Direct Primary Care: A True Patient-Centered Medical Home

Jeffrey S. Gold M.D.

What is Direct Primary Care?

- Direct primary care practices serve as a patient's "primary care medical home" (D-PCMH) where they go for all routine primary, preventive, acute and chronic care management.
- Patients pay one low monthly fee-that varies by region-directly to their direct primary care facility for all of their everyday health needs.
- This fee gives patients unrestricted access for visits and care. Direct primary care practices are open seven days per week and offer same-day appointments. Physicians are available 24/7. No copays!
- DPC practices have achieved the highest patient satisfaction scores (e.g., scores higher than Apple or Google) in very low overhead practices.
- I view it as a “Mini-ACO”-just works from bottom to the top

Chase, David. Engage! Transforming Helathcare Through Digital Patient Engagement. Forbes. July 1 2013

Primary Care vs Specialty Care

Primary Care	Specialty/Hospital Care
Frequent Predictable Affordable Encouraged	Rare Unpredictable Expensive Not Encouraged

DPC vs Concierge

Honda vs. Ferrari

- DPC is affordable for the average person
- Successful in rural and poor communities
- Lower out of pocket costs and downstream costs
- Involves little to no 3rd party billing

Adapted from **Forrest, B.R. Physician's Practice Pearl 12/7/11 New Primary Care Models Can Change the Way You Practice Medicine**

How Does It Fit Into PPACA?

- Section 1301(a)(3) allows direct primary care medical homes to operate in the state-based insurance exchanges beginning in 2014.

(75% of healthcare is Primary Care)

- Flat-fee direct primary care medical home membership can be an option in the insurance exchanges when bundled with a lower-cost "wrap-around" insurance plan that covers unpredictable and expensive services outside the scope of primary care (such as specialist care, hospital stays or emergency room visits).
- Insurance carriers are already in discussions with direct primary care providers about how to design these "wrap-around" insurance plans
    - DPC is the only non-insurance entity allowed in these exchanges. Their inclusion enables every American to purchase excellent, affordable primary care directly from the provider instead of through an insurance company.

Why Does DPC Work?

The "Quadruple Aim"

1. **Improves health by better quality of care**
2. **Better Patient Experience- access, reliability**
3. **Lower cost of care per capita**
4. **Happier Physicians**- survey of 1131 physicians in 2014 showed 53% in DPC or considering

In Addition:

- Standardizes revenue due to membership model
- Wholesale costs for medications, lab test, and imaging
- Reduction in the number of employees needed to run a practice (one provider; one support person)
- All of the above = Affordable Health Care

Why Is It Needed?

- **To save primary care**
- **Estimated shortage of PCPS by 2025 is 35000-44000**

Why?

1. Red tape associated with insurance/government
2. Primary Care is one of lowest compensated specialties
3. The “Hamster Wheel”- compensated on volume- visits less than 10 minutes

Benefits to Business

- Lowers overhead by providing more affordable insurance along with readily available quality primary care
- Healthier employees = less absenteeism
- <u>Notable DPC Supporters:</u>
  - Tony Hsieh (Zappos)- Iora Health,
  - Jeff Bezos (Amazon)
  - Michael Dell
  - Rich Barton (Expedia & Zillow founder)
    - Expedia uses DPC onsite for employees
- Currently Carpenters Union in MA is using DPC model for employees and families through Iora Health at Lahey Burlington

Benefits to Providers/Practices

- DPC is a Patient Centered Model
  - No coding, no prior auths, no pay for performance, quality time with patients, social visits to hospital , etc
- Insurance free = MU Free/ICD 10 Free
- Higher deductibles = bad news for doctors in traditional practices (Not in DPC)
- Lower Overhead = 4 fewer FTE equivalents per physician due to no "insurance related staffing"
- No insurance hassles
- Allows better familiarity and firmer patient relationships thus decreasing risk 1,2

1-O'Hare, Dennis C. et al. FPM.2/2004 Vol 11. No.2" The Outcomes of Open Access Scheduling."
2-Linzer, Mark et al. Advances in Patient Safety Vol 1."Organizational Climate, Stress, and Error in Primary Care: The MEMO Study."

Primary Care Math

	Traditional	*Our Model*
Cost of Delivery	***$1.00***	***$1.00***
Actual Collected (avg in US)	***X 0.65***	***X 0.99***
Revenue	***$0.65***	***$0.99***
Overhead (avg in US)	***-60%***	***-18%***
What's Left	***$0.26***	***$0.81***

Benefits to Patient

- Physician dedicated to 100% patient care 24/7 and 365 days/year
- Prevention and management of chronic disease as well as acute/urgent care (one study showed significant improvements in HTN control)
- Management of chronic disease as often as patient needs with no rushed visits
- Providers are not tied to insurance reimbursement requirements of in-person visits = E-Visits (Facetime, Skype, email, SMS)
- Fewer referrals to Specialists
- 40-80% reduction in hospitalizations and ED visits
- In case of catastrophic disease or hospitalization — PCP is available to coordinate care… not be a bystander

