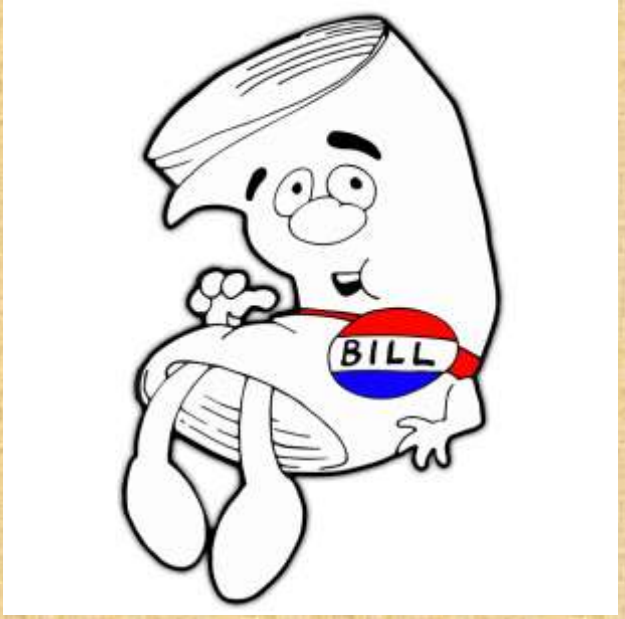
Direct Primary Care Webinar
Presented by: Frank P. Rainer, Esq., LLM, MS, MBA
May 29, 2018

LEGISLATIVE HISTORY

Started in 2015 for adoption not adopted until 2018.

Went through with little committee opposition, only with failure to adopt because of political maneuvers unrelated to the bill.



STATES THAT HAVE A HEAD START

25 States have DPC legislation ---Alabama, Arkansas, Arizona, Colorado, Florida, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Michigan, Mississippi, Missouri, Nebraska, Oklahoma, Oregon, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wyoming

PA, MD, WI, GA, SC legislation introduced.

