

OVERVIEW

Investing in primary care has been shown to increase life expectancy, reduce costly admissions to hospitals, and lead to a healthier population.¹ In recognition of the importance of primary care, the [Virginia Task Force on Primary Care](#) (VTFPC) was launched in 2020 by the Virginia Center for Health Innovation to assess the current state of primary care in the Commonwealth and to identify gaps in resources and opportunities for investment. This report, based on data from the VHI All Payer Claims Database for services provided in 2019 – 2021, describes trends in expenditures and utilization of primary care services.² Primary care is defined by the VTFPC based on provider type and services, using a four quadrant approach. This report provides ranges based on the narrowest to broadest definitions unless otherwise specified.

KEY FINDINGS

- Virginia spent 3.1-5.7% of medical expenditures on primary care.
- Virginia ranks 50th in change in state investment in primary care overtime.
- Commercial plans invest the largest portion of expenditures in primary care, with 8.3%.
- Medicaid has the lowest per member per month spend on primary care.
- An estimated 58% of Virginians used primary care, although utilization varies greatly by region, ranging from 44-68%.
- How Virginians access primary care differs by region, but in both rural and urban areas telehealth accounts for a significant portion of primary care.

NARROW DEFINITION

Providers: Family Medicine physicians, Pediatricians, Geriatricians, Adolescent Medicine physicians, Palliative Care physicians, Internal Medicine physicians with at least 10 wellness visits per year

Services: Primary care office visits, immunizations, physical exams, well baby visits, preventive services

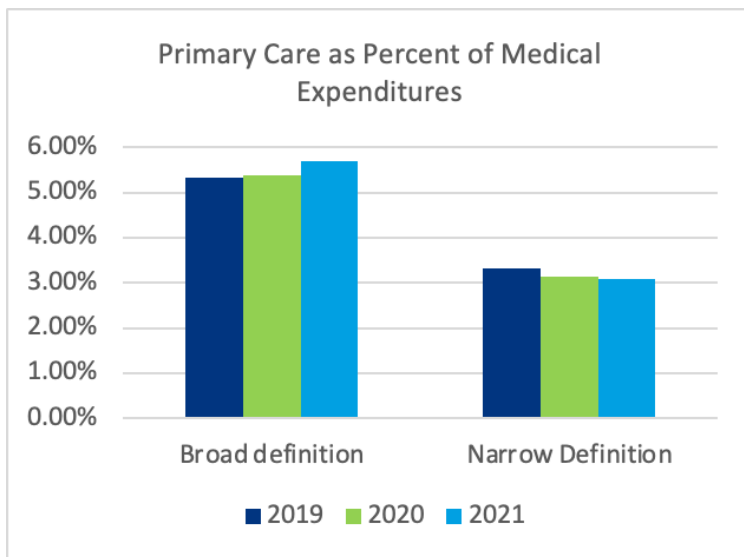
BROAD DEFINITION

Providers: Also includes nurse practitioners, physician assistants, OB/GYNs with at least 10 wellness visits per year, Federally Qualified Health Centers and Rural Health Centers, School

Services: Also includes telehealth services

PRIMARY CARE AS A PORTION OF TOTAL MEDICAL EXPENDITURES

In 2021, Virginia spent 3.1-5.7% of medical expenditures on primary care.³ While there is no consensus on the “right” amount to spend on primary care, increased investment has been found to be associated with improved outcomes.⁴ A recent [report](#) from the Organisation for Economic Co-operation and Development (OECD) countries suggest that primary care spend averages 14% of total spend across OECD countries, which is substantially higher than the estimated Virginia spend. Many states have also been setting primary care spend targets, taking the lead from Rhode Island, which set a target of 10.7% for primary care in 2010. Since that time, other states have set similar targets of primary care accounting for between 10-16% of total healthcare expenditures.⁵



Spend on primary care may be increased by raising primary care reimbursement rates or through increasing utilization of primary care services.

