




DIRECT PRIMARY CARE PRACTICES IN IDAHO

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What is direct primary care?




The Direct Primary Care Coalition defines direct primary care or “DPC” as

“a membership-based alternative payment model in which patients, employers, or health plans pay primary care providers in flat, simple periodic fees directly for unlimited access to primary care and prevention services in a medical home environment.”



An issue paper from the Harvard School of Medicine provides a more functional definition:

- DPC practices are primary care practices that:
 - 1. Charge a periodic fee
 - 2. Do not bill any third parties on a fee-for-service basis
 - 3. Ensure that any per-visit charge will be less than the monthly equivalent of the periodic fee

- From another perspective, direct primary care is a prepaid service contract. The patient pays a monthly fee for access to services, and the provider assumes the risk of being able to provide the services profitably.
- In most or all states, this arrangement would qualify as a form of “managed care” and would require the provider to become a regulated insurance or managed care company.

- Most states have enacted legislation that specifically exempts “direct primary care” from insurance law. Each state’s law is slightly different.
- In Idaho, “direct primary care” is a contractual relationship between a primary care provider and an individual patient under which the provider contracts to provide a defined set of primary care services to the patient for a set fee.

“Direct primary care agreement” means a written contract between a **primary care provider** and an **individual** patient or a patient’s representative in which the primary care provider agrees to provide **direct primary care services** to the patient over a specified period of time for payment of a **direct fee**.

Idaho Code 39-9203

- Idaho defines a “primary care provider” as a person authorized to provide health care services in Idaho in the fields of pediatrics, family medicine, internal medicine, or dentistry. The provider may provide the services either alone or in professional association with other primary care providers.

"Primary care provider" means a natural person licensed or otherwise legally authorized to provide health care services in the state of Idaho in the field of pediatrics, family medicine, internal medicine or dentistry, who provides such services either alone or in professional association with others in a form and within a scope permitted by such licensure or legal authorization for the provision of such services, and who enters into a direct primary care agreement.

Idaho Code 41-9203

- Idaho defines “direct primary care services” very broadly as the services the “primary care provider” is legally authorized to provide. The law also provides a non-exhaustive list of examples:

"Direct primary care services" means those services that a primary care provider is licensed or otherwise legally authorized to provide and may include, but are not limited to, such services as screening, assessment, diagnosis and treatment for the purpose of promoting health; detection, management and care of disease or injury; or routine preventive or diagnostic dental treatment. Such services may be provided in a primary care provider's office, the patient's home or other locations where a patient visit with the primary care provider needs to occur.

Idaho Code 39-9203

- In an Idaho direct primary care agreement, the fee paid to the provider is a single fee that the provider receives providing the direct primary care services. Usually this is a monthly fee, but the law does not limit the agreement to any particular duration.

"Direct fee" means an agreed-upon fee charged by a primary care provider as consideration for providing and being available to provide direct primary care services described in a direct primary care agreement.

Idaho Code 39-9203.

- The direct primary provider may also have a menu of additional services for which a per-visit fee applies. These services are not "direct primary care services" under the Idaho statute, and because they are not pre-paid, the exemption from state insurance law is not relevant.



Why direct primary care?

- Advocates of direct primary care promote DPC as a better model for health care
- Among advocates of DPC, it is more than a payment model. It is a paradigm shift in healthcare.
- Physicians have the time to provide individualized care at a lower cost
- Physicians focus on treatment and not reimbursement

The Direct Primary Care Coalition has a statement of 5 principles of DPC:

The defining element of DPC is an enduring and trusting relationship between a patient and his or her primary care provider.

Empowering this relationship is the key to achieving superior health outcomes, lower costs and an enhanced patient experience. DPC fosters this relationship by focusing on five key tenets:

- Service
- Patient Choice
- Elimination of Fee-For-Service
- Advocacy
- Stewardship

DPC providers are committed to ensuring that American healthcare delivers on these goals.

- **Service:** The hallmark of DPC is adequate time spent between patient and physician, creating an enduring doctor-patient relationship. Supported by unfettered access to care, DPC enables unhurried interactions and frequent discussions to assess lifestyle choices and treatment decisions aimed at long-term health and wellbeing. DPC practices have extended hours, ready access to urgent care, and patient panel sizes small enough to support this commitment to service.

- **Patient Choice:** Patients in DPC choose their own personal physician and are active partners in their healthcare. Empowered by accurate information at the point of care, patients are fully involved in making their own medical and financial choices. DPC patients have the right to transparent pricing, access, and availability of all services provided.

- **Elimination of Fee-For-Service:** DPC eliminates undesired fee-for-service(FFS) incentives in primary care. These incentives distort healthcare decision-making by rewarding volume over value. This undermines the trust that supports the patient-provider relationship and rewards expensive and inappropriate testing, referral, and treatment. DPC replaces FFS with a simple flat monthly fee that covers comprehensive primary care services. Fees must be adequate to allow for appropriately sized patient panels to support this level of care so that DPC providers can resist the numerous other financial incentives that distort care decisions and endanger the doctor-patient relationship.