Chase, David. Engage! Transforming Helathcare Through Digital Patient Engagement. Forbes. July 1 2013

Benefits to Patients

- NO co-pays
- E-visits to save lost work time
- Reasonable monthly fee mixed with “wrap-around” policy to cover what insurance should be used for — major or catastrophic disease or injury
- Can save patients/families up to 50% of what they would pay under typical plan (www.dpcare.org) Insurance is a critical element in the health care of Americans - *for expensive, unusual, unpredictable events*. It creates significant problems when used as a payment system for everyday health care. The insurance infrastructure actually makes primary care more expensive and less effective.
- Americans are paying higher deductibles. The average family deductible increased from $1,034 in 2006 to $1,518 in 2010.[1]
- Working families make up 80% of the uninsured.
- Insured Americans are going without needed medical care due to expensive copayments and deductibles.

1. Kaiser Family Foundation. Employer Health Benefits Annual Survey 2010. http://ehbs.kff.org/pdf/2010/8085.pdf

ent of Chronic Disease in a D

- *Only 50% of patients nationally with high BP who are seeing a doctor and are being treated for high BP have their BP under control[1]*

- *80% of patients at goal in a review of 3 DPC physicians[2]*

[1] NHANES 2007-2010 data

[2] Access Healthcare Direct patient data 2011-2013

ACCESS HEALTHCARE, PA

NC STATE UNIVERSITY
POOLE COLLEGE OF MANAGEMENT

Patients Use Less Downstre

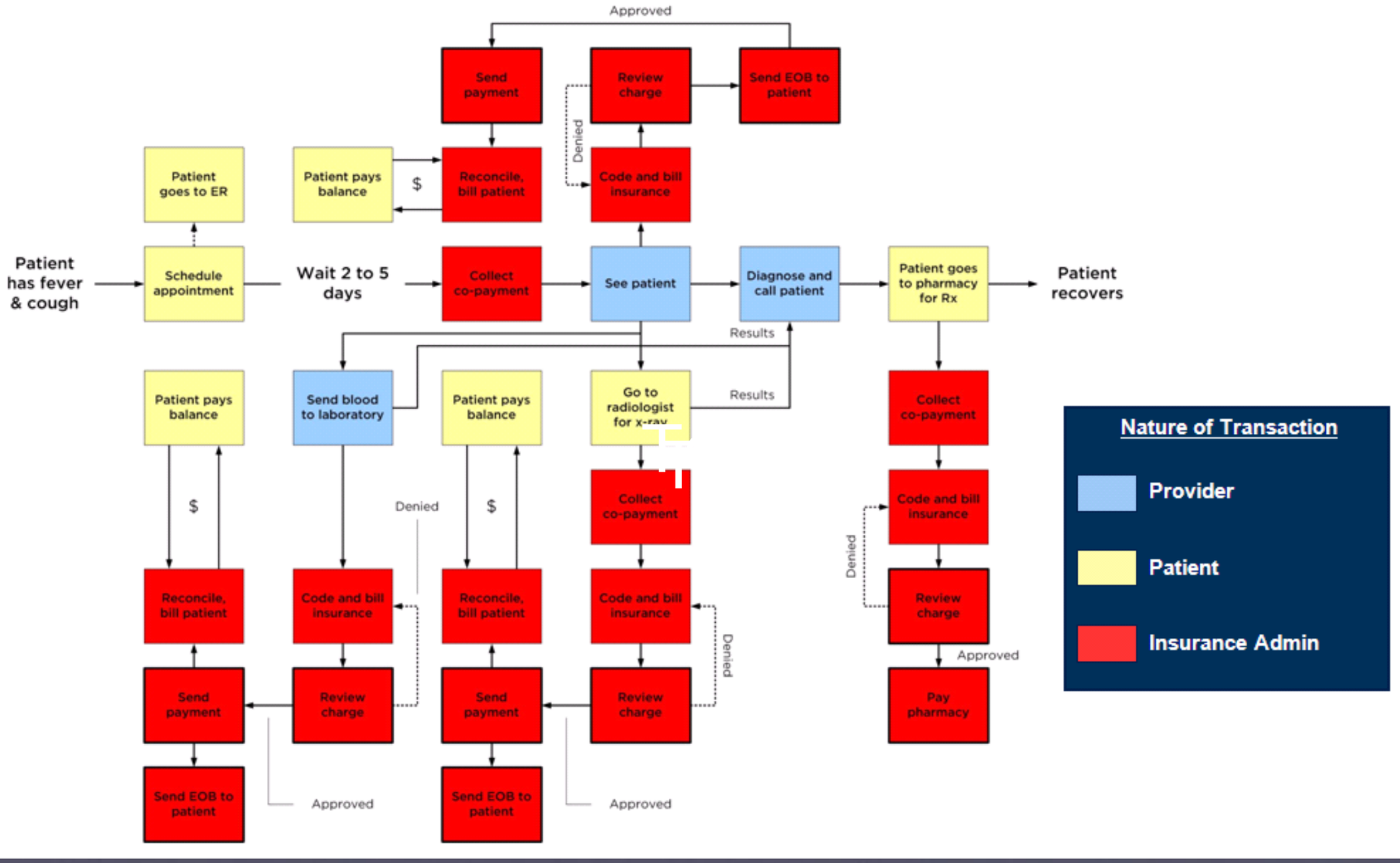
Type of Referral	*Qliance # per year/1000**	*Benchmark***	*Difference*	*Savings PMPY****
ER Visits	*73*	*158*	*-53%*	*$84*
Hospitalizations (days)	*155*	*184*	*-16%*	*$102*
Specialist Visits	*850*	*2000*	*-58%*	*$345*
Advanced Radiology	*273*	*800*	*-66%*	*$1054*
Surgeries	*28*	*124*	*-77%*	*$960*
Primary Care Visits	*4411*	*1847*	*+139%*	*($528)*
Savings PMPY	*---*	*---*	*---*	*$2017*