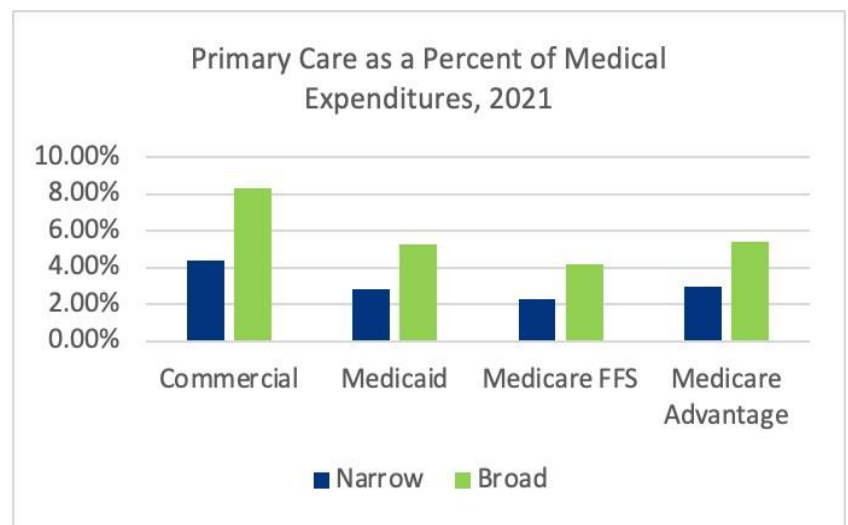
While definitions of primary care differ across institutions, in the United States, Virginia ranks between 12th and 24th in primary care as a percent of medical expenditures, falling to 24th when advanced practice practitioners (e.g. nurse practitioners and physician assistants) and OB/GYNs are included.⁶

Unlike most states, Virginia’s investment in primary care has been declining over time or has had minimal increases, depending on the definition used. In its 2020 report, the Primary

Care Collaborative ranked Virginia 50th in change over time for annual investments in primary care pre-pandemic. While Virginia has seen a modest increase in investment for broadly defined primary care, more narrowly defined primary care investments have continued to decrease. For broadly defined primary care, investment increased from 5.3% in 2019 to 5.7% in 2021. However investment, in more narrowly defined primary care decreased from 3.3% in 2019 to 3.1% in 2021.

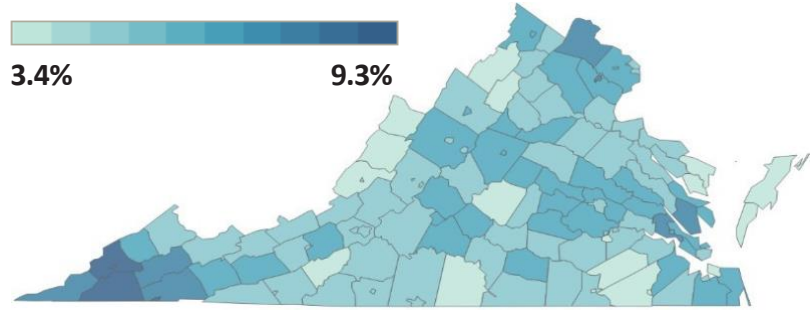
INVESTMENT IN PRIMARY CARE VARIES BY PAYER AND REGION

While commercial plans in Virginia invested 8.3% of medical expenditures in primary care in 2021, Medicare fee-for-service (FFS) spent 4.2% of medical expenditures on primary care. This difference in investment may be related to the high cost of inpatient expenditures for Medicare FFS and the higher acuity of Medicare FFS members, who are more likely to require specialists and inpatient services. However, Medicare Advantage, the managed care component of Medicare, spends a higher percentage of its total medical spend on primary care than the FFS program, with 5.4% of medical spend in 2021 spent on broadly defined primary care. While Medicare Advantage is also a Medicare program, acuity of members tends to be somewhat lower than Medicare FFS. Lower acuity members may be less likely to require specialists and inpatient services, enabling a larger portion of expenditures to be used for primary care. Regionally, primary care accounts for the highest percentage of medical spend in the far Southwest region of Virginia compared to the rest of the Commonwealth.



While Medicare Advantage is also a Medicare program, acuity of members tends to be somewhat lower than Medicare FFS. Lower acuity members may be less likely to require specialists and inpatient services, enabling a larger portion of expenditures to be used for primary care. Regionally, primary care accounts for the highest percentage of medical spend in the far Southwest region of Virginia compared to the rest of the Commonwealth.

Scott County has the highest percentage with 9.3% in 2021, followed closely by Bristol (8.6%), Norton (8.2%), and Wise (8.1%). Bath and Paige counties, in the Northwest region, had the lowest percentage of medical expenditures spent on primary care, accounting for only 3.4% each in 2021.



