ANALYTIC REVIEW

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Direct Primary Care: A Successful Financial Model for the Clinical Practice of Lifestyle Medicine

Abstract: *Primary care has been shown to significantly decrease the overall cost of a population's health care while improving the quality of each person's well-being. Lifestyle medicine (LM) is ideally positioned to be delivered via primary care and has been shown to improve short- and long-term health outcomes of patients and populations. Direct primary care (DPC) represents a viable alternative to the fee-for-service reimbursement model. It has been shown to be economically and financially sustainable. Furthermore, it has the potential to fulfill the Quadruple Aim of health care in the United States. LM practiced in a DPC model has the potential to transform health care delivery. This article will discuss the need for health care systems change, provide an overview of the DPC model, demonstrate a basic understanding of the benefits, and review the steps needed to de-risk the investment of time, money, and resources for our future DPC providers.*

Keywords: direct primary care; lifestyle medicine; primary care; chronic disease management; population health

"It is very easy to be different, but very difficult to be better."

Jonathon Ive, Chief Design Officer, Apple

Background

Health care spending has been accelerating at an exponential rate, with chronic disease being the primary cost driver. A total of 90% of the $3.5 trillion spent on US health care costs are attributed to chronic disease management and treatment.[1,2] Evidence suggests that nearly 80% of chronic conditions could be avoided through the adoption of healthy lifestyle recommendations.[3] Despite this, in 2015, only 8% of US adults aged 35 years or older received all recommended, high-priority, appropriate clinical preventive services, and nearly 5% received none.[4] Chronic diseases can profoundly reduce quality of life for patients and for their families, affecting enjoyment of life, family relationships, and finances.[4]

One major challenge in addressing health care costs is misaligned financial incentives. Examples of this include broker fees that are tied to the sales of insurers' programs, pharmacy benefit management fees linked to the quantity of sales, and the relative value unit system, which preferentially rewards procedures and quantity, not

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Figure 1.

Example of direct primary care (DPC) Services provided by TRI-DPC, a DPC network.

quality.[5] Imperative is a transparent cost model that aligns financial incentives with better health outcomes. The payers of health care need to have a clear vision and understanding of what is being purchased and at what cost.

Any attempt at reforming the current health care system should be focused on the Quadruple Aim: lower cost and better patient experience, health outcomes, and provider experience.[6] Direct primary care (DPC) is one model that satisfies all 4 criteria. DPC's effectiveness may be furthered by incorporating lifestyle medicine (LM), which has demonstrated success in improving patient outcomes, lowering the cost of care, and enhancing provider experience. This partnership would fortuitously create a sustainable and financially secure model for LM providers while supporting the delivery of chronic disease reversal treatment.

The American College of Lifestyle Medicine (ACLM) was founded in 2004 by pioneers who saw the clinical benefit of lifestyle medicine (LM) in practice.[7] The College has grown from a few hundred members to more than 5600 in 2020. The growth in membership, as well as the establishment of the American Board of Lifestyle Medicine, have helped legitimize the practice of LM and provided a certification process for LM practitioners to demonstrate competency. However, sustainable reimbursement and financial security have been significant barriers for LM providers to actually practicing LM clinically.

In 2019, the ACLM completed a member survey, which revealed that 59% of LM practitioners were not getting reimbursed for their services, and 34% were using multiple reimbursement methods. The current fee-for-service model is dependent on external regulations and value attestation by third parties that are not always aligned with the patient's needs or the payors (employers and patients) values.[5]

What Is DPC?

DPC is an example of a proactive investment in primary care that seeks to provide transparency and deliver essential services at a lower cost. In DPC, a transparent contract is created between the provider and patient with a known upfront inclusive cost for a specific set of care needs. This cost typically covers all visits, in person and virtual, well and preventive care, and acute and chronic disease care (Figure 1).

Uncoupling primary care from insurance is essential. No other system uses insurance for predictable, low-cost, and expected incidents. For example, car insurance is not used for oil changes, new tires, and replacement of brake rotors. This would lead to undue higher costs, lack of transparency, and poorer quality. Consider the absurdity of getting prior approval for a tank of gas out of network!

The DPC model can also be used for specific ongoing specialty care where the episode or value is clearly delineated. This could include services such as LM consultative care, disease specific care such as diabetes, or health coaching. The budgeted fee paid is proactive and considered an investment, not a reimbursement for services rendered.

