



**SUMMER** of  
**SOLUTIONS**

**Direct Primary Care:  
The Innovative Evolution of  
Employer-Sponsored Healthcare**



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## Direct Primary Care

Just 100 years ago, if you needed medical care, there would be a small doctor's office in your town you would head off to. Two hundred years ago, someone in your family would jump on a horse and gallop to the doctor's door to bring them back to you.

For centuries, no matter what culture or illness, the exchange was simple: you were treated by a doctor or healer, and you or your family paid that person.

Direct primary care (DPC) is an innovative solution in our current healthcare payment model. Although really, it's just a modern version of the medical care system we used up until roughly the 1940s into 1958, [when 75% of Americans were enrolled in health insurance policies](#), mostly driven by the popularization of employer-sponsored healthcare.

Direct primary care strives to be a bridge between modern medicine and a more traditional, less complex healthcare model. It's more than just a healthcare delivery system, it is a philosophy on the evolutionary direction healthcare should take next.

"The issue with patient care in the healthcare industry today isn't so much with the care itself. We are lucky to live in a country where we have access to the best of the best when it comes to medical facilities, treatments, procedures, and standard of care," said Anne Richter, Chief Administrative Officer, Ameriflex.

The issue, she added, is in how care is accessed and paid for. Specifically, in how healthcare 'consumers' lack transparency into the true cost of the care they are receiving.

"This conundrum has resulted in inefficient utilization of services, inefficient movement of cash through the system, and a misalignment of incentives between patients, providers, and payers - all of which have, in turn, led to the skyrocketing healthcare costs we are experiencing today."

The idea is that we can improve access to quality care by fostering stronger relationships between patients and their primary care physicians by eliminating the inefficiency of paying for primary care services through an insurance company.

By eliminating the unnecessary expenses created by inefficiency, the idea is that physicians will be able to spend more time focused on their patient's wellbeing, and patients will feel more trust and access to their doctor.

Essentially, there would only be two people passing health judgments: the doctor, and their patient. The experience would be stripped of complex health plans, bureaucracy (the worst of it -- there are very few experiences in life with absolutely no bureaucracy at all) and claims.

The DPC model gives family physicians a meaningful alternative to fee-for-service insurance billing, typically by charging patients a monthly, quarterly, or annual fee. This fee covers all or most primary care services including clinical and laboratory services, consultative services, care coordination, and comprehensive care management.

Because some services are not covered by a retainer, DPC practices often suggest that patients acquire a high-deductible wraparound policy to cover emergencies.

### DPC in Practice

- ▶ Monthly membership fees paid by patients or their employer
- ▶ Patient fees cover extended visits, clinical, lab and consultative services, care coordination and comprehensive care management
- ▶ Relies solely on patient fees, doesn't accept insurance or government programs

### DPC and Doctors

The direct primary care model gives doctors an alternative from the standard fee-for-service insurance billing process. With a simplified revenue model by taking insurance companies out of the simple equations, that also means decreased practice overhead and reduced administrative burden.

Transitioning out of fee-for-service to adopt a direct care model (whether a full transition or partial adoption) can also address the very real problem of physician “burnout” where physicians are “overwhelmed and dissatisfied working within a system that doesn't reward them for spending more time with their patients and focusing on quality, rather than volume, of care provided,” said Richter.

“Burnout” became a hot topic in 2019 when the [World Health Organization \(WHO\) identified workplace burnout](#) as an “occupational phenomenon” that may warrant professional attention.

The medical industry has been especially hard hit by burnout, well documented even [down to the specialty by the American Medical Association](#). With a total of [sixty percent of doctors report experiencing burnout](#), more than 70 percent reported that they would not go into medicine if they had the opportunity to start over.

“I was burning out ... I didn’t want to fight the battle between what was best for my business and what was best for my patients. Things had to change, or I’d have to find another profession,” said Rob Lamberts, MD, in [his article on the topic for Medical Economics](#).

After considering working for a hospital, joining another group practice, or even working for the VA, he knew that he would run into the same issues that were a problem at his prior practice.

“I also considered ‘concierge’ care, and even spoke to one of the companies that helps with that transition, but it just didn’t feel right. I cared deeply about my elderly and low-income patients who couldn’t afford the monthly subscription fee, and wanted something that would be more within their reach.”

