DIRECT PRIMARY CARE:
POLICY AND PLANNING PRIMER

James J. Eischen, Jr.
Why Fee for Covered Service Is Not Working

- Reimburses for specific interventions/services performed
- Not: time spent, quality of care, patient outcomes
- Financially incentivizes over-utilization via high reimbursement intervention
- Financially disincentives preventable care and early patient education not reimbursed

Public and Private Plans Seek Reimbursement Alternatives

The U.S. ranks near last among industrialized nations in several quality measures

- While remaining the most expensive system in the world: double the GDP of most nations

Mirror, Mirror on the Wall, 2014 Update: How the U.S. Health Care System Compares Internationally, The COMMONWEALTH FUND
http://www.commonwealthfund.org/publications/fund-reports/2014/jun/mirror-mirror
Public and Private Plans Seek Reimbursement
Alternatives: Hospital/Provider Perspective

The push towards value-based reimbursement


Public and Private Plans Seek Reimbursement
Alternatives: Innovator Perspective

Technology outpacing the health care marketplace

But fee-for-service provides little or uncertain reimbursement for wellness solutions
Public and Private Plans Seek Reimbursement Alternatives: Patient Improvement?

*How mHealth Should Help Patients Control Their Health*

– Janis Powers, HFMA.ORG

http://www.hfma.org/Content.aspx?id=28498

- mHealth = Mobile Health
- Shifting towards patient centered mHealth

Public and Private Plans Seek Reimbursement Alternatives: The Wellness Marketplace
Public and Private Plans Seek Reimbursement
Alternatives: The Wellness Marketplace

There is room for exponential growth and innovation in the U.S. wellness/health marketplace!

5 Healthcare Trends You Could Cash in on
– Murray Newlands, Inc.com
HTTP://WWW.INC.COM/MURRAY-NEWLANDS/MEDICAL-HEALTH-TRENDS-AND-STARTUPS-GROWING.HTML

• Within the next 5 years, the health wellness industry is expected to grow to a $737 billion market (hint: people might pay for health...)

• “Big data has already earned its place as one of the top ‘trends to watch’. Among the many industries likely to be heavily reliant on analytics is healthcare.”
Public and Private Plans Seek Reimbursement Alternatives: Marketplace Experiments

*Early-stage Telehealth Business ExamMed Wants ‘MedCoins’ to Push Boundaries of Concierge Care*

– Stephanie Baum, MEDCITY NEWS

ExamMed attempts to induce patient and physician behaviors with alternative currency transparency (intriguing)...

But is it “moving the needle” on:
- direct physician/patient connection
- direct patient investment

Public and Private Plans Seek Reimbursement Alternatives: Marketplace Experiments

*Engaging Patients to Decrease Costs and Improve Outcomes*

– Alexandra Kimball, Kristen Corey, and Joseph Kvedar, MEDICAL ECONOMICS

- 79% of surveyed patient respondents said they were more likely to select a health provider who allows them to conduct health care interactions online, on a mobile device, or at a self-service kiosk

- "One study found that many would even pay for such online services."
Public and Private Plans Seek Reimbursement
Alternatives: Marketplace Experiments

Aetna Claims Yoga Classes Are Worth $3K Per Employee Each Year
– Heather Caspi, MEDICAL HEALTHCAREDIVE

• “Employees report, on average: a 28% reduction in stress; a 20% improvement in sleep quality; and a 19% reduction in pain.”

• Reported $3K/year savings due to both health costs and work efficiency

Public and Private Plans Seek Reimbursement
Alternatives: Marketplace Experiments

Telemedicine and Employers: The New Frontier
– Epstein Becker Green

• 74% of consumers would use telehealth services if available

• 76% of patients prioritize access to care over the need for human interactions

• 70% of patients are comfortable communicating with their health care providers via text, e-mail, or video
Public and Private Plans Seek Reimbursement
Alternatives: Marketplace Experiments

**Telemedicine and Employers: The New Frontier**
– Epstein Becker Green

Use of telemedicine is increasingly viewed as efficient and cost-effective because:
- Shift from fee-for-service
- Increase in sophisticated health technologies

Viable option to avoid employee time-off-work for visits

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**Public and Private Plans Seek Reimbursement**

