

**House Bill 19-1233****Investments In Primary Care To Reduce Health Costs****Economic Analysis**

House Bill 19-1233 proposes to invest in primary care to reduce the cost of health care and increase its utilization. The bill intends to construct a primary care payment reform collaborative in the Division of Insurance in the Department of Regulatory Agencies. Its purpose is to advise and to set targets on carrier investments in plans that promote primary care use and develop affordability standards for primary care. The bill requires the Commissioner of Insurance to develop affordability standards that encourage reductions in insurance premiums and set targets for carrier investments in primary care. It requires carriers who offer health benefits to State employees and the Department of Healthcare Policy and Financing to set targets for investment in primary care to provide quality healthcare according to the affordability standards.

Government intervention is required to protect the interests of health care consumers by regulating or subsidizing the market to avoid inefficiency or market failure in provision of quality health care. As it can be seen from the past, without government intervention in health care, suppliers alone have not been able to deliver quality health care to consumers (Tang, Eisenberg, and Meyer 2004). Without government intervention in the provision of health care, carriers have the power to maximize their profits by controlling the market. This leads to opportunities for practices such as rent-seeking within legal boundaries and could lead to market failure.

Improper health care can lead to negative externalities such as contagion. If a person gets sick and does not have proper health insurance or funds for their treatment,

it will either lead to the government redistributing funds to pay for their healthcare, or the person not getting treated at all which could lead to contagion. These externalities will lead to suffering and inefficiency in society.

Strategic investments are more effective than taking redistributive measures as strategic investments minimize the risk, whereas relying on redistribution is much like taking a gamble. The Government has been taking redistributive measures to reduce the difference between social classes on the basis of health (McNamara, n.d.). Strategic investment in healthcare would help the government avoid using redistribution, as it has been proven to be a more effective form of subsidy in the past (Starfield and Birn 2007).

Better access to primary care leads to better health outcomes. According to the Joint Learning Network for Universal Health Care, targeted investments in primary health care would lead to improving public health across the course of life (Wellington, 2016). The report from N.A.C.H.C provides evidence that suggests how better access to primary health care can lead to lower expenditure, healthier public, and reduced health disparities (NACHC, 2009).

The primary health care system acts like a mechanism to detect and prevent disease outbreak and reduction in cases for secondary health care (Wellington 2016). Fewer secondary care cases will lead to a reduction in the demand for secondary care. This will reduce the cost spent on its treatment. According to a report by W.H.O, having higher access to primary care will improve the workforce health quality making it more productive and efficient (W.H.O 2018). This suggests that government intervention to promote primary care would be economically beneficial to society.

The current state of primary care in Colorado is not efficient. According to Modern Medicine Network, even though primary care is less expensive than secondary care, primary care in the U.S. is still unaffordable for most residents because of limited accessibility to physicians (MMN, 2014). Currently, Colorado's health care system has less support for primary care than required (PCPCC, 2019). According to the Colorado Health Access survey, more than 800,000 weren't able to schedule an appointment with their physician when needed. Others reported that they did not have access to care because their provider was too far, or they were not able to get childcare (C.H.I, 2018).

Expansion of primary care in the State's rural region is required. According to the Colorado Health Institute, only 17 out of 64 (26.5%) counties in Colorado have direct primary care clinics. These are all located near the Front Range (C.H.I, 2018). This suggests that there is a great need for expansion in the primary care sector of the State, especially in rural areas where health care is unavailable or of poor quality.

There are other socio-economic factors that indicate that development of primary care clinics is required in rural areas such as:

- Rural areas residents have lower income compared to people in urban areas (US Census Bureau, 2016).
- Tobacco use is more prevalent in rural areas (NRHA, n.d.).
- Large number of people in rural areas have transportation problems which reduce their access to health care (NRHA, n.d.).

Access to direct primary health care would improve conditions for rural residents as primary care providers can provide quality healthcare with more accessibility (Wellington, 2016).

The bill requires the creation of a collaborative that will help expand the State's provision of primary care and increase its accessibility. As specified in the bill, the data collected from the eight representatives will be utilized to envisage the demand and current situation of primary care in Colorado. It will examine how different payment methods can be reformed to overcome the barriers that have been encountered in the past. The collaborative will provide advice on how the State's health care funding can be utilized to maximize efficiency and innovation in the primary care sector.

If the collaborative suggests an increment in investment in primary care, it would lead to various benefits. According to research by W.H.O, investment in primary care would help increase the accessibility that will lead to providing high-quality and cost-efficient care (W.H.O, 2018). This will increase the equitable distribution of health. It will reduce health disparities, improve the quality, and increase the efficiency of provided health care (Gillings, 2011).

The Commissioner's establishment of new affordability standards according to the collaborative might encourage an efficient solution to reducing the cost of healthcare. But reducing prices will reduce supply. This will not increase accessibility. The establishment of new affordability standards will deal with one problem but create another. This suggests that new affordability standards would not have an effective impact on Colorado's health care.

