From the Field
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Using evidence to improve population health

Revitalizing Primary Care: Health Plan of San Mateo's Investment Strategy

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Policy Points

- Health Plan of San Mateo's five-year, $60 million Primary Care Investment Strategy addresses the primary care crisis by allocating resources to tackle the challenges identified by our primary care network
- The strategy's initiatives include raising primary care payments, offering grants to primary care providers, and providing professional coaching and technical assistance for our primary care network
- Public policies — such as primary care spending mandates, payer alignment guidance, and Medicare rate restructuring — are also needed to sustain primary care

ABSTRACT

Health systems that invest in primary care have better and more equitable health outcomes. Yet primary care faces a crisis (characterized by chronic underinvestment and significant workforce shortages), and that crisis has led to pervasive clinician burnout and reduced access to vital care, especially for populations who have a low income, are elderly, and identify as minorities.[1]

Financial neglect is a principal cause of the primary care crisis,[1] and financial *investment* must be central to the solution. This remedy is supported by a California Health Care Foundation study (in which Health Plan of San Mateo participated) showing that Medi-Cal managed care plans that spend more on primary care have better quality of care, patient experience, and plan ratings.

However, financial investment alone is not sufficient. Investments must ensure that primary care practices have the necessary resources to cultivate and maintain a thriving workforce, invest in practice transformation, and deliver the kind of high-performing primary care essential to a high-performing health care system.

At Health Plan of San Mateo, we hold a core belief that primary care is a common good. That is why we designed a five-year, $60 million Primary Care Investment Strategy that:

- Addresses the challenges faced by primary care comprehensively and from multiple angles in order to move our network from crisis to progress.
- Has metrics that align with the Quintuple Aim framework to advance health equity. Those metrics are 1) better use of resources, 2) better work, 3) better population health, and 4) better care experience.[2]
- Can be used by other health care plans and systems as a model for their own primary care investment initiatives and by policymakers to craft legislation that solves the primary care crisis at scale and promotes advanced primary care.

HPSM'S COMMITMENT TO PRIMARY CARE INVESTMENT AND CO-DESIGN

Health Plan of San Mateo (HPSM) is a local, nonprofit Medicare/Medi-Cal (California's Medicaid program) public health plan. For over 35 years, we have been committed to fulfilling our vision that *healthy is for everyone*. With more than 150,000 members, HPSM covers one out of five San Mateo County, California, residents.

Our close ties with our provider network and community have afforded us valuable opportunities to collaborate on initiatives that strengthen primary care in San Mateo County. For example, HPSM has had a hybrid payment model for primary care for more than two decades. More recently, our endeavors have included facilitating primary care learning collaboratives and updating our value-based payment models in collaboration with our primary care network, using a co-design process. We also participated in the California Health Care Foundation study that evaluated primary care spending among 13 Medi-Cal managed care plans.[3] The study found that average primary care spending was 11% of total medical expenditures. HPSM's spending was 13.2%, placing us above the 75th percentile.

Our Primary Care Investment Strategy builds on these efforts. With $30 million allocated for capacity building and $30 million for payment increases over five years, it enables San Mateo County to continue leading the state and the nation in primary care investment.

HPSM's Primary Care Investment Strategy rests on the premise that health systems that invest more in primary care have better and more equitable health outcomes.[4] The goal of our investments is to drive quality, not cost savings. Primary care is not a cost-containment area, because effective primary care is not a cost driver. The work to invest in primary care happens concurrently with other HPSM efforts to manage costs and inappropriate utilization in the larger health care ecosystem.

It is worth noting, however, that because we are a Medicare and Medi-Cal Managed Care Plan, our quality outcomes are tied to financial incentives and penalties. Therefore, in addition to advancing these initiatives for mission alignment, it is financially prudent for us to put more dollars into areas that improve quality, like primary care.

