



Direct Primary Care

A solution to the primary care crisis

A pandemic-proof solution to the primary care crisis

Without a doubt, COVID-19 has dramatically disrupted daily life in the United States, devastating many industries and testing the limits of our health system. It has challenged American health care in ways that extend far beyond overwhelmed hospitals and overworked professionals, revealing the underlying issues and disparities that existed long before 2020.

Primary care providers have been especially hard hit, suffering substantial financial losses and enduring significant changes that threaten the survival of many traditional practices. In fact, the public health emergency only exacerbated what experts describe as an already-alarming crisis in primary care, increasing physicians' personal, professional and economic strain.

The novel coronavirus certainly has exposed structural problems, inefficiencies and gaps in care, but it also illuminated a solution to the foundational primary care crisis. Direct primary care (DPC) was already here, delivering better access, outcomes, value and even telehealth services. But it's clearer now than ever before: DPC is the pandemic-proof panacea America's ailing health system desperately needs and deserves.

The primary care crisis

Primary care is a vital component of any health system, the front line of health care and often the entry point for patients needing services. The access to and quality of early primary care can have significant impacts on downstream costs and patient health outcomes. Indeed, primary care physicians (PCPs) are universally acknowledged as being essential to achieving the health care Triple Aim of providing high-quality care, at lower cost, with improved patient experience.

There is a primary care crisis, however. It is characterized by physician burnout, large PCP patient panels, low pay relative to other physician specialties, greater administrative burden, longer work hours without commensurate reimbursement, an increased risk of mental health conditions and suicide and, ultimately, a PCP shortage relative to market demand.

All of this results in less time to actually care for patients and a

rushed experience. The average primary care physician sees more than 20 patients per day to break even. Today's traditional PCP is being used almost as a triage resource to more expensive specialty care, imaging, and prescription drugs. There simply isn't the time to impact outcomes.

The crisis made worse

According to a study conducted by Harvard Medical School and the American Board of Family Medicine, drastic declines in patient office visits due to the coronavirus are projected to cost U.S. primary care practices \$15 billion. That's more than \$65,000 in lost revenue per physician in 2020, an amount that could double if there are further viral peaks or telehealth payments revert to pre-pandemic levels. Such losses likely would force many private practices to close.

Consequently, this is affecting clinicians. A recent COVID-19 Primary Care Survey, led by the Larry A. Green Center and the Primary Care

Collaborative, found that 55% of clinicians have a stress level of four or five out of a possible five. One-third reported their stress was worse nearly five months into the pandemic than it was in the first month. The survey said coronavirus implications risk the "potential collapse" of the primary care system and independent practice.

All of this would have unfortunate consequences on health care quality and access in America. Primary care is critical both to limiting the spread of COVID-19 and treating the underlying health problems that make the virus more deadly, as well as the mental health issues that have resulted from social distancing.

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Out of crisis, opportunity

While the pandemic has highlighted the fragility of our primary care system, it has also **demonstrated the promise of a viable alternative**. Direct primary care (DPC) features a direct billing and payment arrangement between organizations – such as employers or unions – and medical providers without sending claims to insurance providers. Although DPC has been around for more than a decade in the U.S., its popularity has surged in recent months, thanks to its ability to endure and excel in the most difficult financial circumstances.

In direct primary care, providers are paid a predetermined fee per member per month, regardless of the number of visits or type of visit (i.e. in-person or virtual). Many traditional primary care practices, meanwhile, including those analyzed in the Harvard DPC cost study, are reimbursed on a fee-for-

service basis. This means that they are not getting paid if, say, social-distancing patients are not coming through the doors because of exposure concerns. And prior to COVID-19, these same providers were being paid little, if anything, for virtual visits.

Direct primary care is an approach to delivering and financing primary care that responds to many of the new and existing challenges in the industry. The practice model is still evolving, and there are those who doubt its effectiveness, with some organizations resisting adding it to their overall benefits plan offering. However, DPC **has proven successful** in numerous studies involving employers, unions, school systems and municipalities across the U.S., and it can be an answer to the broader primary care predicament.

Why is DPC different?

There is no single, overarching definition of what constitutes direct primary care, but generally DPC practices are those that have several differentiated characteristics:

Financial:

- A flat monthly fee to cover services including primary care, labs and generic prescriptions; these fees can be as low as \$25 per member per month
- No third-party billing to insurers nor patient copays
- Reduced expenses for both employer and patients when considering high-cost specialist referrals and diagnostic imaging

Patient access:

- Smaller patient panels, typically 600 to 1000, compared to the average of 2200 or more for traditional primary care
- More frequent and longer-duration visits, including same-day or next day appointments and 24/7 access to care teams

Patient outcomes:

- Improved patient satisfaction and a deep sense of trust between patient and provider thanks to lengthened appointment times and the chance to collaborate on health goals

- Customized care plans that are quarterbacked by the care team and take into consideration patient schedule, lifestyle, and needs

Provider impact:

- Offers providers a chance to focus on clinical care versus administrative burdens
- Improved professional and personal satisfaction, driven by patient relationships and improved population health outcomes

DPC sponsor impact:

- Reduced healthcare expenses, both today and in the future
- Improved employee perception of their employer and reduced absenteeism attributed to healthier employees and convenient primary care access points

The benefits of DPC

The Harvard study examined the value of primary care practices being paid a flat fee per patient. Researchers found that even a low, per-member set amount could neutralize projected revenue losses and that such capitated payments could keep many practices from closing. With the DPC model, not only can practices stabilize their revenue streams, but physicians also are able to focus more on preventive health and effectively managing chronic issues like diabetes, hypertension and obesity. These patient health problems are some of the most expensive to treat, and they contribute to complications in people infected with COVID-19 and other viruses, including the seasonal flu. In addition, direct primary care can

offer appropriate medical services 24/7 through telehealth, which has become the preferred delivery method during the pandemic. Many DPC health centers are equipped to handle patient visits via virtual care (phone or video), staving off high medical costs in the case of employer-sponsored health coverage and saving vacant hospital beds for emergencies or coronavirus treatment. With reimbursement based on a fixed per-member fee, rather than a fee for services rendered, DPC providers are not deterred from treating patients virtually and doing so does not threaten their ability to keep their doors open.