Primary Care as Percent of Total Expenditures, 2021

PROVIDER RATES AND PER MEMBER PER MONTH SPEND

Per Member Per Month Spend on Primary Care, 2021

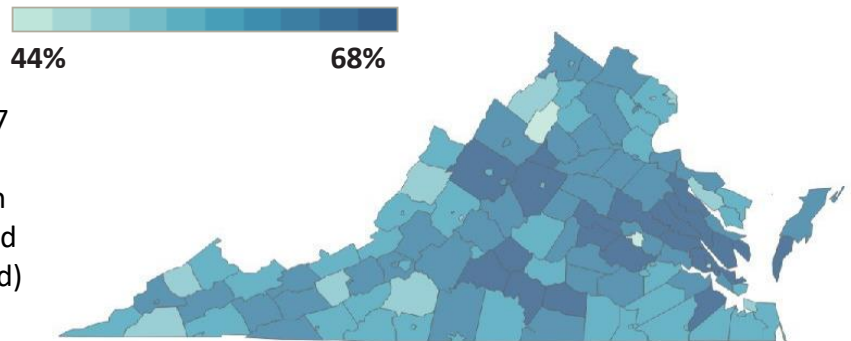
	2019	2020	2021
Commercial	\$15.82	\$20.48	\$23.44
Medicaid	\$16.35	\$15.95	\$17.02
Medicare FFS	\$20.88	\$18.57	\$21.28
Medicare Advantage	\$29.51	\$33.95	\$41.99

On a per member per month (PMPM) basis, Medicaid spends significantly less on primary care than other payers. In 2021, Medicaid spent on average \$17.02 per member per month on primary care, while Medicare Advantage

spent \$41.99 during the same timeframe. While lack of utilization for primary care services can contribute to lower PMPM, much of the difference reported between Medicaid and Medicare Advantage is likely due to differences in reimbursement rates. In recognition of insufficient provider rates for primary care in Medicaid, the Virginia General Assembly recently increased Medicaid reimbursement rates for primary care to 80% of Medicare rates (up from < 70%). This increase is estimated to invest an additional \$151 million in primary care during state fiscal years 2023 and 2024.

HOW VIRGINIANS USE PRIMARY CARE

An estimated 58% of Virginians accessed primary care in 2021, which is well below the most recent national reported average of 75%. However, utilization of primary care varies greatly by locality. Using the broadest definition of primary care, four localities (Page County, and the cities of Williamsburg, Fairfax and Richmond) had primary care utilization rates below 50%, with the city of Richmond reporting lowest utilization with 44% of residents estimated to have

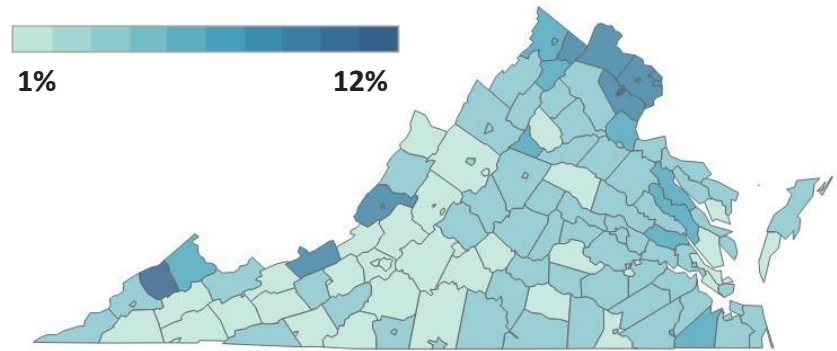


Percent of Virginians with a PCP visit, 2021

used primary care services. Low utilization may be due in part to lack of primary care workforce compared to the population. In 11 localities, at least 65% of residents are estimated to have visited a primary care provider in 2021, with Mathews and Gloucester counties reporting highest utilization with 68% of the population receiving primary care in 2021. The types of primary care services used by Virginians also vary. General office visits make up the largest portion of primary care utilization with 38% of services considered a general office visit. However, urgent care services are also a critical component of understanding how primary care is used across the Commonwealth. While overall, urgent care accounts for 3% of total primary care use, it makes up a greater portion of primary care

services in the Northern and Eastern regions of the Commonwealth. King George County has the highest rate of urgent care use, reaching 19% of primary care services. See full county level details in the accompanying Appendix.