iora primary care

ROCKWELL DIRECT PRIMARY CARE

FABACHER HEALTH
DIRECT PRIMARY CARE

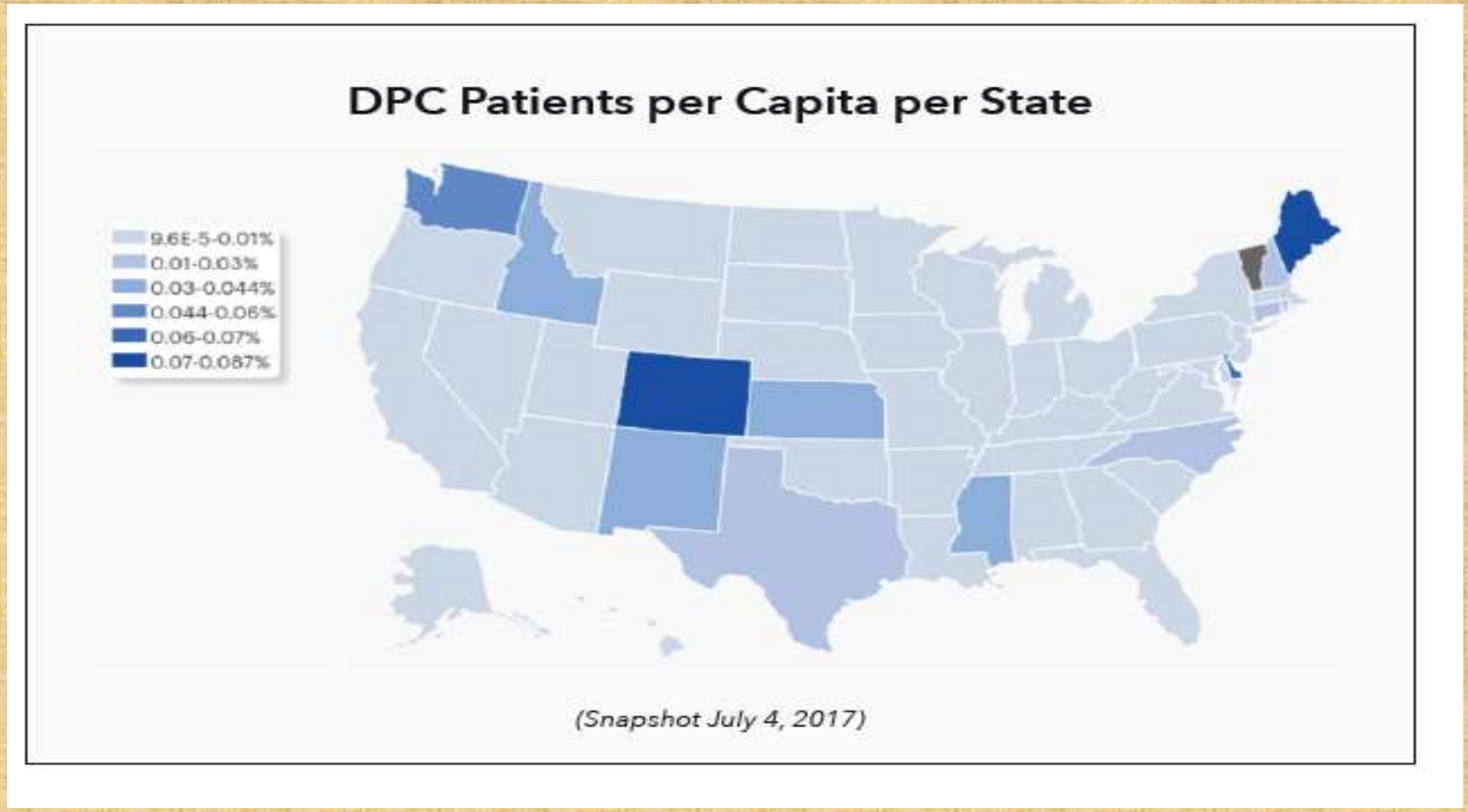
Direct Osteopathic Primary Care

NICC's
Direct Primary Care

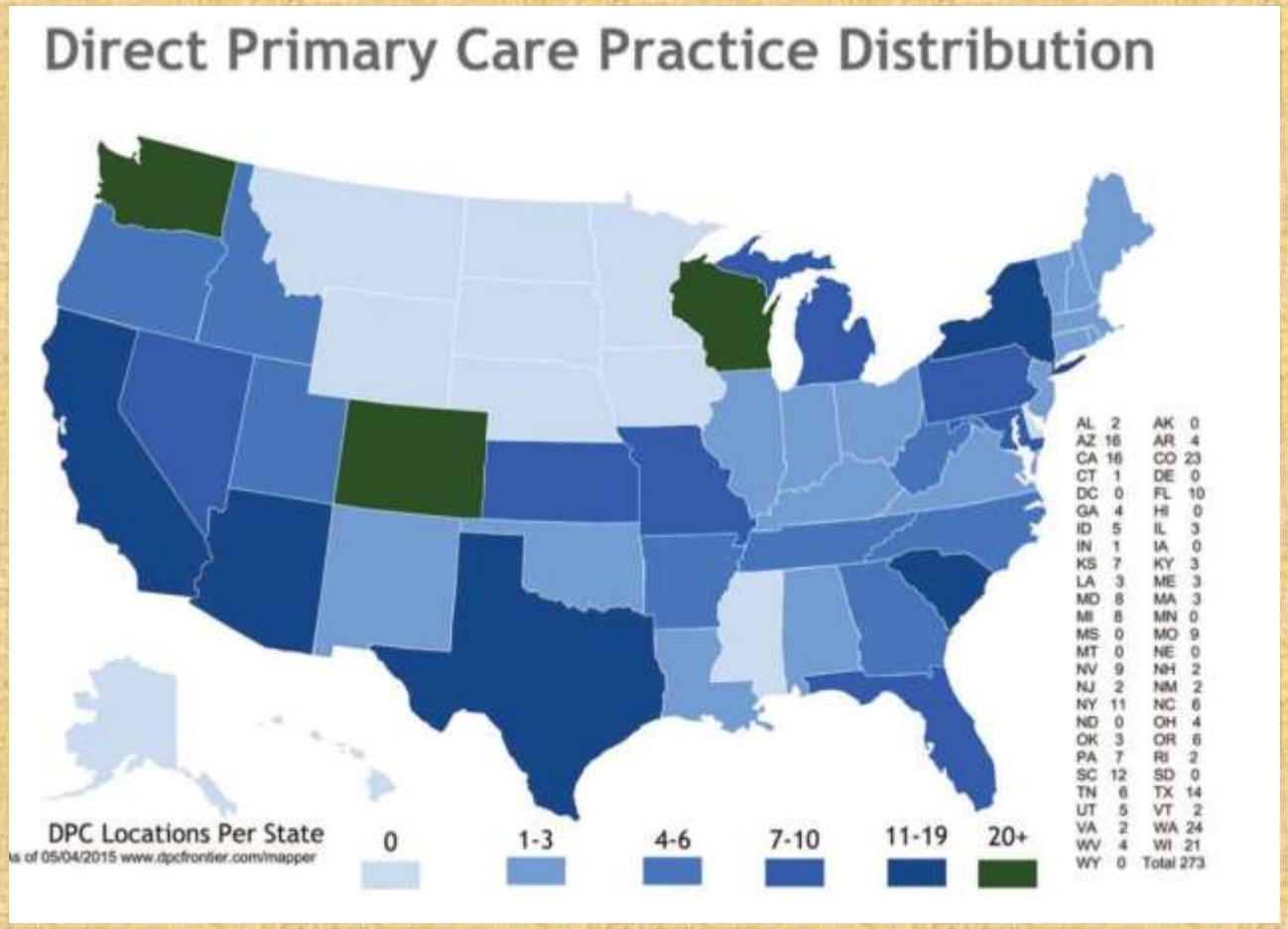
DIRECT PRIMARY CARE
Clinics
Exceptional Healthcare Affordable Access