Tenets of the DPC model include the following:

- a direct agreement between the doctor and patient or employer;
- a flat recurring fee for comprehensive care; any per visit fee is less than the recurring monthly equivalent flat fee, all of which is not billed to a third party; and
- clear language that the model is not health insurance or a health plan, as defined by the Accountable Care Act and state laws.[8]

The DPC model is a financial business model that supports the clinical practice model. This is an important concept—this financial business model allows the clinician the freedom to support the patient's health care goals, without improper intrusion by third parties. DPC practices are still responsible for demonstrating value. The key difference is that instead of needing to demonstrate value to an insurer, it is provided directly to the person receiving the care.

The DPC model is relatively new but has seen exponential growth of >1000% in the past 6 years with currently more than 1400 practices in the United States.[9] With this growth, the opportunity for scaling and creating networks has become a reality. This next phase of the direct medical economy will enable more employers to add this as a covered benefit to employees.

Considerations for Starting a DPC Practice

Designing a DPC practice requires an understanding of how the model works and who the target patient population is, an assessment of the local health marketplace, as well as strong relationships with community stakeholders. A guiding question to consider when creating a practice is, "What is of absolute value to the patients I will serve?" Responses to this question typically fall into 1 of 3 categories: time, quality, or relationships.

- Time: both enough time with the provider and respect for the patient's time.
- Quality: trust in the provider that they are delivering high-quality care.
- Relationship: the provider knows the patient and understands them, and the patient knows the provider and trusts them. This reinforces continuity of care.

Developing a DPC business model requires prudent attention to detail and organizational knowledge. Although health care providers are dependably intelligent individuals, few have specific training in business. Taking the time to outline a business plan can pay dividends in creating financial stability. Table 1 contains the foundational content elements to consider prior to launching a successful DPC practice.[10]

DPC Benefits for Providers

Although there is a relative primary care shortage, early retirement and burnout are at an all-time high. This is a result of large patient panels, low pay for primary care relative to other physicians, and increased administrative burden, leading to increased risk for mental health conditions and suicide.[9]

Many DPC doctors are flourishing and quoted as practicing the best medicine of their career.[4] Although this could be a result of a variety of factors or selection bias, there seems to be relative consensus that DPC providers are able to spend more time with patients, see patients when needed, have autonomy over their schedules, utilize telemedicine, enhance their relationship with patients, deliver more personalized and comprehensive care, and get paid upfront.[9]

One of the most appealing aspects of operating a personal DPC clinic is creating a practice independent from a corporate health care system. It provides freedom, flexibility, and a sense of empowerment to work in an environment that aligns with one's own core values. With DPC, this independence is enhanced by removing the third-party administrative and nonclinical burdens. This helps restore meaning to medicine. Documentation's purpose becomes clinical communication, not billing. Data are still important but directed by the clinician's goal outcomes for their patients.

Financial stability is a significant benefit. A recently published study in Health Affairs completed by Harvard Medical School and the American Board of Family Medicine estimates a 12.4% decrease in revenue for every full-time fee-for-service (FFS) primary care provider in 2020.[11] In this same time period, DPC practices saw a rapid growth rate of 13%.[12] Once established, the DPC practice is a recurring revenue model that can remain stable. Combining LM with a DPC financial model and telemedicine can create a sustainable financial situation to support scaling high-quality health care to patients everywhere.

Specifically, for LM providers, behavioral change requires spending more time with patients and the ability to follow up at goal-directed intervals. DPC allows for this and creates a platform to deliver LM group visits and intensive programs. Because a DPC doctor is rewarded for maintaining a long-term relationship with the patient, rather than being paid per visit, the DPC doctor and patient are both incentivized to make the most of these services.

Table 1.

Direct Primary Care Business Outline.