Setting targets for carrier investment in primary care would help in creating a goal for carriers to promote primary care, but carriers will have no initial benefit from meeting those targets, as it will raise their expenses in short run and reduce their profits. This suggests that carriers would not have much interest in it. Increasing the capacity would

also be a challenge as there isn't a way of increasing the supply of physicians without increasing prices or providing a subsidy.

The collaborative will also require to set targets for investment in primary care by carriers who provide health insurance to State employees and the Department of Health Care and Financing. It will promote the use of primary care by State employees. It will also aid Colorado Division of Human Resources in their goal of providing State employees with high-quality care. However, it will initially increase the department's expenses towards healthcare as it requires funding to restructure the policy to provide high-quality primary care.

Approval of HB19-1233 will help with research for improving the state of primary care in Colorado. The collaborative will advise on the development of new affordability standards and help understand Colorado's primary care demand. This will help with the expansion of primary care. Expansion of primary care will improve health across the course of life, that will reduce the number of people who are dependent on the State for disability and other benefits (W.H.O, 2018). But the bill needs to be amended so that it clarifies how it will deal with other problems such as the lack of availability of physicians and initially increased department expenses for restructuring policies provided to employees.

According to the research, it suggests that supporting HB19-1233 will help research and improve the state of primary care in Colorado and its residents' health. However, before approval, the bill needs to address the interests of primary care carriers in achieving the set targets and how it plans on dealing with the reduced supply caused by the new affordability standards.

## Works Cited

- C.H.I - Colorado Health Institute. "Direct Primary Care: A New Way to Deliver Health Care." *Colorado Health Institute*, June 2018, [www.coloradohealthinstitute.org/research/direct-primary-care-new-way-deliver-health-care](http://www.coloradohealthinstitute.org/research/direct-primary-care-new-way-deliver-health-care).
- Gillings, Janelle. "Primary Care and Health Equity." ASTHO's Health Equity Workgroup and Albert Terrillion, 2011, [www.astho.org/Programs/Access/Primary-Care/\\_Materials/Primary-Care-and-Health-Equity-Fact-Sheet/](http://www.astho.org/Programs/Access/Primary-Care/_Materials/Primary-Care-and-Health-Equity-Fact-Sheet/).
- McNamara, Jon. "Colorado Medical Care for Uninsured." Colorado Medical Care for Uninsured, [www.needhelpayingbills.com/html/colorado\\_medical\\_care\\_for\\_unin.html](http://www.needhelpayingbills.com/html/colorado_medical_care_for_unin.html).
- MMN - Modern Medicine Network. "Access to Primary Care Remains a Challenge for 62 Million Americans." <https://www.medicaleconomics.com/Practice-Management/Access-Primary-Care-Remains-Challenge-62-Million-Americans>, Mar. 2014.
- NACHC: National Association of Community Health Centers. "Http://Ljournal.ru/Wp-Content/Uploads/2016/08/d-2016-154.Pdf." 2009, doi:10.18411/d-2016-154.
- NRHA. "NRHA." *NRHA, National Rural Health Association*, [www.ruralhealthweb.org/about-nrha/about-rural-health-care](http://www.ruralhealthweb.org/about-nrha/about-rural-health-care).
- PCPCC "Primary Care Investment." *Primary Care Investment | Patient-Centered Primary Care Collaborative*, Jan. 2019, [www.pcpcc.org/primary-care-investment](http://www.pcpcc.org/primary-care-investment).
- Starfield, Barbara, and Anne-Emanuelle Birn. "Income Redistribution Is Not Enough: Income Inequality, Social Welfare Programs, and Achieving Equity in Health." *Journal of Epidemiology and Community Health*, BMJ Group, Dec. 2007, [www.ncbi.nlm.nih.gov/pmc/articles/PMC2465663/](http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2465663/).
- Tang, Ning, et al. "The Roles of Government in Improving Health Care Quality and Safety." *Joint Commission Journal on Quality and Safety*, U.S. National Library of Medicine, Jan. 2004, [www.ncbi.nlm.nih.gov/pubmed/14738036](http://www.ncbi.nlm.nih.gov/pubmed/14738036).
- US Census Bureau. "A Comparison of Rural and Urban America: Household Income and Poverty." *The United States Census Bureau*, 22 Dec. 2016, [www.census.gov/newsroom/blogs/random-samplings/2016/12/a\\_comparison\\_of\\_rura.html](http://www.census.gov/newsroom/blogs/random-samplings/2016/12/a_comparison_of_rura.html).
- W.H.O. "Building the Economic Case for Primary Health Care: a Scoping Review ." *World Health Organization WHO*, 2018, Building the economic case for primary health care: a scoping review .
- Wellington, Nkem. "Joint Learning Network." *5 Reasons to Invest in Strong Primary Health Care Systems | Joint Learning Network*, June 2016, [www.jointlearningnetwork.org/news/moving-beyond-financial-protection-5-more-reasons-to-invest-in-strong-prima](http://www.jointlearningnetwork.org/news/moving-beyond-financial-protection-5-more-reasons-to-invest-in-strong-prima).