* Based on best available internal data, may not capture all non-primary care claims.
** Based on regional benchmarks from Ingenix and other sources.
*** Based on average costs in WA State.

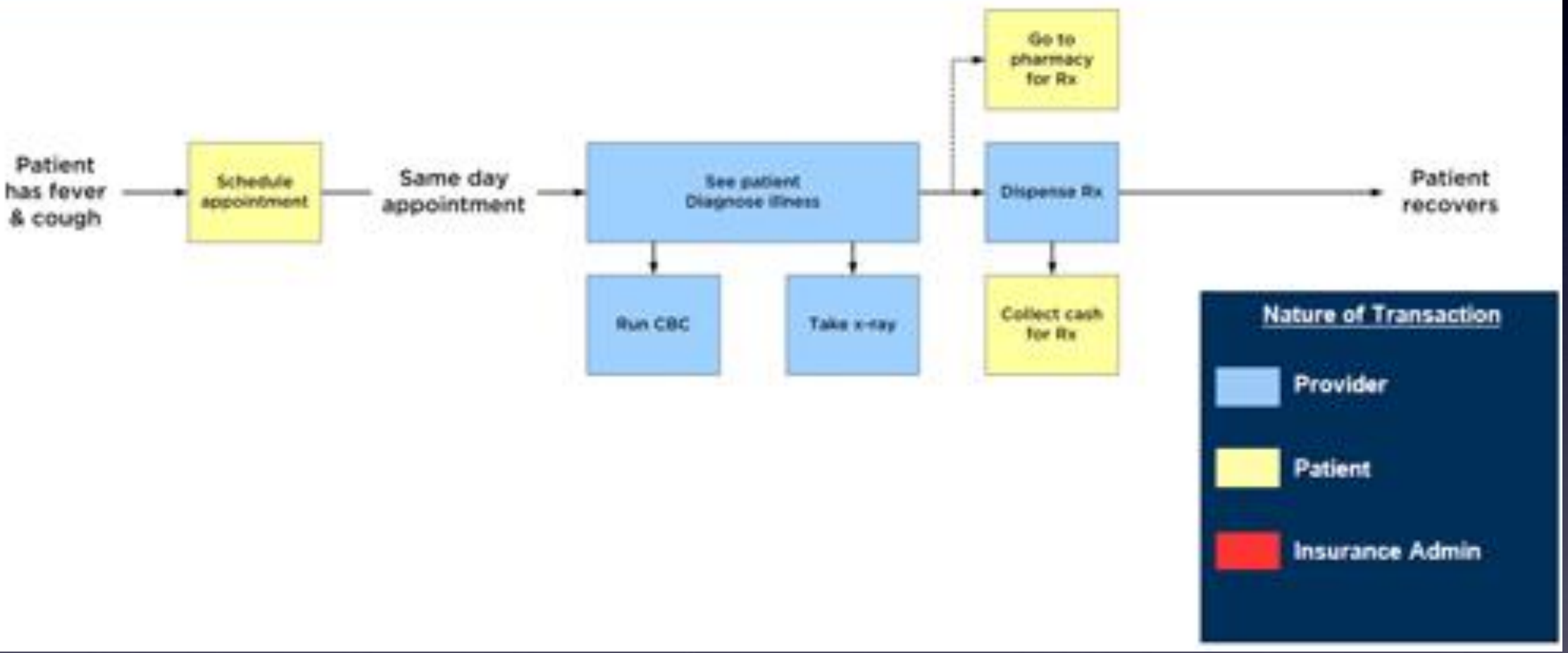
Qliance

A Prime Example

Insurance-based Visit: Possible Pneumonia



Direct Primary Care Medical Home Solution: Possible Pneumonia



It’s a Win-Win-Win-Win Model

- Patients: Able to get a more predictable, better product at a better value and lower cost
- Doctors: Make more money while seeing fewer patients and providing better care
- Employers: Group plans under DPC yield better care for less money
- Insurers: Able to insure a healthier group of people with less risk; less risk = higher profit margins based on lower premiums and fewer claims