Health Care Cost Transparency Board
Primary Care Advisory Committee: 2026 Recommendations

Presentation to the Health Workforce Council
September 24, 2026

Washington State Health Care Authority

Today's discussion

1. The Cost Board: charge, structure, and why it matters
2. The Board's 2026 priorities: market oversight and primary care
3. 2024 Primary Spending Data
4. The Primary Care Advisory Committee's 2026 work
5. Recommendations going to the Board on September 23

What is the Cost Board?

- Created by the Legislature in 2020 (HB 2457) and housed at the Health Care Authority. The Board is charged with:
  - Measuring total health care expenditures and setting a statewide **cost growth benchmark**
  - Reporting annual performance against that benchmark — statewide, by market, and by carrier and large provider organization
  - Identifying the **drivers** behind cost growth
  - Making **policy recommendations to the Legislature** to slow spending growth and improve affordability

- The Board is multi-sector by design: members represent those who pay for care (consumers, employers, labor, and state and local government) alongside health policy and economics expertise.

Why this matters: costs outpace the benchmark

- Statewide health care spending grew **6.2% in 2023** (nearly double the Board's 3.2% benchmark.)
- Growth exceeded the benchmark in every market, and outpaced both general inflation and wage growth.
- Price growth (not utilization) is the dominant driver across most major spending categories, with hospital outpatient and retail pharmacy particularly notable.

Sources: WA Health Care Cost Transparency Board data calls; 2025 Washington Consumer Healthcare Experience State Survey; Cooper Z, Craig SV, JAMA Health Forum 2026;7(9):e263005.

Health care remains unaffordable for many in Washington

Up to $8,000
per consumer health care spending increase in 2023

38%
Financially insecure or experiencing financial hardship

66%
Have delayed or skipped a recommended treatment due to financial barriers*

26%
Have not filled a prescription, skipped a dose or cut pills in half*

75%
Small business owners burdened by health care costs*

40%
Small businesses that can afford to offer health insurance

82%
Believe lawmakers should take action to address health care costs*

*Source: 2025 Washington Consumer Healthcare Experience State Survey

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Cost Board 2026 priorities for policy action

Issue: Increasingly consolidated health care market

Strategy: Enhance market transparency and oversight mechanisms

- Ownership transparency
- Transaction review
- Regulatory

Issue: Increasing prices & utilization

Strategy: Slow spending growth

- Transparency
- Limit price growth
- Understand cost drivers

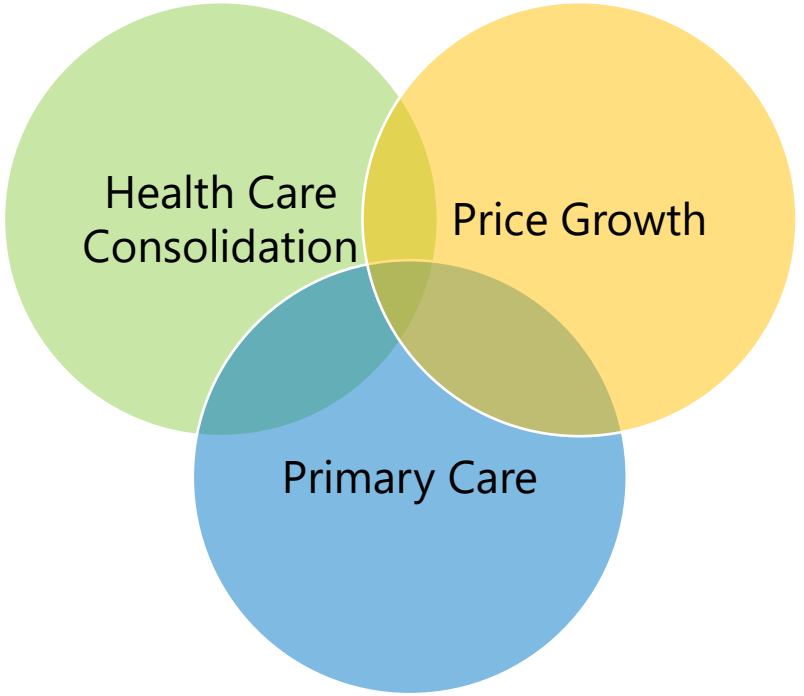
Issue: Primary care/specialty care imbalance

