

The Honorable Alex M. Azar II  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, DC 20201

June 1, 2020

Dear Secretary Azar:

On behalf of the Pacific Business Group on Health (PBGH), I write to you on an issue of profound importance to the future of our health care system: **the urgent need to protect and strengthen independent primary care practices during the COVID-19 pandemic.** PBGH speaks on behalf of more than 40 private employers and public agencies, collectively employing more than 15 million people, and spending more than \$100 billion on health care on behalf of their employees each year. For 30 years, PBGH has led efforts to transform U.S. healthcare using the combined influence of some of the largest public and private purchasers of health care in the United States.

As you know, the COVID-19 pandemic has put enormous strain on the US health care system and the broader economy. While the effects of the pandemic on hospitals, clinical labs, and pharmaceutical manufacturers have been well documented, **we believe that one of the most significant negative impacts of the crisis is the on the providers that form the foundation of our health care system: independent primary care practices.** These practices have seen their volume of patients collapse since the beginning of the pandemic, placing enormous strain on their finances and calling into question their long-term viability. According to a weekly survey of primary care clinicians across the country, nearly 20 percent of practices have temporarily closed and 40 percent are uncertain if they will be open in four weeks.<sup>1</sup> Further, 40 percent of practices have had to lay off or furlough workers.

As large employers, our members are focused on the future viability of the primary care system for three critical reasons:

- 1) First and most immediately, they want to ensure ready access to affordable care for their employees and their families.
- 2) Second, they are deeply concerned that absent immediate financial support, independent primary care practices will have no other choice but to become a part of larger health

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<sup>1</sup> The Larry A. Green Center and the Primary Care Collaborative, "Primary Care and COVID-19, Week 11 Surveys," May 27, 2020: <https://www.pccpc.org/2020/05/26/primary-care-covid-19-week-11-surveys>

- systems, accelerating the ongoing trend of health industry consolidation. Such consolidation has been shown to have little-to-no positive impact on health care quality or access, but is nearly always associated with higher prices<sup>2</sup>.
- 3) Finally, they believe that a robust primary care system must form the cornerstone of a high quality health care system. Without robust primary care, our health care system will continue to fail the American people, providing low-value, high cost and inefficient care.

**Thus, it is clear to PBGH and our members that the impending collapse of independent primary care practices represents a concern of vital national interest that must be addressed swiftly to avoid profound and irreparable damage.**

Since the beginning of the pandemic in the United States, Congress has allocated fully \$175 billion through the Provider Relief Fund (PRF) for the purpose of providing financial relief to health care providers impacted by the crisis. We are concerned that so far it appears that the majority of this funding has gone to hospitals without adequate targeting to providers with the greatest financial need. In particular, we have been disturbed by news reports that the largest recipients of funding have been large, comparatively wealthy hospital systems with billions of dollars in financial reserves.<sup>3</sup> **Understanding that the Department of Health and Human Services (HHS) prioritized speed in allocating early funding under the PRF, and thus chose easy-to-implement funding formulas, we believe it is critical that *future* funding made available under the PRF be much more focused on those sectors of the health care system in the greatest financial distress, with a particular focus on independent primary care practices.**

There exist multiple policy options available to HHS to provide immediate and ongoing financial support to primary care providers. **PBGH supports two such options described in a May 22 letter to you from the American Academy of Family Physicians (AAFP) and the American College of Physicians (ACP).**<sup>4</sup> To date, distributions under the PRF have been based in large part on Medicare volume. To continue this formula would be a mistake. Instead, we urge HHS to consider lost revenue from all payers, including Medicaid, which makes up a significant portion of revenue for many primary care practices, particularly pediatrics.

**To ensure the long-term viability of primary care practices after the COVID-19 pandemic has**

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<sup>2</sup> Leemore S. Dafny, "Evaluating the Impact of Health Insurance Industry Consolidation: Learning from Experience," The Commonwealth Fund, November 20, 2015.

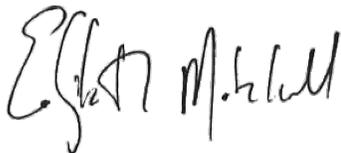
<sup>3</sup> Jesse Drucker, Jessica Silver-Greenberg, and Sarah Kliff, "Wealthiest Hospitals Got Billions in Bailout for Struggling Health Providers," *New York Times*, May 25, 2020: <https://www.nytimes.com/2020/05/25/business/coronavirus-hospitals-bailout.html>

<sup>4</sup> American Academy of Family Physicians and American College of Physicians to Alex M. Azar, II, Secretary of Health and Human Services, May 22, 2020: <https://www.aafp.org/dam/AAFP/documents/advocacy/payment/medicaid/LT-HHS-PrimaryCarePracticeRelief-052220.pdf>

**subsidized, we also support the AAFP and ACP's call to "make more options available to enable primary care physician practices to transition away from fee-for-service (FFS) by providing per-patient per-month (PPPM) prospective payments** adjusted for patient demographics by expanding on the primary care models developed by the Center for Medicare and Medicaid Innovation." The current crisis for primary care practices stems from the fundamentally broken FFS system, in which providers are largely paid on volume. By moving to a PPPM model, HHS can both realign incentives away from volume-based reimbursement and avoid the need for future financial relief for primary care practices faced with a temporary reduction in volume.

We understand that health care providers and stakeholders of all types are asking HHS for financial and other supports during the current pandemic. Many of these requests are likely grounded in real distress and urgent needs. But we hope that by lending the voice of large employers and health care purchasers to the cause of saving primary care demonstrates why primary care is both different and of the highest priority. Without robust primary care, our health care system will simply fail to meet the needs of everyone in our country. Thank you for your consideration and we look forward to continuing to work with you on this vital issue.

Sincerely,



Elizabeth Mitchell  
President and CEO