He came to one solution that seemed right: direct primary care.

Direct primary care can be that solution because it allows doctors to have a fluid schedule, making room for the use of flexible communication tools for convenient telemedicine and ultimately, helping them (and subsequently their patients) enjoy a higher quality of life.

Dr. Lamberts reported that in his own direct primary care practice grew to 750 patients in five years with room for growth. He also said he was back to making what he was at his former practice, but with an infinitely better outlook for both himself and his patients.

## DPC and Patients

Alongside convenience and work-life balance, the current system has a reputation for not always prizing business ingenuity, price transparency, and entrepreneurship. Those things are becoming especially prized components of every business in America, large or small. Healthcare needs to focus on them as well.

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We're quickly living in a world where "same-day delivery" is the standard. Yet, it can take months to get in to see a doctor, followed by waiting an hour to only get 10 minutes of physician facetime.

DPC gets a lot of questions about being "concierge" medicine -- a term which became popularized in [USA's 2009 dramedy "Royal Pains,"](#) about a young doctor who falls into interesting situations providing on-call care to the Hamptons' rich and famous.

Minus the misconception of a doctor being at your beck and call, the high-priced retainer (and billing your traditional insurance on top of that), DPC makes the personalized concept behind concierge medicine a viable option for employers to offer to their employees.

By offering a set rate for unlimited visits and urgent care, tremendous discounts on labs and imaging, and 24-hour access to the doctor, there is a blissfully simple and obvious combination of price transparency and incredible value.

The DPC model engages the employee by connecting them with their primary care provider 24 hours a day. But it's more than just a direct line, it's an all-encompassing service where the physician implements thoughtful healthcare like diabetic coaching, weight management and exercise regimens.

If doctors and patients have the time to fully understand the medical and family history behind some issues, they can fully address high-risk factors that will put the patient at risk for manageable or preventable illnesses.

### DPC and Employers

Having the time to address serious illnesses early-on, or before the onset, is critical for both the employee and employer.

For an employer, reduced costs to a healthcare plan, such reduction in ER or urgent care visits, reduction in unnecessary specialty care or acute care claims, and improved wellness outcomes for employees means longer-term savings.

This means reductions in:

- ▶ Claims
- ▶ Absenteeism
- ▶ Risk scores for the employee population

“[DPC] is also an effective tool for attracting and retaining top talent ... that can also lead to an improvement in employee engagement and employee satisfaction metrics,” said Richter

*Question: I own a small business. How would direct primary care work for us?*

“For employers, I think there’s a sense that only Fortune 500 businesses can realistically achieve meaningful ROI from a direct primary care benefit,” said Richter. “That DPC and similar benefits are ‘perks’ that can help companies attract and retain top talent, but not really have a measurable impact to the bottom line, or to employee health outcomes.”

This is arguably true, she added, when considering very early stage experiments with direct primary care - where an employer would invest in a handful of onsite clinics, and offer DPC as a standalone benefit versus making DPC a truly integrated component of the overall health plan design.

“Emerging technologies, innovative plan designs, and a growing number of progressive, sophisticated benefits consultants are proving that DPC can be accessible to employers of all sizes, and can deliver real cost savings while improving health outcomes for employees,” said Richter.

### Administration of DPC

The right technology and plan design are critical in order to realize the ROI and desired outcomes from an employer-sponsored DPC offering.

Employers need a few key things. The first being a plan design and insurance construct that fully embeds and “appreciates” (from an actuarial standpoint) the value of the DPC services being provided and paid for.

Otherwise, according to Richter, the plan could end up double-paying for primary care services, and it would be difficult to see any type of premium appreciation.

“It’s easiest, for these reasons, to incorporate DPC within the framework of a self-funded plan,” she said. “It’s also important to work closely with a benefits consultant familiar with these types of models, who can facilitate and implement the optimal plan design.”

Employers must also consider the administrative functionality they need to manage DPC.

This includes considerations like:

- ▶ Open enrollment
- ▶ Managing adds/deletes/terminations
- ▶ Eligibility verification
- ▶ Payments processes
- ▶ Reporting requirements necessary to ensure plan compliance

Since DPC is an emerging option, plan administrators may be overwhelmed by some of these functions of running the program. However, there are options to assist such as [the Accresa platform](#), which was built to address these exact needs for the employer.