Telehealth has also become a growing portion of primary care with the expansion of telehealth access during the COVID-19 pandemic. While much of telehealth services continue to be in urban centers, such as Northern Virginia, telehealth is a key component of the primary care delivery system for many rural regions. In fact, Dickenson County in Southwest Virginia has the highest proportion of primary care services delivered through telehealth of any county in Virginia. While telehealth services accounted for 8% of primary care statewide, in Dickenson, 12% of primary care were delivered through telehealth.



Percent of Primary Care Services Offered through Telehealth, 2021

Behavioral health has also been a growing component of primary care in Virginia. Family Medicine is the leading provider specialty caring for Virginians with behavioral health needs. The number of members served by Family Medicine providers for behavioral health has been increasing each year. More information on the intersection of behavioral health and primary care is described in the VTFPC Behavioral Health Expenditures Report.

CONCLUSION

Despite evidence that primary care leads to improved health, Virginia’s investment in primary care is significantly below those of other OECD countries and U.S. states setting primary care spend targets. In fact, Virginia’s change in spend over time is ranked at the bottom of the country. Most recent data suggests that commercial plans tend to invest a greater proportion of healthcare expenditures in primary care, averaging 8.3% of total medical spend. However, this is still far short of the 14% average that OECD countries report.

Additionally, Medicaid has the lowest per member per month spend on primary care, despite having a more complex patient population that would benefit from care coordination and chronic disease management that primary care can offer. Recent legislation to increase primary care rates for Medicaid may help to alleviate some of this shortfall, but more effort is needed.

Regional variation in primary care spend and utilization suggests that while some areas of the state are using primary care and investing in their primary care infrastructure, other areas are significantly lacking in primary care. In the Richmond area, an estimated 44% of residents accessed primary care services, far fewer than the 58% statewide average. Richmond also had significantly lower telehealth utilization than other areas of the Commonwealth, potentially exacerbating access concerns.

Identifying disparities in primary care investment and utilization is critical for understanding the primary care infrastructure in Virginia. Disparities across payer and region in primary care expenditures, use of telehealth, urgent care services, and primary care in general may represent workforce constraints, broadband access disparities, payer discrepancies, and population variation. The Virginia Task Force on Primary Care recommends annual reports on primary care spend in Virginia to better inform resource investment in Virginia’s primary care.

¹ Primary Care Collaborative. [Primary Care Spending: High Stakes, Low Investment](#). December 2020

² The VHI All Payers Claims data base includes claims and encounters provided by Medicaid fee-for-services, Medicaid Managed Care entities, Commercial plans, Medicare Advantage plans, and Medicare fee-for-service. ERISA, military, and federal employee plans are not included. Claims for uninsured individuals are not included. Medicaid fee-for-service skilled nursing facility payments and Medicare FFS pharmacy claims have been excluded due to missing data. Analyses are based on actual paid amounts adjusted for trends in payment reversals, with the exception of integrated health plans. For integrated plans, proxy paid amounts are used to determine equivalent service-based payments.

³ Medical spend includes spend on inpatient facilities, outpatient facilities, and professional services. It does not include costs associated with prescription drugs or durable medical equipment.

⁴ Primary Care Collaborative. Primary Care Spending: High Stakes, Low Investment. December 2020

⁵ Investing in Primary Care is Essential to Achieve State Goals — and How Investments are Structured is Crucial. <https://www.chcs.org/investing-in-primary-care-is-essential-to-achieve-state-goals-and-how-investments-are-structured-is-crucial/>. 2022.

⁶ Primary Care Collaborative. [Primary Care Spending: High Stakes, Low Investment](#). December 2020

⁷ Characteristics of Americans With Primary Care and Changes Over Time, 2002-2015. JAMA. <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2757495?resultClick=3>

The Virginia Task Force for Primary Care (VTFPC) was launched in August 2020 as a multi-stakeholder collaboration. It is tasked with addressing the sustainability challenges facing primary care that came to light during the COVID-19 pandemic and continue to challenge our communities. The Task Force is led by the Virginia Center for Health Innovation. To learn more about the work of the VTFPC visit our [website](#).

Appendix

Estimates are based on data from the 2021 VHI APCD. Estimates are generated based on averages from all payers. APCD data does not include data from ERISA plans, military health plans, federal employee health plans, or the uninsured.