Strategy: Invest in primary care to increase utilization

- Understand & monitor current state
- Increase reimbursement
- Multi-payer alignment

Cost Board priorities are interconnected

- Addressing the imbalance in spending between Primary Care (PC) and higher cost services mitigates expenditure growth:
  - PC lowers the rate of hospitalizations and ED visits
- Continuity of primary care reduces health care costs
- Primary care practices are highly consolidated
  - Consolidation leads to increased prices in PC



Sources:

- Zhang J, Chen Y, Einav L, Levin J, Bhattacharya J. Consolidation of primary care physicians and its impact on healthcare utilization. Health Econ. 2021 Jun;30(6):1361-1373. doi: 10.1002/hec.4257. Epub 2021 Mar 25. PMID: 33764640
- Investing in Primary Care: The Missing Strategy in America's Fight Against Chronic Disease | Milbank Memorial Fund.

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Health care consolidation in Washington

WA has a moderately to highly concentrated (uncompetitive) health insurance market:

Insurers are purchasing physician practices, PBMs, health care benefit managers, data and analytics

54% of hospitals are affiliated with a multi-hospital system

8 multi-hospital systems:

- 90%+ of licensed beds
- 65%+ of staffed beds
- Employ 65%+ of MDs and PAs who work in WA hospitals

Private equity (PE) ownership has grown over the past decade

Health care services with the most private equity-related acquisition in Washington since 2021 are dental, musculoskeletal, vision, and gastroenterology

Sources:
- Health Management Associates. WA OIC Preliminary Report on Health Care Affordability. 2023
- Merger Review. The Source on Healthcare Price & Competition. UC College of the Law San Francisco. Accessed October 15, 2025.
- PESP Private Equity Hospital Tracker. Private Equity Stakeholder Project.

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Why market oversight and primary care

- **Market oversight.** Nearly half of Washington's primary care physicians are now hospital-affiliated, and the same office visit costs more when delivered in a hospital-owned setting. Other states have established transaction review programs; Washington has not.

- **Primary care.** Primary care is the entry point to the system and the strongest lever for early detection, chronic disease management, and lower total cost of care. Investment sits below target and has declined slightly as a share of total spending.

- **They are connected.** Increased primary care investment alone may not reduce costs if those dollars flow into consolidated systems that bill at higher rates. That connection shaped the committee's work this year.

Sources: Adler L, et al. Health Aff Sch. 2025;3(7):qxaf120; Singh Y, et al. JAMA Health Forum. 2025;6(1):e244935; WA Health Care Cost Transparency Board.

Washington's Current Gap

- Washington currently has *limited* authority to comprehensively monitor health care market activity:
  - Oversight laws are in place for insurers but not for hospital & provider consolidation
  - Attorney General's office can review certain transactions:
    - Receive notice of transaction prior to transaction closing
    - Cannot approve, reject or place conditions without going to court
- In contrast, peer states such as **California and Oregon** have developed more robust market oversight frameworks.

What aspects of WA's health care system must be preserved in the face of consolidation?

Thoughts from the Health Care Stakeholder Advisory Committee Panel

- Services
  - **Primary Care**
  - Behavioral Health
  - Specialties
  - Access to non-faith-based health care
- Community health systems
- Innovation
- Quality
- Equity
- Regional care

Source:
Feedback from the Market Oversight discussion panel at the Health Care Stakeholders Advisory Committee meeting, 2026.

Summary of 2026 Cost Board & Advisory Committee discussions

Washington's health care markets are moderately to highly consolidated. There is still opportunity to preserve essential services.