Studies show DPC arrangements generate system-wide reductions

in health care utilization, including lower hospitalization rates, emergency department usage and unnecessary radiology and diagnostic tests and specialist care, leading to broad based health care cost savings.

The Milliman study

Despite its apparent advantages, DPC is still not widely implemented. Common concerns are that DPC tends to attract healthier patient populations and does not deliver meaningful results.

But that is what makes a recent health care cost study, “Direct Primary Care: Evaluating a New Model of Delivery and Financing,”¹ so exciting. Conducted by consulting actuaries at Milliman, Inc., on behalf of the Society of Actuaries, and released in May 2020, the two-year, in-depth report involved a robust literature review, hundreds of survey respondents and one-on-one interviews with 10 DPC practices.

Milliman conducted a detailed, longitudinal two-year analysis of a client with approximately 2000 members that introduced a DPC model. The study found that enrollment in DPC was associated with a reduction in

overall member demand for health care services outside primary care. Milliman analysis shows that after accounting for differences in risk between members who participated in DPC and those that did not, DPC members over the first two years after implementation

- **12.6% lower claims costs in aggregate**
- **19.9% fewer hospital admissions**
- **40.5% fewer emergency department visits**

The study also showed that virtual care and telehealth are typically a part of DPC service offerings. Two years prior to coronavirus hitting the United States and transforming daily life, nearly all DPC practices (99%) were conducting virtual consults via text or phone as a part of the membership, with 88% saying they provided telemedicine benefits like expanded video or additional digital communications.

Union County taxpayers saved **\$1.28 million** in employee health care costs, a 23% decrease in medical expenses. They enjoyed a 36% reduction in prescription expenses compared to employees not using DPC.

1: The full Society of Actuaries / Milliman report is available [here](#)

Everside—by your side with DPC

87% of employers believe healthcare expenditures are unsustainable on their current trajectory. Everside Health provides a unique solution as one of the largest direct primary care providers in the U.S. with 340+ health centers in 33 states. Everside delivers results by investing in primary care and the provider-patient relationship. Smaller patient panels of 600-1000, 60% smaller than the average primary care provider, enables greater access with same-day and 24/7 availability, more frequent visits (average 3.6 per year vs. national average of 1.3) and longer appointments (average 28 minutes per encounter vs national average of 16). Increased time spent with their patients allows providers to better understand their lifestyle, goals, and obstacles to better health and partner with them on a commonsense plan.

The results are proven in surveys of Everside members:

- **Net promoter score of 84**

DPC during and after COVID

By concentrating on preventive care and utilizing telehealth, DPC health centers can proactively manage the spread and repercussions of the coronavirus.

Armed with sophisticated data systems and proprietary algorithms, some of these providers are leveraging artificial intelligence to identify patients with risk factors that make them more vulnerable to complications. This intelligence has also proved valuable as DPC providers partner with employers and sponsoring organizations to help them identify common risk factors within their covered populations and proactively get ahead of health risks that could threaten employee wellness, productivity and, ultimately, health care costs.

America cannot afford to lose primary care providers at a time

- **97% of members believe they receive high quality care**
- **76% of members have a more favorable view of their employer**
- **64% engagement of eligible members across top quartile clients**

The health benefits sponsor sees financial success as well. Everside recently completed a retrospective savings analysis across 84 clients and 170,000 lives that received direct primary care. The analysis yielded gross **client savings of 17% by Year 3**. The best performing clients saw 40%+ gross savings in Year 3. Furthermore, Everside's direct primary care services were able to bend annual **inflation trend to under 1.5% per year**, compared to national benchmarks between 6-7%. These meaningful savings compound over multiple years.

when they are needed most. The country requires a viable, fully functioning primary care system, which can handle its pent-up health care needs and focus on controlling major chronic medical conditions that affect overall health and make people more vulnerable to any virus.

We know that effective primary care makes a difference. Areas of the United States with increased levels of primary care capacity have seen significant improvements in life expectancy. We must do a better job of adopting care models that are effective in meeting patient needs while also creating sustainable revenue streams. Amid the chaos of COVID-19, in the uncertainty of its aftermath and looking ahead to a—hopefully—post-pandemic future, direct primary care has proven more valuable and relevant than ever.

Transforming primary care in America

Everside Health's Union County client has prospered from adopting the direct primary care model. Union County taxpayers saved \$1.28 million in employee health care costs, a 23% decrease in medical expenses. They enjoyed a 36% reduction in prescription expenses compared to employees not using DPC, yielding annual savings of \$239,000. Notably, electing the DPC option produced significant improvement in employees' overall health, by a nearly 3 to 1 margin.

With such positive documented results, and especially considering the added financial strain from COVID-19, employers simply cannot afford not to integrate direct primary care into their health care offering. If you're interested in learning more about how DPC services might fit into your organization's benefits plan, **contact Everside Health today.**