massachusetts primary care landscape, they provided their feedback on the primary care spending target design questions shared by Mr. Koller.

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[1] Koller, C., Bianco, D., Greene, K., Hraber, M., Wilkniss, S. (2025). Implementing High-Quality Primary Care: A Policy Menu for States. *The National Academy for State Health Policy* and *Milbank Memorial Fund*.

[2] Gumas, E.D., Lewis, C., Horstman, C., Gunja, M.Z. (2024, March 28). Finger on the Pulse: The State of Primary Care in the U.S. and Nine Other Countries. *The Commonwealth Fund*.

[3] Center for Health Information Analysis (2025, June 5). Massachusetts Primary Care Dashboard. https://www.chiamass.gov/massachusetts-primary-care-dashboard#June-2025

[4] Department of Health Care Access and Information. (2024, October 22). California Sets Benchmarks for Primary Care Investment to Promote High-Quality, Equitable Health Care. *California Department of Health Care Access and Information News.*

[5] 2022 Primary Care Spending in Oregon Report Executive Summary. Oregon Health Authority. October 2024.

[6] Foubister V. Five States Leading Efforts to Increase Primary Care Spending. *The Milbank Memorial Fund*. March 12, 2025.

HPC staff then developed a draft proposal incorporating this feedback and presented it to members at the PCTF meeting on September 17, 2025 for further task force deliberation at the December 3, 2025 meeting.

Through this work, the PCTF has developed the following recommendations for establishing a primary care spending target for private and public health care payers, pursuant to Chapter 343 of the Acts of 2024.

Primary Care Task Force Recommendation: Statutory Deliverable #3

The PCTF recommends the Commonwealth of Massachusetts take bold action by setting an aggregate primary care spending target with a timeline that reflects the urgency of the current crisis in primary care. This recommendation is a necessary goal that is aligned with best practices put forth by policy experts, recent primary care reform legislation passed in other states, and pending legislation in Massachusetts. If achieved, Massachusetts will be a national leader among states in rebalancing its health care system to one that prioritizes sustainable primary care, supports and strengthens the primary care workforce, and delivers more accessible, efficient, effective, and equitable care to patients.

- **Primary Care Spending Target:** The Legislature should establish an aggregate primary care spending target for the Commonwealth that is equivalent to either (1) doubling the share of health care spending on primary care as a percentage of total health care spending or (2) 15%, whichever is greater, within five years from the base-line year 2026, with improvement measured annually.
- **Health Care Affordability:** The Legislature should ensure that any increase in primary care spending should not result in an increase in the growth of overall health care expenditure trends or to a net new increase in health insurance premiums and cost-sharing and should authorize the Massachusetts Health Policy Commission (HPC) and the Division of Insurance (DOI) to hold payers and providers accountable for any such increases.
- **Designated Agencies:** The Legislature should direct the Commonwealth's independent agencies focused on health care policy, planning, workforce, and data to oversee the primary care spending target for the Commonwealth.
    - The HPC is broadly charged in M.G.L. c. 6D to "monitor the reform of health care payment and delivery system in the commonwealth", to "set health care cost goals", and to set "goals to reduce health care disparities" and has considerable experience and expertise to implement such an initiative. Chapter 343 of the Acts of 2024 also created the new HPC Office of Health Resource Planning, charged with using robust data analysis and strategic planning to promote the alignment of health care resources and population needs, which further adds to HPC's strong expertise to implement this work. HPC should, following the base-line year measurement by the Center for Health Information and Analysis (CHIA) (see below), establish annual, measurable improvement targets to meet the primary care spending target. These targets should apply to both payers and providers. Following the initial five-year period, the HPC should be provided the flexibility to set new five-year and annual

improvement targets. Throughout, the HPC should develop additional policy recommendations to advance the successful attainment of the primary care spending target and other complementary goals.

  - CHIA has established a robust methodology for defining, measuring, and reporting on primary care spending in Massachusetts. This spending is reported by payers and calculates spending on primary care services and as a percentage of total medical spending by insurance type, by per member per month (PMPM), by insurance type, and by providers (through managing clinician groups). For commercial payers, this reporting includes both fully-insured and self-insured spending (full claims), to ensure monitoring across the commercial market. As further described in PCTF Statutory Deliverable #1, the Legislature should also require CHIA to report annually on spending on primary care by a range of age groups, to enable monitoring of primary care spending trends for pediatric populations and other age groups. The spending calculations for 2026 should be the base-line year to establish the primary care spending improvement target and inform the annual improvement targets.
  - Additionally, the agencies should rely on information collected from provider organizations through the Registration of Provider Organization Program (see PCTF Statutory Deliverable #2) to monitor progress and ensure that the additional spending is increasing support for primary care practices within, or affiliated with, larger provider organizations.

- **Payment and Care Delivery Reform:** Increases in primary care spending should be prioritized by payers and providers to support the adoption of innovative payment models that support the delivery of the four pillars of person-centered primary care: first-contact care, continuity of care, comprehensive care, and coordination of care. Recommendations from the PCTF on payment and care delivery models will be included in the upcoming PCTF Statutory Deliverable #4.
- **Accountability:** The Legislature should authorize the HPC, DOI, and other state agencies to hold payers and providers accountable to these requirements and to establish sufficient enforcement mechanisms in statute to ensure compliance with both the targets and affordability requirements. Based on CHIA reporting, HPC should monitor primary care spending trends by payers and providers and require organizations to take steps to increase spending on primary care, including pediatrics, subject to penalties if annual improvement targets are not met. The Legislature should authorize the HPC to impose compulsory performance improvement plans that achieve measurable improvement in meeting the annual improvement targets and consider monetary penalties commensurate with spending deficiencies. HPC and DOI should receive data in their performance improvement plan review process and premium filings, respectively, and take the necessary steps to ensure that any increase in primary care spending does not lead to an increase in the growth of overall healthcare expenditure trends or to a net new increase in health care premiums and cost-sharing.

Additional Policy Considerations

Complementary Goals: PCTF Members have stressed the importance of reducing administrative expenses for primary care practices and transforming primary care delivery as essential complementary goals to a primary care spending improvement target.

Detailed recommendations for reducing administrative burden and complexity will be addressed in PCTF Statutory Deliverable #7: Create short-term and long-term workforce development plans to increase the supply and distribution of and improve the working conditions of primary care clinicians and other primary care workers.

Reductions in administrative expenses would be achieved by standardizing and simplifying billing structures, significantly reducing unnecessary prior authorization and standardizing remaining utilization management processes, limiting and standardizing high-value quality measure reporting, centralizing credentialing, and automating and simplifying other administrative processes.

Payment and practice reforms will also be addressed in recommendations included in PCTF Statutory Deliverable #4: Propose payment models to increase public and private reimbursement for primary care services.