Impacts

- Increased prices & consumer cost sharing
- Mixed effects on access, quality, and experience
- Workforce impacts

Contributing factors

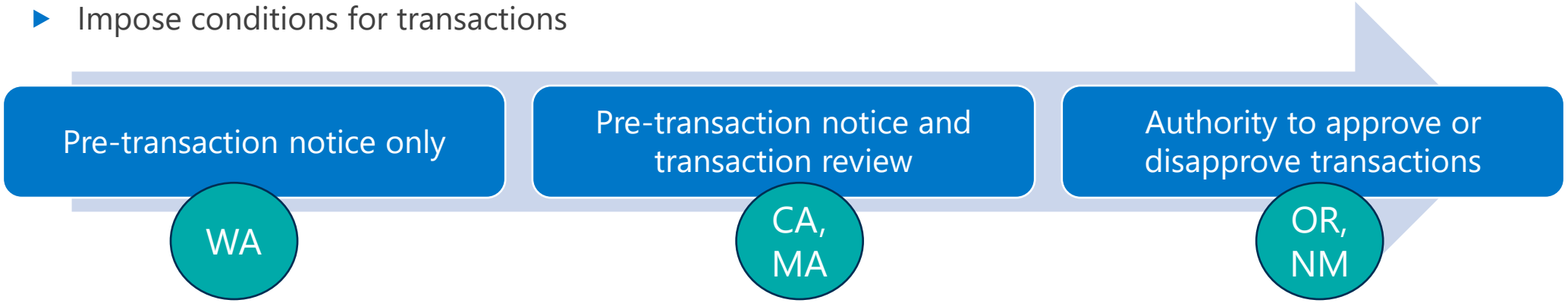
- Mergers, acquisitions and other consolidations across multiple markets
- Increasing consolidation of primary care practices
- Corporate entrants
- Gaps in WA market over-sight laws allow some transactions to occur without review

Mitigating actions

- Market oversight can support WA's goals re: cost, equity, access, and quality
- Increased voice for consumers
- Stronger transaction review and oversight laws

Health system transaction review

- **In response to a consolidating landscape, other states have established transaction review programs.**
  - Authority and scope varies widely. Currently Washington has limited ability to review and approve transactions.
- Transaction review programs can:
  - Expanded role for consumer input
  - Improve understanding of the impact and rate of consolidation
  - Impose conditions for transactions



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Cost Board recommendation & vote

- **Board voted yes for stronger oversight program that captures full range of health care entities (e.g., labs and skilled nursing facilities)**

- Board members expressed interest in understanding the broader picture of what is driving health care consolidation in Washington, how that is related to overall costs, and what alternatives to consolidation may exist which might be better aligned with public interest.