**Alternatives: Marketplace Experiments**

**3 Off-the-Wall Things Insurers are Doing to Increase Engagement**
– Heather Caspi, HEALTHCAREDIVE

Food Deals:
- One health plan is using the app NutriSavings. The app scores their groceries upon checkout.
- If their total score is high enough → $20 per month for participating
Public and Private Plans Seek Reimbursement
Alternatives: Marketplace Experiments

3 Off-the-Wall Things Insurers are Doing to Increase Engagement
– Heather Caspi, HEALTHCAREDIVE

Workouts:
– Pact Health, a health plan which started as a health app, increases and decreases deductibles $5 per workout
– “A loss is three times more motivating than a gain.”

Integrated Technology:
– Another plan offers a $1 per day incentive for reaching steps per day goals
– The goal is that fitness tracking app users will be encouraged to utilize other app features like provider cost comparisons
How Mayo’s “Dr. Google” Deal Disrupts Medicine
– Michael Milenson, FORBES

- Recommending a Google search ‘as the first stop for those needing health information,’ in the words of a Mayo physician executive, represents a true paradigm change.”

- Information technology is forcing a new doctor-patient relationship with new rules for new roles.

The Silo Effect of Passive Patient Engagement

Patient engagement is great, but without physician integration, primary care and wellness marketplace remain disconnected silos
Are we creating a sustainable health care economy?
Are the physicians the “missing trees” of Easter Island?

Patients/Consumers

Employees’ share of medical expenses (premiums plus deductibles) was almost 10% of the median U.S. income in 2013.

I’m busy….is anyone paying me to do this?
Direct Patient Investment, & Direct Physician Integration: Toward Achieving Desired Healthcare Reimbursement Reform Outcomes

Why Physicians are Turning to Private Direct Solutions

- Less red tape, less stress, and more time for patients

90% Said that they would prefer employment with a salary rather than an independent practice income

39% Said that they were not ready to handle the business side of medicine

1 in 4 New Doctors Would Change Careers If they Could Start Over

- Bruce Jaspen, FORBES, HTTP://WWW.FORBES.COM/SITES/BRUCEJAPSEN/2015/01/11/1-IN-4-DOCTORS-WOULD-CHANGE-CAREERS-IF-THEY-COULD-START-OVER/
What Are Plan Reforms Missing?

• Direct Patient Investment

• Direct Physician Financial Incentives/Engagement

• Financially Induced Desired Behaviors From Both Physicians and Patients

Private Direct Medicine AKA...

Direct Patient Investment, Direct Physician Integration

Some Basic Information

<table>
<thead>
<tr>
<th>Concierge Medicine</th>
<th>Direct Primary Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% of retainer medicine market</td>
<td>20% of retainer medicine market</td>
</tr>
<tr>
<td>Average annual fee: $1,200 - $3,000</td>
<td>Average monthly fee: $25 - $100</td>
</tr>
<tr>
<td>Typically fees paid annually</td>
<td>Typically monthly fees, not annual</td>
</tr>
<tr>
<td>Same day appointments</td>
<td>Most don’t have same day access</td>
</tr>
<tr>
<td>24/7 care, text messaging, instant access</td>
<td>Some added communication access</td>
</tr>
<tr>
<td>Most still bill plans</td>
<td>Many do not bill plans</td>
</tr>
</tbody>
</table>

Source: *Cash-Only Practices: 8 Issues to Consider*, Niel Chesanow, MEDSCAPE

Direct Patient Investment, Direct Physician Integration

Why Patients Are Turning to Private Direct Solutions

- Predictable private payments rather than co-pays or deductibles that may look “free market” but disincentivizing care events
- Improved patient communication, appointments, after-hours electronic access
- **More coordinated and personalized care**
Direct Patient Investment, Direct Physician Integration

Copays and Deductibles, Deterrents to Seeking Care?

One study found . . .

- 10% decrease in ER visits among enrollees of high deductible plans
- In the two lowest income groups, 25% decrease in high severity first time medical visits

![Image](http://healthresearchfunding.org/high‐deductible‐health‐plan‐pros‐cons/)


What Does Private Direct Medicine Contribute?