HPSM's investment strategy also aligns with the recommendations made in the National Academy for State Health Policy and the Milbank Memorial Fund's joint issue brief, Implementing High-Quality Primary Care: A Policy Menu for States. The brief's five priority areas included:

1. Make and keep primary care a top policy priority
2. Pay primary care more and differently
3. Make it easier for people to access their primary care clinician
4. Expand and support the current and future primary care workforce
5. Build provider capacity to deliver patient-centered, whole-person care

For payers and lawmakers seeking to address the primary care crisis, these priorities can serve as lodestars for designing programs and legislation at the local, state, or national level. We offer our Primary Care Investment Strategy as a model for others' endeavors.

A Test Bed for Innovation

Our efforts to improve primary care are part of a long-standing role HPSM has played as a laboratory for several innovative health care pilot programs over the years. These include a demonstration project for individuals eligible for Medicare and Medicaid, several initiatives that support independent living, and the first fully integrated dental plan for Medi-Cal members. Such projects promote a coordinated experience that helps members thrive in the community.

We are able to be an incubator for new ideas because of our:

- **Alignment and close ties with our community partners:** Among our partners are our provider network, community-based organizations, and the San Mateo County Health Department
- **Membership size:** Our membership is small enough to make effectively testing new approaches practicable, yet big enough to demonstrate that successful approaches can potentially be scaled to larger populations
- **Spirit of experimentation:** HPSM's ethos — informed by our location in the epicenter of innovation, Silicon Valley — drives us to continually seek new and better ways to realize our vision that *healthy is for everyone*

HUMAN-CENTERED, SYSTEMS-LEVEL DESIGN

To design our investment strategy and its components, we adopted an iterative problem-solving technique that puts people at the center of an empathic, creative, and collaborative process: Design thinking achieves innovative solutions by fostering a learning culture of co-creation that allows for continuous feedback.

Discover

Human-centered design is based on a simple idea: Ask the people you serve what they need to succeed, and then address those needs. Since the goal of our strategy was to move our primary care network from crisis to progress, we needed to engage our network to design a product that they would want and use to catalyze change.

We solicited input from key stakeholders, including:

- **Our primary care network:** We interviewed primary care providers at organizations of various types and sizes to understand what is working and what is not, what their priorities are, and how we can support them
- **Our provider advisory group:** This group is composed of local providers, who meet periodically to offer input on our network programs and policies
- **Primary care subject matter experts:** Through individual conversations, group discussions, and webinars, we gathered recommendations from subject matter experts at the local, state, and national levels on how to invest in primary care
- **HPSM's leadership:** We also consulted with HPSM leadership and San Mateo County Health Commissioners who govern our work to build our strategy and understand what is in scope and possible for us to achieve

Define

In their feedback, stakeholders reiterated the key challenges faced by our primary care network (e.g., financial neglect; workforce shortages, bandwidth issues, and burnout; underdeveloped population health; and suboptimal care experiences). They also told us where they experience the most friction between policy and delivery. The most common themes were:

- **Low bandwidth and competing priorities:** Inadequate staffing levels cause overwork and burnout, making it difficult for primary care organizations to focus on improving quality and developing adequate population health management systems
- **Contextual differences between our large health systems and small, independent practices:** While both add value and capacity and are deserving of investment, they differ in their motivations, needs, and capabilities
- **Insufficient access to specialty care:** Patients who cannot get timely appointments with specialists do not get the care they need when they need it — frustrating primary care providers, potentially leaving them to treat complex conditions beyond their scope, and increasing their workload
- **Administrative burden:** To engage and catalyze an already overburdened network, we must eliminate unnecessary work by streamlining program requirements and aligning with other payers

Prototype

Equipped with a deeper understanding of our primary care network's needs, we distilled four Strategic Pillars of Primary Care Investment to guide implementation: Better allocate resources, promote a robust and thriving workforce, improve population health, and enhance the care experience.

To ensure our strategic pillars resonated and met the needs of our primary care network, we presented them to our stakeholders for feedback and refined them accordingly. As we developed each body of work, we applied this same iterative process.