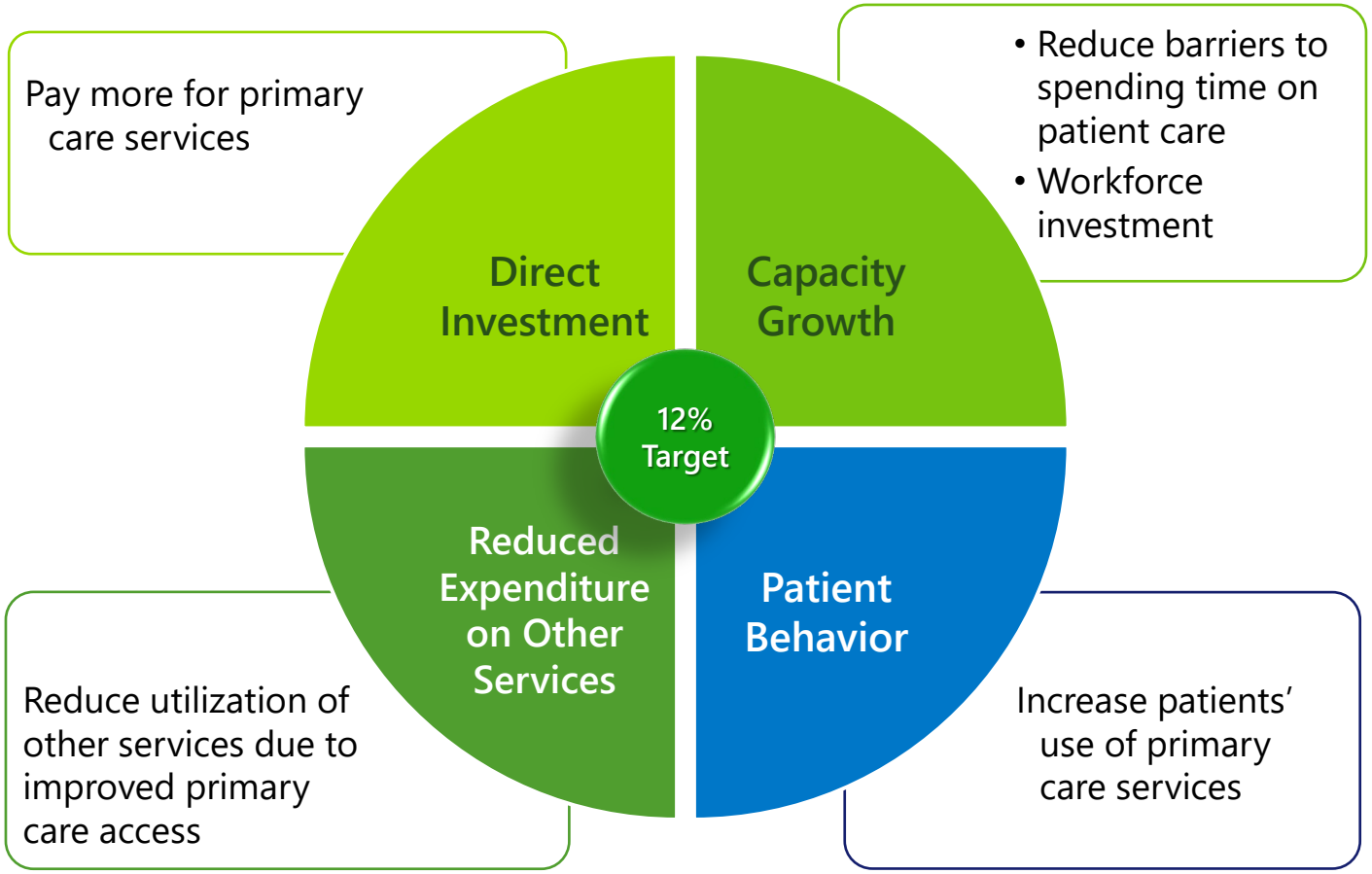
- Board members also expressed a desire to pursue multiple strategies to limit price growth, highlighting that affordability issues have worsened and the need to make progress on the Board's broader goal.

The Primary Care Committee and its charge

- In 2022, the Legislature (SB 5589) directed the Cost Board to:
  - define and measure primary care spending
  - develop recommendations on how to achieve Washington's target to increase primary care expenditures to **12 percent of total health care expenditures**

- The Advisory Committee on Primary Care carries that charge. Chaired by Dr. Judy Zerzan-Thul, HCA Chief Medical Officer, it brings together clinicians, carriers, purchasers, researchers, and consumer representatives. Its work includes:
  - recommending the definition of primary care the Board adopted
  - recommending standards for measuring claims- and non-claims-based spending
  - developing annual policy recommendations for the Board