- Potentially Improved Outcomes
- Reduced Plan Costs
### What Does Private Direct Medicine Contribute?

**Qliance Savings Data – 2013-14**

<table>
<thead>
<tr>
<th></th>
<th>Incidents Per 1,000 Qliance patients</th>
<th>Incidents Per 1,000 Non-Qliance patients</th>
<th>Difference (Qliance vs. Other)</th>
<th>Savings per patient per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>ER Visits</td>
<td>81</td>
<td>94</td>
<td>-14%</td>
<td>($5)</td>
</tr>
<tr>
<td>Inpatient (days)</td>
<td>100</td>
<td>250</td>
<td>-55%</td>
<td>$417</td>
</tr>
<tr>
<td>Specialist Visits</td>
<td>7,497</td>
<td>8,674</td>
<td>-14%</td>
<td>$436</td>
</tr>
<tr>
<td>Advanced Radiology</td>
<td>310</td>
<td>434</td>
<td>-29%</td>
<td>$82</td>
</tr>
<tr>
<td>Primary Care Visits</td>
<td>3,109</td>
<td>1,905</td>
<td>-48%</td>
<td>($251)</td>
</tr>
<tr>
<td>Savings Per Patient</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$879</td>
</tr>
<tr>
<td>Total Savings per 1000 (after Qliance fee)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$678,000</td>
</tr>
<tr>
<td>% Saved/Per Patient</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>19.8%</td>
</tr>
</tbody>
</table>

**Data Sources:** All claims data (except prescription claims) from carriers for selected large employers; Qliance EHR data. Employee eligibility data. Claim Attribution: All claims incurred by Qliance patients prior to first Qliance visit were excluded. All employees with any interaction with Qliance included as our patients, even if the employee used another primary care provider (which is possible in some of the plan designs among clients). All claims incurred after any interaction with Qliance included, regardless of employee’s intent to use Qliance as their primary care provider. All non-primary care provider visits included under “specialist” category (such as physical therapy, acupuncture, etc.). Population: Eligible members in employee-sponsored health plan. Employee only, to remove confounding factors from differences in dependent benefits structures and participation variances among clients.

### Data Suggests Direct Private Medicine Reduces Plan Utilization and Improves Tracking/Outcomes

**Direct-Pay Medical Practices Could Diminish Payer Headaches**

– Lisa Zamosky, **Medical Economics**


**DIRECT PAY Can it lower your costs?**

The Direct Primary Care Coalition estimates that payer-related costs add up to 40 cents of every healthcare dollar in a practice. Eliminating insurance from primary care, according to the coalition, “makes that 40 cents available for actual healthcare—more time with each patient, more extensive office hours, more on-site services and diagnostics, and more patient-provider support technology.”

[Source: Direct Primary Care Coalition](http://stateofreform.com/news/industry/healthcare-providers/2015/01/qliance-study-shows-monthly-fee-primary-care-model-saves-20-percent-claims)
Direct Physician Delivery for Private Fees

Gain Sharing with Intervention Reimbursement: *Can We Legislate Small Business Functions?*

- Traditional fee-for-service plan reimbursement struggles to align physician interaction with patient education & coordination
- ACO and other value reimbursement models
  - Missing *direct* patient financial involvement
  - Missing *direct* physician incentive (but there are success stories—Palm Beach ACO $20 Million)
- If the solutions are *physician* accountability and incentivized patient engagement, doesn’t *small business* more naturally achieve both?

What Does Private Direct Medicine Contribute?

Direct Patient Subscription = Physician Directly Connected to...

- Care Coordination
- Outcomes
- Customer Service
What Does Private Direct Medicine Contribute?

Could the future include something like OneMedical?
(*hint: there is room for administrative & tech solutions...*)

“For an annual fee, patients have access to a variety of tech-enabled health services, including 24/7 virtual care and same day appointments. However, One Medical is not concierge medicine — the practices still accept insurance to cover a portion of healthcare costs.”

_Dignity Partnership Brings New Primary Care Model to Arizona, Emily Rappleye_


What Does Private Direct Medicine Contribute?