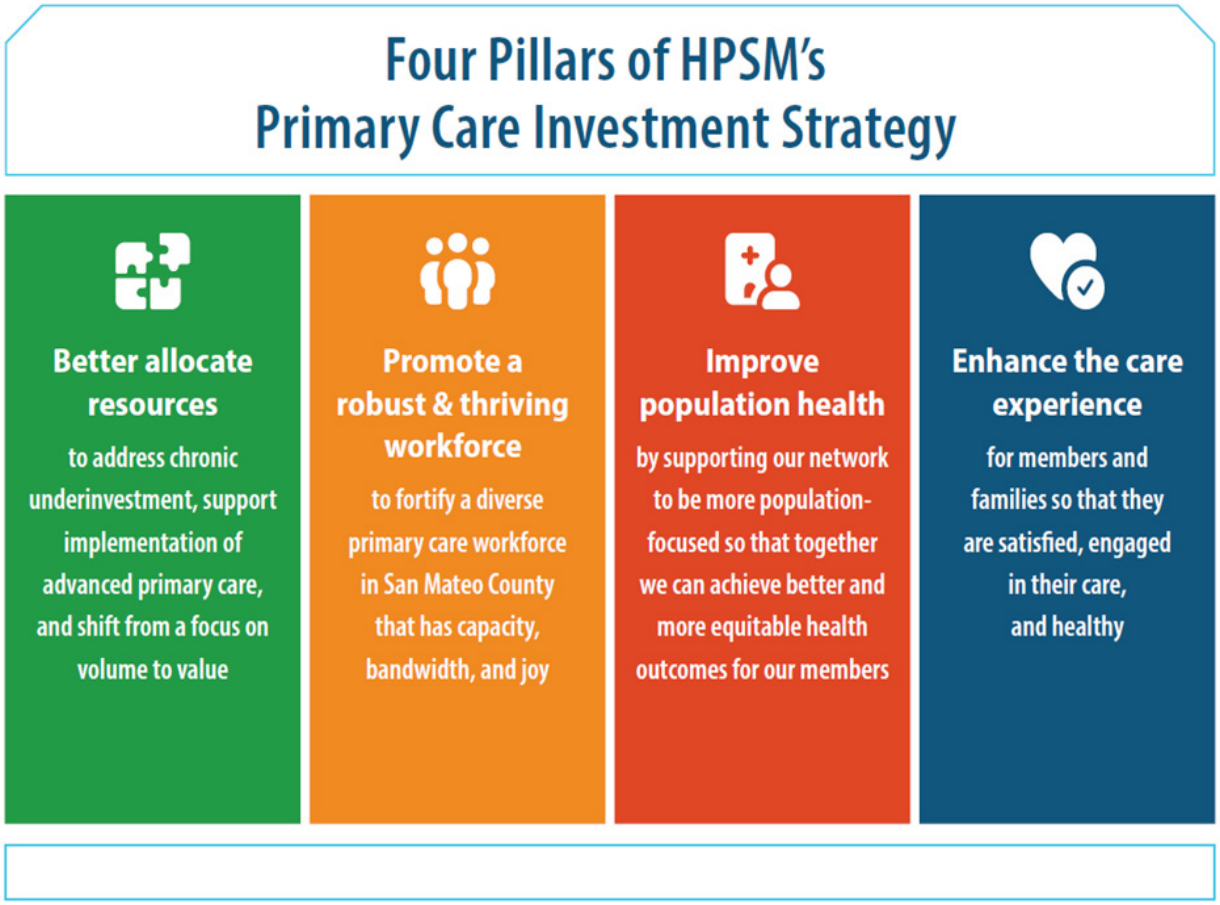
MEASURING SUCCESS

Management consultant Peter Drucker is often quoted as saying, "If you can't measure it, you can't manage it." To track how on-target we are at achieving our primary care goals, we developed four key metrics.

Better Use of Resources

Increase primary care spending by 30% per capita

Underinvestment in primary care is tied to a related problem: Systems typically do not calculate how much is actually spent on primary care. This issue was reflected in the most frequently repeated message we heard from our primary care subject matter experts: We need to



measure primary care spending, set a target, and then increase spending until it is sufficient and sustainable.