Four key areas used to evaluate primary care



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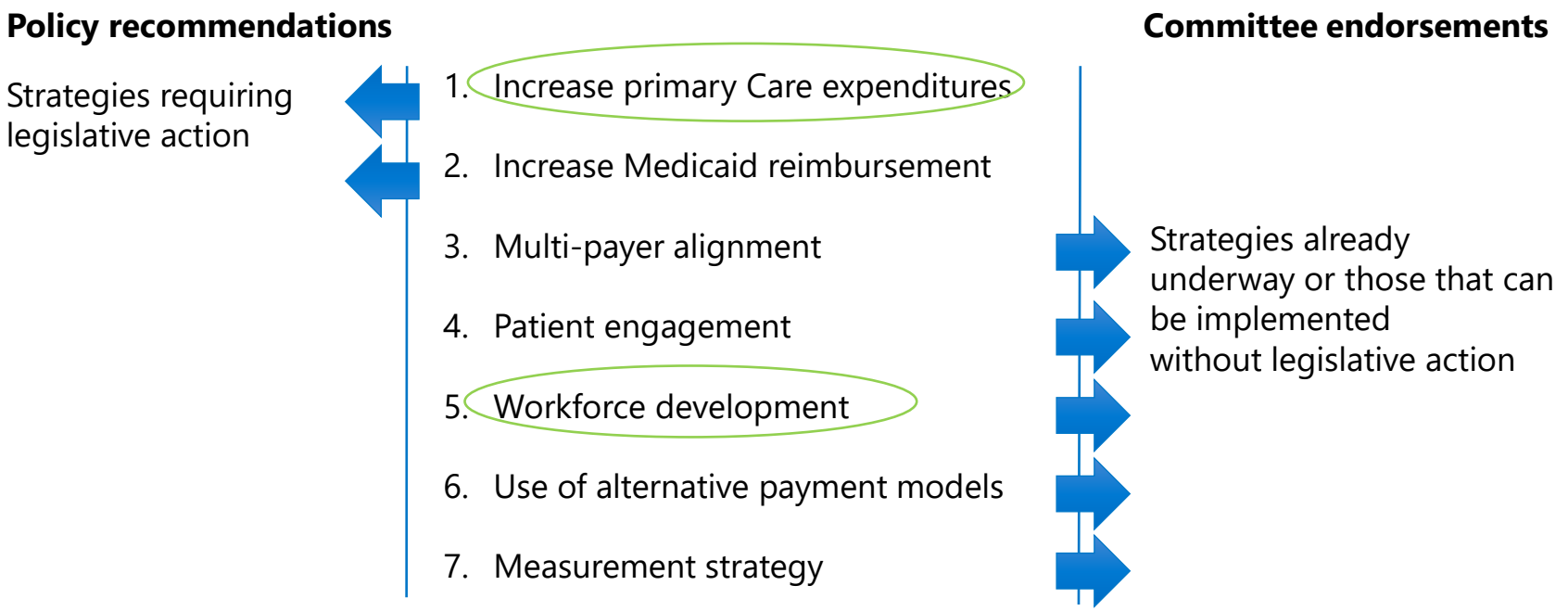
Policy development principles the committee applied

- Every policy recommendation had to meet four tests:
  - Closely link to the 12 percent primary care expenditure target
  - Clearly define the action and the actors
  - Be financially, operationally, and politically feasible
  - Improve access and quality (not just expenditure)
- The committee also distinguished between **policy recommendations** requiring legislative action and **endorsements** of work already underway or achievable without legislation.

Policy Items Primary Care Advisory Committee Focused on in 2026



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2026 key takeaways

Increasing Primary Care Spending Ratio

- Primary care PMPMs have grown more slowly than other service categories, such as hospital outpatient and retail pharmacy
- Growth drivers differ by market: commercial is price/intensity-driven, Medicare Advantage utilization-driven, Medicaid saw falling utilization with rising price/intensity
- Primary care spending and utilization vary widely across the state

Health Care Transaction Oversight

- Nearly half of primary care physicians are now hospital-affiliated
- Independent primary care is declining as a dominant model
- The same office visit costs more when delivered in a hospital-owned setting
- Integration shifts care into hospitals, which are reimbursed at higher rates
- Increased primary care investment alone may not reduce costs if funds flow into consolidated systems

Workforce Development

- Current: rural and tribal “grow your own” program design, contracting, and payment systems
- K-12 and higher education pipeline investments; community and technical college partnerships
- Rural Health Transformation Program
- Future: apply a “workforce lens” to payer contracting, data collection, and payment methodology
- Equip clinical and administrative staff with workforce best-practice tools

