



Direct Primary Care

A New Way to Deliver Health Care

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- 3 Direct Primary Care 101
- 4 Direct Primary Care in Colorado
- 5 Direct Primary Care Attracts Attention of Policymakers in Colorado and Washington
- 6 Clinic Profile: The Golden Stethoscope
- 7 Direct Primary Care Questions for Colorado
- 8 Two Providers, Two Perspectives
- 9 Conclusion
- 10 Endnotes

CHI staffers contributing to this report

- Ian Pelto, Lead Author
- Alex Caldwell
- Karam Ahmad
- Brian Clark
- Joe Hanel
- Deb Goeken
- Cliff Foster
- Chrissy Esposito
- Emily Johnson

On the Cover:

Dr. Amber Wobbekind examines a patient at The Golden Stethoscope, a Direct Primary Cloinic she opened in Golden in May 2017.

Photo by Brian Clark, CHI

A new health care approach called Direct Primary Care will get you plenty of face time with your doctor, free or reduced-price screenings, and often 24/7 availability by phone, text or e-mail—all for about the cost of a daily cup of coffee.

Colorado is an enthusiastic adopter of the subscription-based health care model, which arrived here in 2009. Today, there are about 90 or so practices across the state, roughly 10 percent of the nation’s Direct Primary Care clinics. They serve about 63,000 patients.

Proponents say the model’s advantages over traditional primary care include longer appointments with doctors, a focus on preventive care, and the ability to forge stronger relationships between providers and their patients. Many doctors who have switched report increased job satisfaction. Some advocates believe it is the future of primary care.

Skeptics, however, worry that the model creates a two-tiered system: one for those who can afford to bankroll their primary care out of their own pocket in addition to their insurance plan and another for people with lower incomes who rely on public insurance or might not be able to take on an extra monthly bill.

This paper explores Direct Primary Care, analyzes how it might solve some of the problems plaguing the health care system, looks at policy options, and takes you inside one of the state’s Direct Primary Care practices.

Direct Primary Care 101

Direct Primary Care is a simple concept: a flat fee covers many basic health care services from a primary care doctor.

Patients pay a monthly fee, generally about \$85.¹ Direct Primary Care practices don’t accept health insurance.

The menus of services in Direct Primary Care clinics vary. The fee generally covers at least monthly patient visits, and in some cases also covers unlimited visits or 24-hour access. Prescriptions, lab tests, X-rays, and minor procedures are generally offered without

additional fees or at deep discounts. Some doctors even make house calls, usually for an extra charge.

The goal is to establish a strong doctor-patient relationship that focuses on preventive medicine and results in healthier outcomes.

Specialty care and emergency services are not included in the Direct Primary Care package, so most patients also buy an insurance plan—usually one with a high deductible. Some patients under the age of 30 are eligible to buy so-called catastrophic plans, which have low premiums and high deductibles. Patients over 30 don’t have that option, but could still choose from high-deductible plans.

Direct Primary Care clinics say that they save money because they don’t have to deal with insurance claims and other overhead costs. And with a more predictable source of income, they don’t need to see as many patients to keep the lights on, giving them the ability to offer longer visits with the doctor.

Physicians told the Colorado Health Institute (CHI) that traditional primary care providers typically spend about 12 to 15 minutes with each patient for routine visits, but that Direct Primary Care visits are often between 30 and 60 minutes and can include integrated behavioral health care screenings in some clinics.

Each Direct Primary Care provider maintains a panel of 600 to 800 patients, compared with approximately 2,300 patients in the panel of a traditional primary care provider (See Table 1).

In some respects, Direct Primary Care users are

Table 1. Comparing Direct Primary Care with Traditional Primary Care

	Direct Primary Care	Traditional Primary Care
What is it?	Subscription service for primary care	Accessing primary care providers in your insurance network
Services	Both provide a variety, including treating illness, screenings, immunizations, chronic disease management. Direct Primary Care often offers more care management and high-touch services.	
Estimated Patients Served in Colorado	63,000 ⁵	3,228,000 ⁶
Bills Insurance for Services?	No	Yes
Average Length of Patient Visit	30 to 60 minutes	12 to 15 minutes
Average Patient Panel Size per Provider	600 to 800 patients ⁷	2,300 patients ⁸
Monthly Cost to Patients	\$85 average monthly premium ^{9*}	\$368.81 average monthly premium for second lowest-cost silver plan in Front Range counties ¹⁰

* Note: This includes only primary care and does not cover services such as surgery and hospitalization, which are commonly covered by traditional insurance plans.

managing their health like they would manage their car maintenance. Routine work like oil changes and tune ups are paid out-of-pocket, with insurance covering bigger ticket items such as collisions or hail damage. Patients use Direct Primary Care for routine health services and turn to insurance to help pay for expenses such as surgery and hospital stays.