Qliance
+
Physician Care Direct
Healthcare Your Way

LOW PENETRATION RATES



LOW NUMBER OF ENTRANTS TO THE MARKET



Only 2% of physicians are reimbursed with DPC

DEFINITION

The Direct Primary Care Model

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

www.aafp.org/practice-management/payment/dpc.html

WHO CAN BE A DPC

Chapter 458 : Medical Doctors

Chapter 459: Osteopathic Doctors

Chapter 460: Chiropractors

Chapter 464: APRNs

Primary Care Practice groups

Figure 1.

A GROWING SHORTAGE OF PRIMARY-CARE PROVIDERS

Year	Doc supply	Doc demand	Shortage: primary care	Shortage: other specialties
2010	709,700	723,400	9,000	4,700
2015	735,600	798,500	29,800	33,100
2020	759,800	851,300	45,400	46,100
2025	785,400	916,000	65,800	64,800

Source: AAMC Center for Workforce Studies, June 2010 analysis

SIMPLE REVENUE MODEL

Goal = $1,000,000 Revenue.

Price = $100 month

Number of annual contracts/patients needed = 833.33

ADVANTAGES

No more filing claims/lower administrative costs

Smaller Panel Size needed

- *Panel size × visits per patient per year (demand) = provider visits per day × provider days per year (supply).*
- For example, a provider who sees 20 patients per day, **210 days per year**, with an average of three visits per patient per year, could manage a panel of **1,400 patients**. Source: www.aafp.org/

More time with patients

CURRENT TRENDS TO DATE

Growth is linear not exponential

Most growth is in the small stand alone market >> 90% survival rate so far

Three significant DPC closures in 2017

- Qliance: 13,000 patients Rates $64/adult $44/child
- Turntable Health: 1,000 patients per panel. Rates $80/adult $60/child

Issues of scalability

Access to employers

68% of DPC physicians are between 30-49

DPC subscription fees are trending between $51-$99/pmpm.(2018)

IRS ROAD BLOCKS

IRS still considers DPC as a health plan , under section 223(c)Code.

IRS claims law is unclear if payment for medical services other than fee-for-service can be considered a health expense. Section 213(d)Code

Health Savings Account allows deposit by employer of contribution plus premium for High Deductible Health Plan.

Law on HSA: Allows the payment of only one insurance premium from the account and it must be coupled with a high deductible health plan.

MARKET POTENTIAL

41% of health spending is funded by Government
- 20% Medicare 17% Medicaid, 4% Misc.

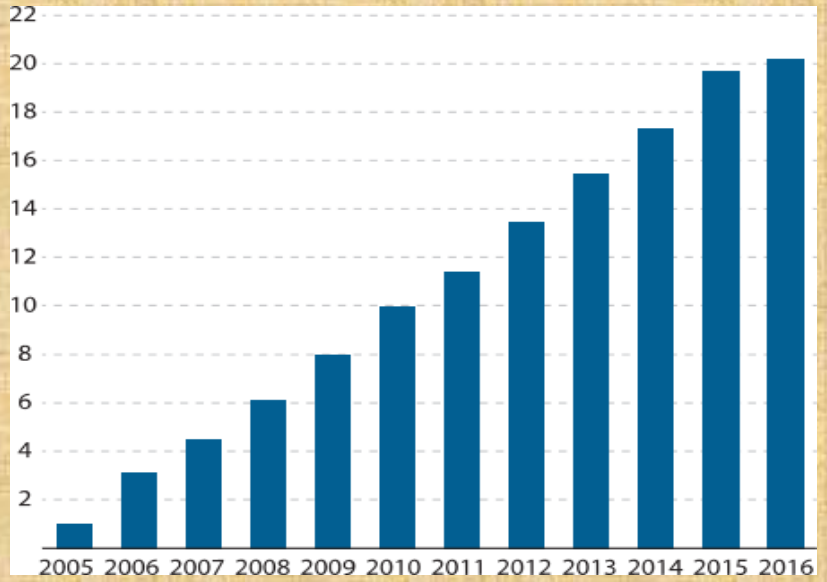
33% Private Health Insurance
- 24% of all coverage is HSA

11% pay out of pocket

3% Public Health activities

8% other payors

HSA GROWTH RATES



21 Million Americans have an HSA

Growth rate in 2016 was 23% and 16% in 2017.