2024 Primary Care Spending Data

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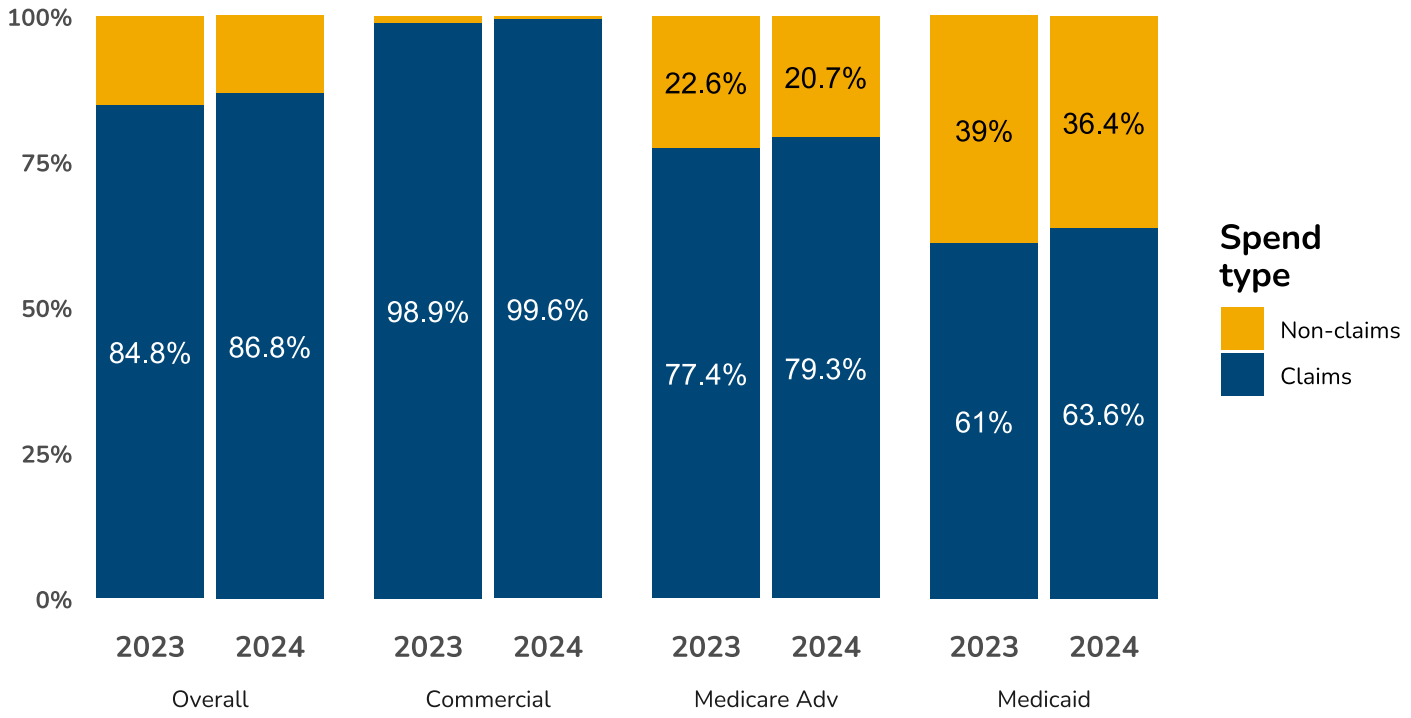
PC spending by type

- Across all markets, about 15% of PC spending is on non-claims.
- Almost all PC spending in the commercial market is claims-based,
- Medicaid has the highest percentage of non-claims spending, at 36%.
- Total PC spending PMPY in 2024:
  - Commercial: $527
  - Medicare: $850
  - Medicaid: $358

Claims and non-claims spending on primary care

Percent share to total pc spending



*Overall excludes Medicare FFS

Source: 2026 Cost Board Data Call (Preliminary)