In response, one of our first steps was to develop a unique and replicable claims-based methodology for calculating primary care spending as a proportion of total health care expenditures. That methodology continues to be the basis for our primary care payment redesign efforts. It aligns with the California Department of Health Care Access and Information's Office of Health Care Affordability's (OHCA) Total Health Care Expenditures Data Submission Guide for reporting on primary care spending.

To measure the success of our strategy, however, our primary metric focuses on an increase in dollars to primary care on a per capita basis, rather than as a proportion of total health care expenditures. This was a deliberate decision to ensure our target reflects absolute expenditures to primary care and to guard against external factors that may relatively affect the proportion but not reflect actual investment in primary care (such as fluctuations in membership or reduced hospital or durable medical equipment costs).

Better Work

Right size primary care panels to 1,200 members per primary care team

In an oft-cited cross-sectional study on the associations between workload and burnout at the U.S. Department of Veterans Affairs, the authors concluded that panel overcapacity (larger than 1,200) is associated with higher physician burnout.[3] Monitoring this ratio helps ensure that the primary care providers in our network have the capacity and bandwidth to manage their panel of patients and to find joy and feel connected to the meaningful work they are doing every day to provide HPSM members with quality care. It also helps us prioritize efforts to evaluate primary care capacity and increase it through team expansion and workforce development.

Better Population Health

Show tiered improvement and reduction in disparities on prioritized HEDIS metrics

High Healthcare Effectiveness Data and Information Set (HEDIS) scores indicate that a health plan's providers effectively identify care gaps, deliver preventive services,

manage chronic diseases, and address social determinants of health — all of which make care more accessible and equitable while improving outcomes. We chose four measures that require the combined use of the Shared Principles of Primary Care to succeed: Child and Adolescent Well-Care Visits; Breast Cancer Screening; Depression Screening and Follow-Up for Adolescents and Adults; and Glycemic Status Assessment for Patients with Diabetes.

Comparing HEDIS scores year over year at the practice level will enable us to track the growth of our network's population health management capabilities and gauge our network's ability to meet our targets for improving outcomes and reducing health care disparities. Because our ability to achieve high HEDIS scores depends on accurate measurement, our strategy includes plans to optimize data transparency, integration, and interoperability.

Better Care Experience

Increase the number of members with a usual source of primary care

Studies show that people with a usual source of primary care enjoy better health (self-reported), lower mortality, and a longer life expectancy than those who don't.[5] Therefore, HPSM is focusing on member engagement, especially for members who are assigned to a primary care provider but have never been seen, to increase the number of members who have an established relationship with a primary care provider in our network.

IMPLEMENTATION

Overall, our strategy aims to transition our primary care network from crisis to progress. To achieve this, we have created different yet synergistic programs tailored to address our providers' diverse needs.

Primary Care Provider Grants

In their feedback, providers stressed that their most pressing problem is staff recruitment and retention. To stabilize and expand primary care teams and enhance the way they work, we launched our Primary Care Provider Grants program in April 2025, with awards ranging from $50,000 to $300,000. All four grants seek to bolster the 3Rs (recruitment, retention, and resilience) for the primary care team:

- **Primary care team expansion:** Hire and integrate new interprofessional team members
- **Core team stabilization:** Recruit and retain primary care providers and medical assistants
- **Provider sabbatical:** Retain providers by enhancing resilience through sabbaticals
- **Custom pilot grants:** Design pilots and programs that improve primary care team capacity, bandwidth, and joy

Primary Care ACT

Primary Care ACT (Assessments, Coaching, and Technical Assistance) is a three-year practice transformation initiative that incentivizes primary care practices to get personalized assessments, coaching, and technical assistance to improve population health management capabilities, practice well-being, and clinical outcomes. Facilitated by our esteemed program partners the Population Health Learning Center and the University of California, San Francisco Center for Excellence in Primary Care, Primary Care ACT offers:

- **Network-wide practice assessments:** The program evaluates practices' capabilities and performance and then identifies process improvement opportunities
- **Coaching services:** Coaching addresses practices' most pressing challenges and desired goals to promote sustainable, long-term growth
- **Peer learning:** Peer learning and other forms of technical assistance delve deeper into content prioritized as a result of the assessment and builds population health management foundations
- **Tracking and reporting:** The program also measures practices' progress toward achieving their identified goals

Primary Care ACT will move providers toward advanced primary care by strengthening primary care team capabilities across the population health building blocks of empanelment, access, data, quality improvement, and care team design. The program will also help providers participating in our grants program make the most of the funds they receive.