• The physician as a connected care “captain” requires small business posture: this is a natural alignment of profit and personal accountability

• Can reimbursement reform achieve care goals absent incentivized physician connection (i.e. why teledmed/wireless tracking has great technology and limited physician adoption...)? **NO**
Private Direct Care Models: Projections for Growth and Broader Application

In a survey among physicians more than 10% of respondents planned to switch to private direct practices within three years.


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Medicare Compliance

Why are Medicare compliance requirements strict?

U.S. lost between $82 billion and $272 billion in 2011 to medical fraud and abuse.

Medicare Compliance

Main concern with DPC and Medicare Assignment: So-Called “Double Billing”

- Patients may not be charged for services that Medicare covers and reimburses
  - May not be charged an “Access fee” or “Administrative fee” for practices access
  - May be privately charged for services not covered by Medicare
  - Or, physician opts out of Medicare and avoids Medicare Assignment private fee complexities

Medicare Compliance

Physicians who have opted-out:

- May charge for “access” and “care coordination” and other covered services
- BUT, must comply with opt-out contract rules
- Are not “free” of federal or state laws, but avoid Medicare Assignment issue
Medicare Compliance

A physician from Minneapolis, Minnesota, agreed to pay $53,400 to resolve liability under the Civil Monetary Penalties Law. The physician charged under a yearly contract for services that the physician characterized as "not covered" by Medicare: (1) coordination of care with other providers; (2) a comprehensive assessment and plan for optimum health; and (3) extra time. Some services were deemed covered by Medicare.

https://oig.hhs.gov/fraud/enforcement/cmp/overcharging.asp

Medicare Compliance

In 2007, North Carolina physician paid $106,600 to resolve Civil Monetary Penalties Law liability. The practitioner and patients entered into a membership agreement for a patient care program for an annual fee, providing: (1) an annual comprehensive physical examination; (2) same day or next day appointments; (3) support personnel dedicated exclusively to members; (4) 24 hours a day and 7 days a week physician availability; (5) prescription facilitation; (6) coordination of referrals and expedited referrals, if medically necessary; and (7) other service amenities as determined by the practitioner. Some services were deemed covered by Medicare.

https://oig.hhs.gov/fraud/enforcement/cmp/overcharging.asp
Medicare Compliance

In 2013, a South Carolina practice $170,260 for charging mandatory “administrative” or “forms” fees to all patients to cover certain unspecified administrative services, with explanation that the charge was necessary due to poor plan reimbursement.

https://oig.hhs.gov/fraud/enforcement/cmp/overcharging.asp

Medicare Compliance - Opt-Out

Opt-Out Requirements

- File an affidavit (§40.9)
- Signed private contracts (§40.8)
- Complies with billing for urgent care services (§40.28)
- Retain a copy of each private contract which has been entered into for the duration of the opt-out period
Medicare Compliance - Opt-Out

Consequences Of Opt-Out Non-Compliance

- All private contracts deemed null and void
- Opt-out is nullified
- Must submit claims for all Medicare covered services
- Will not receive payment for those services

How to Structure Medicare Participating Private Direct Medicine Models

Medicare billing compliance “buzz words” to avoid:

- Access
- Care Coordination
- Preventative Care?

- Membership?
- 24/7 Communications?
- Electronic Records Access?
How to Structure Medicare Participating Private Direct Medicine Models

Drafting Recommendations: Patient-Physician Contract

• Easy to read contract
• Clarity on key issues
• Avoid state insurance consumer issues
• FAQs and brochures for amenity details, contract for compliance clarity

How to Structure Medicare Participating Private Direct Medicine Models

Drafting Recommendations: Patient-Physician Contract

• Allocate non-covered amenities allocated to private fees to avoid Medicare compliance issues (Q: Does your staff know how to properly explain your retainer/subscription model?)

Or comply with opt-out requirements http://www.cms.hhs.gov/Manuals/downloads/bp102c15.pdf

• Avoid inducements/discounting (i.e. no free toaster ovens)
How to Structure Medicare Participating Private Direct Medicine Models

Drafting Recommendations: Patient-Physician Contract

• Duration/termination
• Renewal (automatic renewal vs. termination?)
• Disclaim insurance provided
• Accurate and compliant marketing materials
• AVOID PROMISES YOU CAN’T KEEP
A sustained integrated wellness economy: integrating patients, physicians, and plans.

QUESTIONS?

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