HSA can save an employer 12 to 16% on the cost of health benefit.

Health Plans are the largest driver of HSA growth

THE ECONOMICS

In 2016, a family could expect their premiums to cost around $18,142 according to the Kaiser Family Foundation.

High Deductible Health Plans : $5,000 deductible Internet Quotes $143 to $174 per month per person Cost Family four per year: $8,352

Source: Healthcare.com

ECONOMICS PART 2

HSA Limits	2017	2018
Minimum Deductible Amounts for Qualifying HDHP		
Individual Coverage	$1,300	$1,350
Family Coverage	$2,600	$2,700
Maximum Contribution Levels		
Individual Coverage	$3,400	$3,450
Family Coverage	$6,750	$6,900
Catch-up allowed for those 55 years and older	$1,000	$1,000
Maximum Out-of-Pocket Expenses for HDHP		
Individual Coverage	$6,550	$6,650
Family Coverage	$13,100	$13,300

CMS IS GETTING ON THE BANDWAGON

Direct Provider Contracting Models – Request for Information closed May 25, 2018

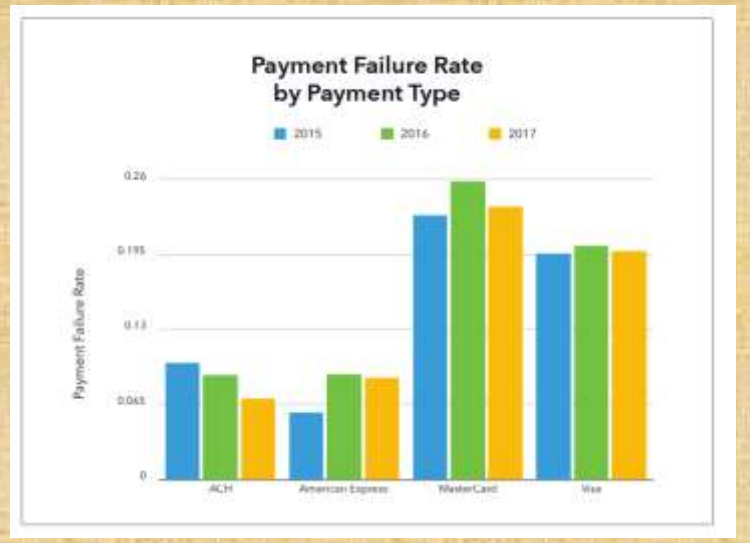
Affordable Care Act hampers DPC

- Does not allow it to be an exchange product
- There were suppose to be regulations and studies, CMS has done none

LEGAL REQUIREMENTS FOR DPC

- It has to be in writing and signed by both parties.
- It must have a thirty-day termination clause by either party, except that there can be an immediate termination for (i) a breach of the physician-patient relationship, or (2) a violation of the agreement.
- Must describe what services are covered by the monthly fee, and what services are outside the monthly fee and what those costs are for outside of the monthly fee.
- Specify duration for the agreement and automatic renewal provisions.
- Provide a refund of prepaid monthly fees if the physician stops offering primary care for any reason.
- Require contract disclosures
  - That the agreement is not health insurance
  - That the physician is not filing any claims on behalf of the patient against the patient's health insurance or plan of reimbursement for the services or payment under the agreement.
  - That the DPC agreement does not qualify as minimum essential coverage that satisfies the individual shared responsibility portion under Obamacare.
  - The agreement is not worker's compensation insurance and does not replace an employer's obligation

OTHER ISSUES WITH DPC



> Gender, age and child mix

> Up front payments and bulk payment discounts.

> Charges Failure -- nationwide average 16% of all transactions fail every month

> Collection issues

CURRENT ENTITIES THAT COLLECT A PAYMENT TO PROVIDE HEALTH COVERAGE

Authority Category	Authorities
Health Insurers	378
Third Party Administrators	302
Continuing Care Retirement Communities	76
Discount Medical Plan Organizations	38
Health Maintenance Organizations	35
Fraternal Benefit Societies	38
Prepaid Limited Health Service Organizations/Prepaid Health Clinics	24

WHAT MODELS HAVE EVOLVED

Pure DPC

- May have to consider opting out of Medicare

Hybrid – Only a portion of panel are DPC, rest traditional insurer business

Part of Benefit package with an insurer and HSA product

FUTURE OF DPC

Franchising

Health Care Clinics/scalability

Chronic care management

Medicaid

Specialty products

QUESTIONS??

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