Under Colorado state law, Direct Primary Care providers cannot contract with Medicaid or its members.² That means they are not allowed to bill Medicaid. In addition, Medicaid members can't pay out-of-pocket for Direct Primary Care services.

Direct Primary Care is often confused with a high-cost subscription model known as Concierge Care that caters to wealthy consumers. Concierge Care also charges a monthly subscription rate for services like 24/7 provider access. The difference is Concierge Care providers traditionally charge insurers on top of the subscription cost. Most concierge practices charge around \$200 per month for unrestricted access to a physician, though some high-end Los Angeles practices charge as much as \$30,000 per month for 24-hour access, spa services and exercise sessions.^{3,4}

Direct Primary Care in Colorado

Colorado had roughly 90 Direct Primary Care clinics as of May 2018, according to DPCFrontier.com, an industry support website founded by Direct Primary Care advocate Dr. Phil Eskew. (See Map 1). Most of the clinics are located along the Front Range near cities, including Boulder, Denver and Fort Collins. But there are clinics as far northeast as Sterling in Logan County and as far west as Grand Junction.

And interest is growing.

For example, the state of Colorado is offering employees who have UnitedHealthcare insurance the option to become a member of Paladina Health, a Direct Primary Care company with 10 offices from Pueblo to Boulder.^{11,12}

86%
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CHI estimates that 86 percent of Coloradans — more than 4.6 million people — live within a 15-minute drive of a Direct Primary Care clinic.

The state accounts for only two percent of the U.S. population, yet it has roughly 10 percent of the nation's 845 Direct Primary Care clinics.

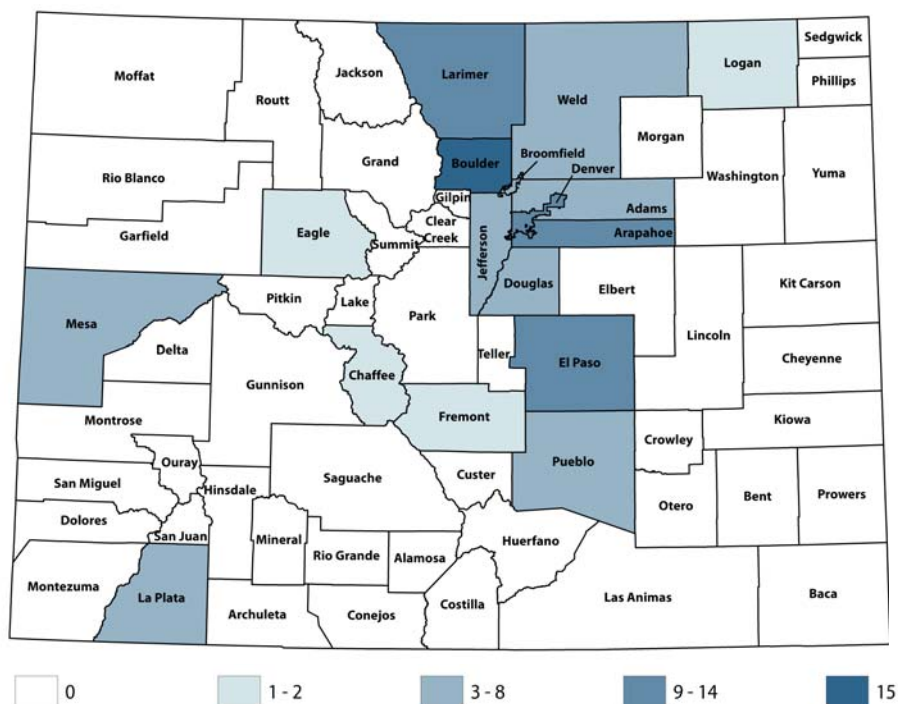
Direct Primary Care clinics were well-established in Colorado when lawmakers passed legislation in 2017 exempting them from state insurance regulations.¹³ So, growth might be driven less by friendly legislation and more by an entrepreneurial spirit and a supportive network of physicians who paved the way.

Direct Primary Care clinics are not required to report data to the government about which services they offer, how much they charge and how many patients they serve. As a result, little is known about the average income, health status, age and ethnicity of their patients and how they might differ from those in more traditional primary care practices.