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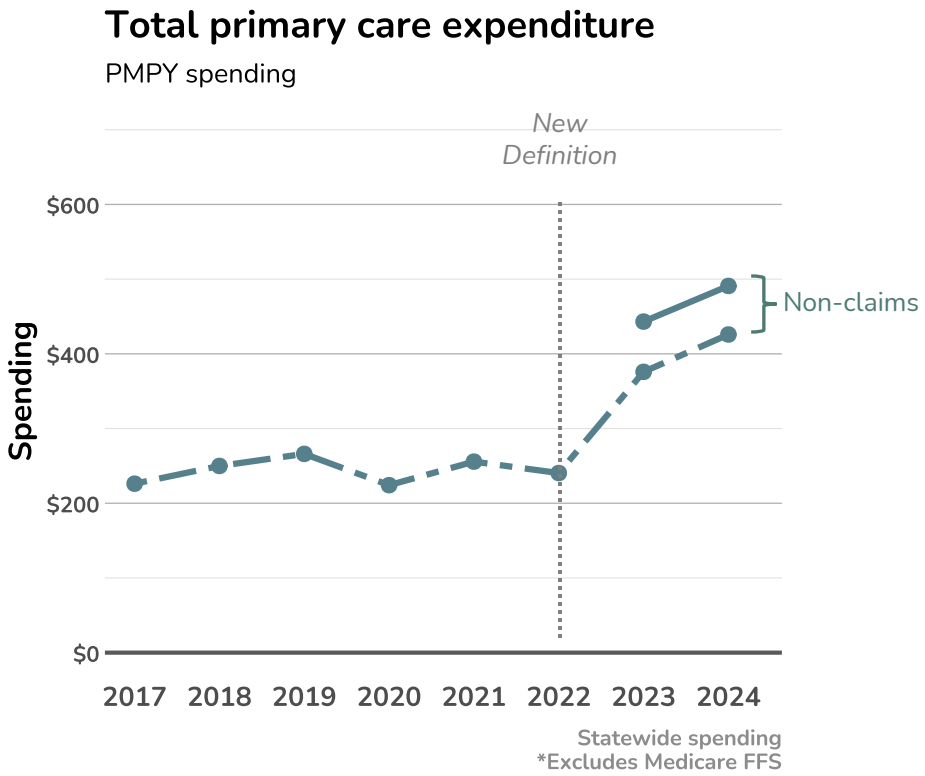
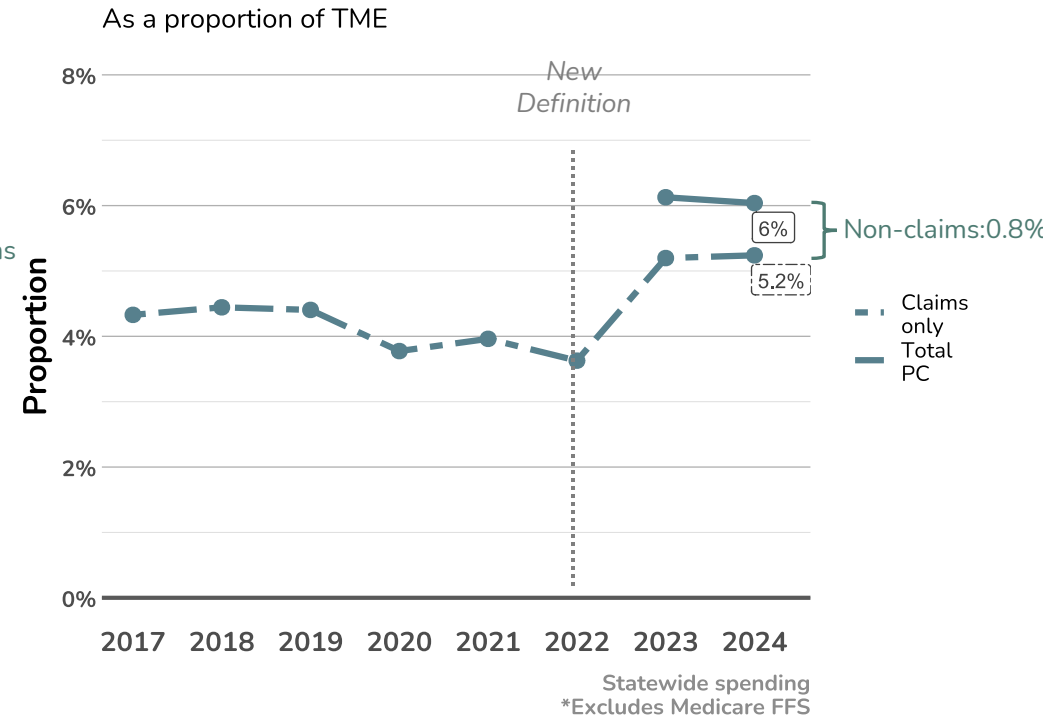
Total PC expenditures, statewide