Direct primary care business outline
Module 1: principal elements for creating your sustainable business
1. Choosing an organizational system: to manage all the details
2. Optional: creating a business model canvas to better understand stakeholders
3. Proforma: financial analysis
4. Capital assets: what property, equipment, or other resources are needed to open the practice
5. Financing you and your Business (ie, getting a business loan)
6. Setting prices and creating revenue streams
Module 2: critical elements for running your practice as a business
1. Decision-making tool and timeline: total project plan
2. Human resources: hiring, payroll systems, initial legal
3. Accounting
4. Real estate
5. Compliance (OSHA, CLIA)
Module 3: protecting what you build
1. Direct primary care: contracts
2. Business legal: article of organization corporation vs limited liability corporation, partner vs solo
3. Insurance: liability/malpractice/life/disability
Module 4: making technology work for you
1. Hardware
2. Software
(a) Electronic medical record evaluation
(b) Membership platform
(c) Patient communication platform
(d) Online schedulers
3. Interoperability: will they all communicate together
4. Low tech solutions
Module 5: getting your practice noticed and well known
Early essentials
1. Website: working with creatives
2. Branding: what is your message, values mission
3. Marketing: you not your practice
4. Logo design
5. Social media
Module 6: filling your practice with paying patients
1. Early marketing
2. Know your value proposition, elevator speech
3. Cash based value-adds
4. Video
5. Practice visibility

DPC Benefits for Employers

The DPC model has been appealing to employers for a variety of reasons, particular with regard to cost. Specifically, they have resulted in

- A 54% reduction in emergency room claims
- 25% Fewer hospital admissions
- A 13% reduction in total cost of claims[13]

Another example of cost savings is with the county government in Union County, North Carolina. It saved more than $1.2 million in medical and prescription drug claims under its first-year contract with its DPC solution. A few noteworthy details from the analysis for that 2018 include the following:

- DPC participants spent twice as much time with their physician compared with the traditional FFS clinics.
- DPC participants cost Union County $313 less on a per-member, per-month basis than traditional consumer-driven options.
- A total of 99% of DPC county participants reported both high satisfaction with provider access and a positive overall experience.[14]

DPC Benefits for Patients

There can be considerable cost savings for patients, particularly if they have no insurance coverage or a High Deductible Health Plan (HDHP). The average deductible for a HDHP is now $2300, with the maximum at $7600 for an individual and $13 800 for a family. This does not include the additional out-of-pocket expenses for coinsurance and noncovered expenses.[15]

DPC offices cover more than 85% of most health care needs, with no deductible, no coinsurance costs, and no claims. This is advantageously done with upfront and inclusive pricing. Coupling a DPC plan with a HDHP saves on average 20% to 30%.

For patients without insurance, the savings from 1 urgent care or emergency room visit can almost cover the entire cost of 1 year with a DPC practice. Additional savings can come from access to wholesale pricing on labs, radiology, and some procedures.

The most significant benefit is the care received. Figure 2 is a wordle of the many testimonials of patients in the Integrated Family Care practice. This represents a diverse group of patients of all ages with coverage from Medicare, Medicaid, employer-based insurance, health sharing communities, and patients who are 100% cash pay.

DPC Risks

The biggest challenges associated with starting a DPC are disrupting financial security, the need for startup capital, taking on the business aspect of running a practice, potential unsettling away from a current practice, obtaining the knowledge of legal and compliance issues, understanding the complexities of medical technologies, and cultivating marketing aptitude. Knowing where to put initial limited resources for the most effective growth is essential.

By uncoupling from the FFS model, there is inherent increased freedom; however, DPC practices are still under all compliance licensure and direction of state and federal law. This requires some complex business practices and has start-up entrepreneurial needs that must be addressed.

There are ways to minimize these risks. Recognizing the skills one has and the skills needed for starting and running a practice is essential. Hiring someone with a complementary skill set, business acumen, or office management experience can offload work that can be more appropriately done by someone else. Taking the time and resources to create a plan and then following it is the best way to reduce the noted risks (see Figure 2). For those less interested in starting their own DPC, there are corporate versions of DPC practices. Depending on what the provider is looking for, joining an existing physician-owned practice as an employee may be more appealing than creating a new practice.

Figure 2.

Patient testimonial wordle.

Conclusion

Financial solutions that allow for scaling of preventive care and LM are needed. DPC has shown efficacy in all 4 areas of the Quadruple Aim and represents a viable solution to implementing LM into practice effectively. The benefits of DPC, more time with patients, a more personalized approach, and the ability to set fees rather than being paid by a third party, allow provider autonomy over how they practice. The alignment in patient and physician payment incentives promotes long-term relationships, appropriate high-quality care, and access to needed medical services and empowers physicians and patients to promote health and well-being.

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Trial Registration

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