### Legalese, please?

Direct primary care is an innovative care model. Like most innovations throughout history, it is a little ahead of its time. DPC is still on the waiting list to be considered an HSA-eligible expense, despite the cost-savings it has shown to provide employers along with the wellness outcomes it affords their employees.

As part of Ameriflex and Accresa’s DPC advocacy work, Donna Wilkinson, Senior Legal Counsel, Ameriflex, [met members of the House, the Senate, and their staff in early 2019](#). By getting in front of key leadership in D.C. to advocate for the expansion of DPC, Accresa was able to specifically push for DPC membership fees to become a qualified medical expense under HSA requirements.

Wilkinson reported that there is a gap between what lawmakers have come to understand about DPC and how it is actually working today.

“There are a lot of stereotypes floating around about DPC – what it is, what it isn’t, who it’s for, how it works, etc. During these Hill meetings, we knew we needed to show them how implementing a DPC program could help both employers and employees save money,” she said.

This was done by sharing real-life stories, collected from case studies and data from years of experience in the industry.

“By sitting down face-to-face and presenting a clear, concise and data-driven argument, we have the opportunity to help influence those members with the authority to help push the DPC efforts through the appropriate channels,” she said.

“It is incredibly empowering to see the effects of a lobbying trip even after just one day,” Wilkinson said.

Before taking concrete action, members on both sides of the aisle want “consistent, reliable information from the DPC community — and not just from physicians participating in these types of programs, but also from employers, benefit consultants, and American consumers,” she added.

Accresa is dedicated to providing this information as more relevant case studies and cost-saving data points are gathered, and regularly shares updates and legal developments via social media and content.

*Question: What is the “fine print” of direct primary care that both employers and their employees need to be aware of?*

Direct primary care is not insurance. It covers, under the flat membership rate, a specified set of routine primary and preventive services, and exact services will vary by physician/clinic/network and employees should always read the fine print to understand what is offered under their membership fee.

“It does not cover anything beyond those services, so it’s important to obtain the major medical and catastrophic coverage needed to protect an employee or individual DPC patient in the event of a catastrophic healthcare event,” said Richter.

Employers should also be aware that when offered to employees, DPC works like any other benefit, in that it is subject to the same types of compliance considerations like COBRA.

“This additional layer of oversight is the trade-off for scaling benefits like DPC within the employer space, but fortunately, solutions like the Accresa platform are being introduced to the market, to make it easier for employers to manage these requirements,” she said. “Physicians and health systems should be aware of these requirements as well, if they wish to contract directly with employers.”

### Final Thoughts

To sum up, here are the benefits of a stronger relationship between patients and their primary care physicians through direct primary care:

- ▶ **Earlier identification and intervention** around conditions that can lead to problems and high-dollar claims down the road.
- ▶ **Better management of chronic conditions and health issues** to avoid the need for specialty care and/or high-dollar claims, and to improve those issues over time.
- ▶ **Reduction in overutilization of specialty services and inefficiency** in where people go to seek care (e.g. going to the emergency room for a sinus infection because it’s impossible to get in to see a primary care provider- this is the type of thing driving up costs to the system).
- ▶ **Better care coordination.** A primary care provider who knows their patients can spend time with their patients and ensure they’re seeking the right type of care.
- ▶ **No more avoidance of routine or preventive care,** either because it’s too hard to get an appointment or because people are concerned about cost. With a DPC model, the cost is built-in, and physicians are freed up to give patients more time and dedicated access because they can limit their patient panel size.

All of this isn’t to say that society turning back the clock and adopting a “patient to doctor” system would immediately result in a utopian healthcare model.

First of all, there is the obvious: the majority of Americans (160 million+) rely on employer-sponsored healthcare.

### The solution?

Merging our modern reliance on employer-driven and sponsored healthcare solutions and fit the DPC model within that framework.

### The solution for this solution?

[Accresa](#), an Ameriflex company, has a long history of developing and delivering innovative products and technologies aimed at making it easier for employers to control healthcare costs and provide great benefits to their employees.

This includes assisting in the administration and advocacy of direct primary care programs -- reach out today to see how Accresa can help you.



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