County	Primary care as a percent of total medical expenditures	Urgent care as a percent of primary care services	Telehealth as a percent of primary care services	Percent of population with a primary care visit
Accomack	3.63%	1.57%	3.71%	58.72%
Albemarle	6.23%	1.56%	4.81%	63.14%
Alexandria City	5.12%	4.13%	8.12%	52.36%
Alleghany	3.83%	3.21%	9.50%	56.62%
Amelia	5.72%	2.72%	2.56%	62.03%
Amherst	6.00%	0.89%	3.22%	59.49%
Appomattox	6.13%	0.95%	1.80%	63.93%
Arlington	5.39%	3.60%	9.28%	53.14%
Augusta	5.80%	2.23%	2.86%	63.13%
Bath	3.36%	3.29%	3.82%	52.52%
Bedford	5.62%	1.78%	2.08%	61.60%
Bland	4.62%	1.18%	0.67%	62.62%
Botetourt	4.96%	3.38%	2.14%	59.33%
Bristol City	8.58%	2.72%	1.54%	56.31%
Brunswick	4.68%	1.02%	3.64%	54.25%
Buchanan	5.32%	1.60%	5.69%	54.26%
Buckingham	4.09%	1.43%	4.17%	55.70%
Buena Vista City	4.85%	4.67%	2.23%	53.24%
Campbell	6.31%	1.27%	2.44%	64.24%
Caroline	5.17%	12.71%	4.80%	59.52%
Carroll	5.07%	0.59%	2.09%	55.09%
Charles City	4.76%	4.04%	4.15%	59.21%
Charlotte	4.63%	1.21%	3.35%	64.00%
Charlottesville City	6.37%	1.66%	5.15%	55.96%
Chesapeake City	6.05%	4.00%	3.58%	58.35%
Chesterfield	6.30%	4.77%	3.45%	63.06%
Clarke	5.61%	4.90%	7.76%	61.18%
Colonial Heights City	5.11%	4.85%	3.23%	59.74%
Covington City	4.48%	5.85%	5.77%	56.68%
Craig	4.60%	3.02%	1.58%	58.37%
Culpeper	5.49%	3.76%	3.43%	60.19%
Cumberland	5.47%	3.37%	4.27%	58.51%
Danville City	4.63%	1.52%	3.39%	56.82%
Dickenson	6.12%	2.04%	12.01%	50.83%
Dinwiddie	4.73%	4.04%	4.25%	60.55%

Emporia City	4.04%	1.16%	4.73%	54.46%
Essex	5.21%	7.73%	5.63%	65.28%
Fairfax	5.95%	5.29%	9.30%	56.67%
Fairfax City	6.00%	4.94%	9.70%	49.43%
Falls Church City	5.79%	5.77%	8.72%	59.13%
Fauquier	6.09%	2.66%	5.14%	62.38%
Floyd	4.26%	3.15%	3.58%	53.91%
Fluvanna	5.89%	1.80%	4.76%	62.27%
Franklin	4.77%	3.59%	1.94%	53.11%
Franklin City	3.80%	1.86%	6.51%	54.96%
Frederick	6.51%	5.65%	6.38%	60.03%
Fredericksburg City	5.50%	7.29%	4.91%	58.52%
Galax City	4.89%	0.20%	2.17%	55.49%
Giles	4.74%	2.28%	7.54%	57.91%
Gloucester	6.90%	6.04%	2.35%	67.58%
Goochland	5.81%	4.66%	3.51%	63.70%
Grayson	4.96%	0.32%	3.12%	58.49%
Greene	6.00%	1.57%	5.92%	63.35%
Greensville	4.68%	1.77%	2.72%	55.82%
Halifax	4.36%	4.05%	3.19%	54.98%
Hampton City	5.61%	5.11%	3.67%	57.93%
Hanover	6.18%	4.59%	3.38%	65.71%
Harrisonburg City	5.69%	3.10%	3.97%	59.82%
Henrico	6.26%	4.19%	3.38%	62.75%
Henry	5.65%	2.30%	3.20%	55.38%
Highland	3.47%	1.56%	2.25%	56.63%
Hopewell City	4.52%	3.14%	2.30%	55.64%
Isle Of Wight	5.72%	3.90%	3.39%	64.48%
James City	6.94%	5.13%	4.68%	67.26%
King And Queen	5.47%	7.65%	5.94%	63.81%
King George	5.52%	18.90%	3.96%	59.32%
King William	5.80%	8.41%	5.21%	64.57%
Lancaster	4.48%	1.42%	2.27%	57.65%
Lee	7.89%	2.02%	3.79%	54.04%
Lexington City	4.80%	4.10%	1.77%	54.93%
Loudoun	6.95%	4.47%	7.47%	61.04%
Louisa	5.63%	2.60%	2.45%	62.19%
Lunenburg	6.15%	0.75%	2.54%	65.90%
Lynchburg City	6.05%	1.53%	2.02%	57.70%
Madison	5.55%	1.90%	2.81%	60.76%
Manassas City	7.52%	3.01%	10.29%	60.76%
Manassas Park City	3.94%	7.95%	6.76%	62.89%