Primary Care Payments

As described earlier, HPSM developed a replicable methodology for calculating primary care spending as a proportion of total health care expenditures and committed to increasing primary care spending by 30% per capita. The methodology is a foundational piece of HPSM's five-year Primary Care Investment Strategy, and we have allocated $30 million over three years toward this effort.

HPSM pays its primary care providers in different ways, including capitation, supplemental capitation, fee-for-service (FFS) for carved-out services, and incentive-based payments (e.g., capitation bonuses for engagement and pay-for-performance programs). Given the variety of payment types, we are assessing where to allocate the increases most judiciously. To kickstart our work, we developed guiding principles for designing, evaluating, and considering solutions.

HPSM's primary care payments should:

1. Be a lever for change
2. Address chronic underinvestment in primary care
3. Promote advanced primary care and the Quintuple Aim
4. Shift our providers from a focus on volume to value
5. Be flexible, not one-size-fits-all solutions

In 2025, we effectuated rate increases to base FFS and capitation fee schedules to stabilize our network. Now, we are evaluating our current programs and gathering input from our subject matter experts and providers so that we can reallocate and increase primary care spending across our existing payment types and pilot new, enhanced payment options in 2026 and 2027.

WHY HPSM? WHY NOW?

Leading Our Community on Primary Care

Of San Mateo County's approximately 750,000 residents, nearly 20% are HPSM members. Furthermore, for the majority of our contracted primary care providers, more than two thirds of their patients are covered by HPSM. HPSM directly contracts with our provider network and does not have delegated entities, and our interactions with our network are more often relational than transactional. Therefore, while our financial levers with our primary care providers may give us influence, our healthy and trusting relationships with our primary care network make this work possible.

A Primary Care Movement

Our strategy leverages a growing national momentum of support for primary care, with California at the forefront. All of the state's major purchasers are investing in primary care, including California Public Employees' Retirement System, Covered California, and the California Department of Health Care Services (DHCS). The state's Office of Health Care Affordability (OHCA) is also fully on board, having set a 15% statewide target for primary care spending by 2034.

To align ourselves with the state's initiatives, we have compared our methodology with OHCA's standards for primary care spending. In addition, for our practice transformation effort, we are using the same consultant that DHCS hired for its Equity and Practice Transformation Program.

POLICY IMPLICATIONS

The primary care crisis is pervasive, entrenched, and multifaceted, so solutions must be ambitious, enduring, and wide ranging. Increased investment is essential, but simply throwing money at the problem will not solve it. Neither will tackling individual facets of the crisis in isolation. A comprehensive systems approach that addresses primary care holistically and complements existing supports is necessary.

Based on our experience so far, we see great potential for broader primary care reforms at the state and national levels that can be implemented through both health care system policies and effective legislation.

Spending Mandates

Nationally, less than 5% of health spending goes to primary care — even though more than one-third of health care visits are to primary care providers.[5] According to OHCA's memo on its board's approval of the health care spending and primary care spending benchmarks, the system "has reached a crisis point as health care costs continue to grow." The OHCA memo points out that California's Health Care Quality and Affordability Act declared that "primary care is foundational to an

effective health care system and evidence supports that greater use of primary care has been associated with lower costs" and better outcomes. We support these mandates, and we believe in the value of transparency in primary care spending at the state, plan, and delivery system levels.

Payer Alignment

While HPSM is the principal payer for most of our network (and thus has some influence over care delivery), we understand that for the remainder of our practices, our influence and levers to engage our members and have them participate in our programs may be limited by competing priorities and conflicting requirements. In these situations, payer alignment may help our providers reduce administrative burden and improve patient care and population health. More is needed to incentivize multi-payer alignment.