- **Advocacy:** DPC providers are committed advocates for patients within the healthcare system. They have time to make informed, appropriate referrals and support patient needs when they are outside of primary care. DPC providers accept the responsibility to be available to patients serving as patient guides. No matter where patients are in the system, physicians provide them with information about the quality, cost, and patient experience of care.

- **Stewardship:** DPC providers believe that healthcare must provide more value to the patient and the system. Healthcare can, and must, be higher-performing, more patient-responsive, less invasive, and less expensive than it is today. The ultimate goal is health and wellbeing, not simply the treatment of disease.

- The economics of DPC also appear sound both for the patient and the provider.
- According to the Harvard Medical School issue paper, the benefit for patients is paying up to 80% less for services:

While typical primary care practices receive less than 5% of the total health care dollar, DPC practices generally charge 10%. The rationale behind the increase is that the DPC model and associated care will decrease subsequent health care costs incurred by patients, or downstream spending, and that the overall cost savings will be less than the percentage. Since DPC practices eliminate insurance administration and coding, they dramatically reduce overhead costs, thereby enabling physicians to charge up to 80% less for services than traditional offices. For this reason, DPC is often cited as the ultimate lean model to eliminate waste.

- For providers, a study by the Medical Group Management Association (MGMA) compared fee-for-service and DPC practices.
- The study found a DPC practice that charged \$60 per patient per month would need 867 patients to earn as much annual revenue as a fee-for-service practice with a panel size of 2,251 patients.
- According the Direct Primary Care Coalition, the median fee among the 903 DPC practices nationwide is \$70 per month or \$165 for a family of 4.



What are the requirements for a DPC practice
in Idaho?

- The DPC relationship is established by a written direct primary care agreement.
- The DPC agreement must provide:
 - the identity of the provider and patient
 - the general scope of services and the specific services covered
 - the locations at which services will be provided
 - the amount of the DPC fee and the time interval for payment
 - the term of the agreement
 - the conditions upon which the provider can terminate the agreement
 - the patient must have the right to terminate at will by written notice to the provider
 - the DPC agreement cannot be sold or transferred by the provider without the patient's consent and can only be sold to another primary care provider

Idaho Code 39-9204, 39-9208

Other elements of the DPC Agreement:

- Within 30 days following termination of the DPC agreement, the provider must return the under earned DPC fees to the patient.
- Neither the patient nor the provider may bill insurance for services provided under the DPC. Idaho Code 39-9205.
- The DPC Agreement must include the following disclaimer:

This agreement does not provide health insurance coverage, including the minimal essential coverage required by applicable federal law. It provides only the services described herein. It is recommended that health care insurance be obtained to cover medical services not provided for under this direct primary care agreement.

- Idaho limits direct primary care to individuals. A provider cannot agree to provide direct primary care services to an employer group. Idaho Code 39-9208.



DPC and insurance

- Most DPC provider opt out of participation in any insurance programs including Medicare and Medicaid.
- Those who do not need to be careful that they do not violate their agreements with payers. A typical payer-provider agreement will prohibit the provider from collecting any payment for covered services from enrollees in the provider's plan beyond cost-sharing amounts (copays, deductibles, coinsurance).
- Payers take this clause very seriously.
- In addition, in Idaho, any provider who participates in a managed care plan's network and collects a DPC fee from an enrollee in that managed care plan could be violating state law.

- Self-funded employer group health plans can include a DPC benefit – in other words, the plan will reimburse DPC payments. In Idaho, the DPC contract itself can only be with an individual and not an employer group.
- This is different from an employer sponsored onsite clinic that provides free or reduced cost care to employees.
- Any employer sponsored program needs to consider compliance with federal employee benefit laws, such as limitations on health reimbursement arrangements (HRAs) and high deductible health plans (HDHPs).
- Under current IRS rules, a DPC patient is ineligible for an HSA (health savings account).

The Affordable Care Act permits health insurers to include DPC practices as the “primary care” benefit in a qualified health plan

- “(3) Treatment of Qualified Direct Primary Care Medical Home Plans.—The Secretary of Health and Human Services shall permit a qualified health plan to provide coverage through a qualified direct primary care medical home plan that meets criteria established by the Secretary, so long as the qualified health plan meets all requirements that are otherwise applicable and the services covered by the medical home plan are coordinated with the entity offering the qualified health plan. ACA 1301(a)(3).

- The concept of DPC and “wrap around” insurance may be a good one.
- ACA 1301(a)(3) does not get there, though, because it does not address key issues necessary to integrate DPC and an ACA qualified health plan:
 - Patient choice of DPC provider
 - Coordination of patient cost-sharing with DPC fees
 - Affect of DPC on “metal” tiers



New developments

- The Centers for Medicare and Medicaid Services (CMS) has launched a request for information to explore incorporating DPC into Medicare.
- Amendment of IRS rules so that DPC is compatible with HDHP.
- State innovation waivers around Affordable Care Act Section 1301(a)(3)

- Please contact me with any questions:

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Thank you!