- As of 2024, PC spending constitutes **6% of TME**
  - Claims: 5.2%
  - Non-claims = 0.8%
- This 6 percentage points lower than the 12% target.





Source: 2026 Cost Board Data Call (Preliminary)

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2026 Recommendations to the Cost Board

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Recommendation 1: Primary care spending ratio

Carriers and large provider organizations increase primary care spending by 1 percent annually to reach and maintain the 12 percent goal.

This creates a clear, measurable path to Washington's target of investing 12 percent of health care spending in primary care.

Why this matters:

- Primary care PMPMs have grown more slowly than other service categories, such as hospital outpatient and retail pharmacy
- Growth drivers differ by market — commercial is price/intensity-driven, Medicare Advantage utilization-driven, Medicaid saw falling utilization with rising price/intensity
- The intent is to **rebalance** system investment, not to increase total health care spending

Recommendation 2: Transaction oversight

Endorse the Cost Board's recommendation that the state pursue a health care transaction review program.

A growing share of primary care is delivered in hospital-affiliated settings, and integrated care is reimbursed at higher rates. Increased primary care investment may therefore not reduce costs if those funds flow into consolidated systems.

Why this matters:

- Protects primary care access and affordability through more vigilant oversight
- Improves understanding of the impact and rate of consolidation, and expands the role for consumer input
- Washington currently has limited ability to review and approve transactions; Oregon, California, Massachusetts, and New Mexico have broader authority

Recommendation 3: The primary care training pipeline

Provide stable, ongoing state funding for existing community-based primary care residency positions — not only new positions — with additional incentives for programs to expand in communities facing workforce shortages.

Why this matters:

- The best opportunity to expand the rural primary care workforce is often **retaining residents** — clinicians tend to practice where they trained
- Funding cycles that reward only new positions leave existing programs financially fragile, undermining the pipeline they were built to create
- Community-based programs in underserved areas are the most exposed to that instability

Related committee endorsements: create a compressed medical school and primary care residency pathway; ensure international medical graduates can continue to match in Washington residency programs; develop incentives to maintain and grow family medicine training.

Recommendation 4: The OIC primary care proposal

Support exploration of the Office of the Insurance Commissioner's comprehensive primary care proposal, including study of the mechanics of a "common fund," with regular updates back to the Primary Care Advisory Committee.

Why this matters:

- Explores a payment approach that could make primary care funding more consistent across payers
- Multi-payer alignment reduces the administrative burden that falls on small and independent practices
- Framed as exploration with reporting back — the committee is not endorsing a specific mechanism yet

SB 5084 directs the Office of the Insurance Commissioner to report annually on primary care spending across payers, covering both claims and non-claims investment — strengthening the evidence base for this work.

What's next

- **September 23, 2026** — Primary Care Committee Chair presents the package to the Cost Board
  - Board discussion, refinement, and vote on final recommendation language
- **October 2026** — Cost Board presents to the Senate Health & Long-Term Care Committee
- **November 18, 2026** — Cost Board Hearing
- **December 1, 2026** — approved recommendations carried into the Board's annual report to the Legislature