Medicare Rate Restructuring

Medicare pays considerably lower rates for primary care providers' time than for procedural-based care. That practice reverberates across the entire health care landscape, because most payers (such as managed health care plans) follow Medicare's rate-setting lead. This payment policy financially undermines primary care practices and disincentivizes providers from becoming primary care providers, contributing to the primary care provider shortage that is part of the primary care crisis. If Medicare raised rates for primary care, other payers would follow suit. This model would cascade into structurally positive changes throughout the health care system.

AN EVOLVING VISION FOR PRIMARY CARE

HPSM is committed to cultivating dialogue around primary care as a common good and encouraging investment by sharing what we learn from this undertaking.

As our strategy progresses, we will share detailed results. For now, we have found that to transform primary care meaningfully, beyond mere improvement at the margins, we must:

- **Provide a lever for change:** We are doing this by taking a comprehensive systems approach that addresses the primary care crisis holistically rather than incrementally
- **Avoid one-size-fits-all solutions:** We are crafting strategies that accommodate the aligned and different needs of various provider types, from large health systems to small, independent practices
- **Balance prescriptiveness with flexibility:** We are giving providers a range of financial resources and capacity-building tools to choose from, based on their risk-tolerance level and what will work best for them

With momentum gathering at the local, state, and national levels, now is the time to shift primary care from crisis to progress with investment in health care's most powerful tool for systemic transformation. Together we can make sure *healthy is for everyone*.

NOTES

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ABOUT THE AUTHORS

Miriam Sheinbein, MD, IBCLC, is a licensed and board-certified family physician. Motivated by the belief that primary care is a common good, Miriam is a physician leader who utilizes human-centered design thinking methodologies to guide system transformation to bolster primary care in safety-net settings. Miriam is a medical director at the Health Plan of San Mateo, a community-based health plan for Medicaid beneficiaries, where she directs a $60 million investment strategy to address the primary care crisis and promote advanced primary care in San Mateo County, California.

Chris Esguerra MD, MBA, drives equitable outcomes through systems transformation, partnerships, and integration. He is the chief medical officer for Health Plan of San Mateo, a public not for profit plan serving low-income individuals, seniors, and those living with disabilities. He is a board-certified psychiatrist with experience in providing care in the community.

Colleen Murphey, MPH, serves as the COO of the Health Plan of San Mateo (HPSM) and has spent the better part of two decades in operational leadership and strategic consulting roles within health care. Prior to HPSM, she was a consultant at McKinsey & Company and held entrepreneurial roles with early-stage to growth-stage health IT startups.

Colleen has broad oversight of a variety of health plan functions in her current role and is passionate about connecting people and ideas across disparate factions of the health care ecosystem. She brings a depth of expertise to value-based payment principles and implementation, as well as health IT and digital strategy. Colleen draws from her own lived experience navigating the safety net for her family and community in the work she does and is ardently focused on strengthening access to health care for everyone.

Luarnie Bermudo, MPH, MS, is a seasoned health care leader with over 16 years of experience in health care delivery, specializing in Managed Care. Currently, she serves as the director of provider services at the Health Plan of San Mateo, where she oversees a network of over 12,000 providers.

Previously, Luarnie was the director of transitional care services at Homebridge in San Francisco and was the director of health homes and HIV/AIDS services for Dominican Sisters Family Health Services in the South Bronx. She has served on the boards of the AIDS Alliance (A Ryan White Part D Advocacy Group), Little Wonders (A Parent and Child Co-Op), and she is currently a board member of Homebridge. Luarnie holds a BS from Old Dominion University and earned her MPH and MS from Eastern Virginia Medical School and Touro School of Osteopathic Medicine, respectively.

Mat Thomas is a professional writer and editor with more than 25 years of experience, including 15 years working in health care. He has served as the senior communications specialist at Health Plan of San Mateo since 2016. A published author of many magazine articles, Mat holds a bachelor's degree in psychology from the State University of New York at New Paltz and a certificate in Technical Information Development from Sacramento State University.

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Using evidence to improve population health