Martinsville City	5.34%	2.09%	3.68%	53.81%
Mathews	5.86%	5.88%	3.20%	67.71%
Mecklenburg	5.01%	1.30%	4.66%	62.57%
Middlesex	5.86%	4.17%	3.39%	61.63%
Montgomery	6.09%	4.21%	2.43%	61.25%
Nelson	4.98%	1.32%	3.70%	60.96%
New Kent	6.51%	5.93%	5.25%	64.53%
Newport News City	6.01%	5.39%	2.53%	59.23%
Norfolk City	4.39%	3.78%	3.49%	50.91%
Northampton	4.45%	0.76%	2.57%	63.96%
Northumberland	4.37%	2.70%	3.88%	58.21%
Norton City	8.16%	3.95%	4.51%	62.08%
Nottoway	5.62%	1.68%	3.78%	60.71%
Orange	5.75%	2.86%	3.23%	59.94%
Page	3.43%	1.83%	3.92%	46.13%
Patrick	5.02%	2.36%	1.47%	54.27%
Petersburg City	4.11%	3.34%	2.30%	54.50%
Pittsylvania	5.22%	1.42%	1.93%	58.55%
Poquoson City	6.58%	4.25%	2.27%	67.37%
Portsmouth City	4.84%	3.77%	4.45%	55.16%
Powhatan	6.54%	3.56%	3.81%	64.88%
Prince Edward	5.08%	0.69%	4.04%	57.88%
Prince George	5.02%	6.60%	3.98%	57.90%
Prince William	6.15%	5.27%	7.74%	58.23%
Pulaski	4.94%	3.19%	3.06%	53.28%
Radford	5.43%	3.33%	2.23%	61.56%
Rappahannock	5.01%	3.05%	3.62%	55.12%
Richmond	5.28%	5.09%	3.41%	50.13%
Richmond City	4.59%	4.19%	4.44%	44.37%
Roanoke	5.35%	2.99%	2.44%	60.52%
Roanoke City	4.68%	2.88%	2.19%	54.01%
Rockbridge	5.36%	3.25%	2.79%	56.57%
Rockingham	5.23%	3.14%	4.12%	60.76%
Russell	7.78%	3.19%	2.17%	61.69%
Salem	4.94%	3.45%	1.64%	59.34%
Scott	9.13%	1.50%	2.10%	52.21%
Shenandoah	4.22%	3.88%	4.86%	51.77%
Smyth	6.79%	1.03%	1.44%	62.50%
Southampton	4.29%	1.92%	4.56%	56.93%
Spotsylvania	5.21%	6.89%	4.70%	58.84%
Stafford	5.47%	7.85%	5.41%	55.19%
Staunton City	5.38%	2.35%	3.78%	57.65%

Suffolk City	4.89%	3.49%	5.24%	58.09%
Surry	5.66%	4.80%	3.88%	62.58%
Sussex	3.91%	3.44%	3.88%	57.09%
Tazewell	5.30%	2.66%	3.40%	54.98%
Virginia Beach City	5.94%	3.88%	4.71%	58.11%
Warren	5.04%	6.85%	5.59%	57.69%
Washington	7.76%	3.01%	2.47%	57.28%
Waynesboro City	5.65%	1.76%	2.60%	62.44%
Westmoreland	5.02%	12.85%	4.39%	62.14%
Williamsburg City	5.81%	5.90%	3.56%	48.50%
Winchester City	5.92%	6.82%	6.61%	57.89%
Wise	8.11%	3.51%	4.94%	60.19%
Wythe	5.83%	0.42%	1.02%	61.70%
York	6.61%	4.50%	2.67%	66.47%