

Idaho Employers Turn to Direct Primary Care to Help Control Healthcare Costs

With the increase in healthcare insurance costs on the Idaho exchange averaging 24% for 2017,¹ the search for more affordable health care options has accelerated. For businesses, the notice of a cost increase is sometimes accompanied by a reduction in the level of covered services. In striving for a balance between affordability and benefits, some companies believe there is no option except to reduce coverage or increase the cost share for employees.

Other employers are seeking an alternative approach. They've turned to direct primary care, a new payment model being adopted by individuals and organizations across the county.

These companies are adding direct care as part of the employee benefits packages as a step to controlling the cost of coverage, while at the same time, increasing employee satisfaction through value-based health and wellness services. Some have chosen to coordinate direct care with higher-deductible plans.

Idaho employers are also taking notice of this trend. For example, Cougar Mountain Software, an accounting software provider based in Boise, recently signed a direct care membership agreement with Initial Point Family Medicine to offer its Assured direct primary care services to employees during 2017. Cougar Mountain is coordinating the direct care program with the health plan it already provides.

Direct care is also a solution for employers who do not offer a healthcare plan, for example, businesses with less than 50 employees. Although these small companies do not have the same mandates to provide coverage under the Affordable Health Care Act, many are seeking viable ways to provide health benefits to employees, some choosing this path as a method to support retention of valuable staff.

Direct care is a payment arrangement that provides a patient with a defined package of primary and preventative care services at a low fixed monthly fee, usually from \$50 to \$100. With a direct care membership, consumers have unlimited access to their physicians, many of whom offer weekend, on-call and text-based services 24/7.

The difference between direct care and concierge services, another alternative, is that direct care provides primary healthcare at a fixed price and does not require nor bill insurance for those services. Direct care programs are in compliance with the Affordable Care Act and are not insurance.

Studies show that both physicians and patients believe direct care restores a more traditional, personalized approach to medicine ² and brings a number of tangible and intangible benefits to consumers, doctors, employers and payers. According to the American Association of Primary Care Physicians, “Direct primary care benefits patients by providing substantial savings and a greater degree of access to and time with physicians.” ³

For example, the University of North Carolina Medical School and North Carolina State University found that patients seeking treatment from Access Healthcare, a direct care practice, spent 85% less on services for an average visit of 35 minutes as compared to an average of 8 minutes in a non-direct care practice setting. ⁴

Direct care also increases the satisfaction of medical providers. In an average practice, physicians spend over 40% of revenue on staff and other costs related to filing insurance claims. ⁵ With direct care, practitioners can devote more attention to patient, rather than to insurance billing.

Because there are no deductibles, no out-of-pocket fees and no co-pays for direct care, members feel free to visit a physician at the first sign of illness. They also receive a higher level of individualized care with a wellness and life-quality focus. From the physicians’ perspective, it allows them to spend more time with each patient and deliver the services needed in a whole-health environment. In comparison, the fee-for-service model concentrates on procedure-based treatment due to insurance requirements.

For employers, direct care can also positively impact productivity and lower absenteeism as it encourages employees to visit a physician earlier and more often without worrying about cost. This proactive approach to prevention and wellness and improving longer-term outcomes decreases both the direct expense and long-range costs of disease caused by treatment delays.

This is illustrated by a one-year study of a direct care program between Digital Globe and Nextera: a primary care provider in Colorado. It showed significant diverted and avoided healthcare costs with a 25.4% reduction in claims.⁶ DigitalGlobe is a provider of space imagery and operates civilian remote sensing spacecraft.

In another study, a review of two years' of employer healthcare claims showed that the unlimited primary care provided by Qliance through agreements with companies drove down overall costs for organizational healthcare plans, while also improving outcomes and the patient experience. Qliance's is a direct care provider in Washington whose clients include Amazon, Expedia, and other large self-insured employers.⁷ In another example, Union County in North Carolina has projected a savings of nearly \$1 million in healthcare claims for Union County in its first year of membership with Paladina Health, a direct care provider.⁸

Dr. Mark Grajcar, founder of Initial Point Family Medicine in Meridian, one of four direct primary care providers in Treasure Valley, says he is meeting regularly with companies and organizations about the direct care option. In addition, brokers and benefits consultants have contacted him to discuss possible partnerships to utilize other innovative approaches which would increase the focus on wellness, while controlling costs. He notes that interest level is high for learning about this new option and he is also speaking to professional organizations on direct care-related topics such as, "Mitigating the Risks of Health Benefit Costs."

Dr. Grajcar says, "Through direct care, the physician can concentrate on each individual's health to improve well-being, rather than spending time looking at their insurance. It allows us to increase the time we spend with patients while also lowering costs."

He goes on to say, "It's an ideal avenue for cooperation between employers and physicians for better health: the company wants to support its employees, yet needs to consider impact to its finances. Physicians care about optimal outcomes for patients, no matter what the insurance covers. It changes the dynamic from an illness to a wellness focus -- life quality is improved, now and in the future, while managing expense at the same time. It's better way to provide healthcare."

Chuck Gossett, president and CEO of Cougar Mountain, says, “We chose direct care for the following reasons: to offer an additional benefit to our staff and help them be healthier, and to pay attention to our bottom line. Retention of our staff is very important. By providing direct care, we can provide more comprehensive health services, keep our workplace productive and to provide an option to escalating cost; particularly the ongoing influence of the health care insurance providers.”

In addition to coverage for employees, organizations with Initial Point Assured direct care also receive a series of wellness and health services to dovetail with the wellness programs already in place or to support the company in starting one.

Individuals, companies and organizations can become members of direct care programs.

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