Proponents say relief from administrative paperwork is among the reasons Direct Primary Care clinics are attractive to providers. But the lack of government oversight worries those who would prefer to keep a closer eye on the quality and delivery of health care services.

Map 1. Many Direct Primary Care Clinics Are Located Along the Front Range

Number of Direct Primary Care Clinics by County, 2018.



Source: CHI's analysis of data from DPCFrontier.com

Direct Primary Care: A History

Direct Primary Care debuted on the health care scene around 2000 with a clinic called Qliance in Seattle. The clinic proved successful, attracting the attention—and investments of around \$6 million—from Amazon founder Jeff Bezos, computer guru Michael Dell, comedian Drew Carey and other venture capitalists.

But Qliance closed in 2017 following an unsuccessful pilot program with Washington's Medicaid program. Qliance said it assumed more financial risk than it could manage for its patient population. Ultimately, it failed due to political pushback on the program.

Dr. Clint Flanagan, a primary care and emergency room physician, opened Colorado's first Direct Primary Care practice near Boulder in 2009. Today, his Nextera Healthcare clinics are located in more than 30 places in Colorado, Nebraska, Washington D.C., and Florida.¹⁴

Direct Primary Care Attracts Attention of Policymakers in Colorado and Washington

In 2017, Colorado joined 27 other states with laws related to Direct Primary Care.

House Bill 17-1115, a victory for Direct Primary Care advocates, exempts Direct Primary Care from state regulation, meaning that clinics are not subject to requirements for claims data reporting and price transparency. The law does prohibit Direct Primary Care clinics from discriminating against patients based on health status, age, citizenship, race, disability and other factors. While this means Direct Primary Care clinics don't have to deal with the administrative burden of reporting metrics, it worries some observers who would rather have a better understanding of the care being provided in these clinics.

Several federal laws proposed in 2017 sought to overturn a tax rule that prevents the use of health savings accounts for Direct Primary Care. As of June 2018, none have passed.

The Golden Touch

Physician Creates Practice That Values Patients' Health and Time

Most mornings, Dr. Amber Wobbekind was already running behind before the coffee had finished brewing at Denver Health.

She and the other primary care doctors, faced with a full slate of patients, scheduled 12 appointments per half day starting at 8 a.m. To have even a fighting chance at making the appointment math work, they could afford to spend about 15 minutes with each patient, including time to fill out charts and paperwork.

Wobbekind, a big believer in getting to know her patients, routinely spent 30 to 40 minutes in each visit, not including charts and paperwork. She brought home an additional three to four hours of that work each night.

"In the primary care system the way it is, that's not functional," she said. "You can't be a person who does that." Her supervisors offered to provide her with efficiency training.

Realizing the traditional primary care model was not working for her, Wobbekind began exploring other options. Everywhere she looked, however, she found the same type of model: Too many patients, not enough time.

Her husband, Daniel Battersby, brought up the concept of Concierge Care. After initially bristling at the idea because of its reputation as high-cost care for the wealthy, Wobbekind found herself becoming intrigued by Direct Primary Care, "the inexpensive sibling of Concierge Care."

After listening to a podcast by two Direct Primary Care doctors from Wichita, Kansas, she was sold.



Dr. Amber Wobbekind and her husband, Daniel Battersby, operate The Golden Stethoscope in Golden. A desire to spend more quality time treating patients drove Wobbekind to open the Direct Primary Care clinic. Photo by Brian Clark, CHI

"As soon as I heard that I thought, 'This is it. This is how it's going to work for me as a doctor,'" she said.

Wobbekind, a Colorado native, opened her Golden Stethoscope clinic in Golden last May. Owning her own practice gives her the freedom to provide health care and spend time getting to know her patients, she says.

Monthly membership at The Golden Stethoscope costs between \$90 and \$115 a month, depending on age. Patients receive up to 20 visits per year. There are no copays, and patients are told about any additional costs up-front.

"Anything I can do with my brain and my two hands and the equipment in the office is part of it," Wobbekind said.

The absence of tight time constraints allows Wobbekind, an internal medicine doctor, to spend time doing more things she is trained to do but never had the time to do in a traditional primary care facility. And more importantly, the clock does not start ticking the moment Wobbekind enters the exam room. She brings a laptop along, but doesn't open it unless necessary. "I don't want the computer to be what I'm talking to," she said.

Appointments at the Golden Stethoscope are scheduled for an hour. Most patients don't need that much time, but having it available eliminates

the feeling of being rushed through the doctor's office.

Wobbekind is available at all hours, but the impact of an occasional late-night call is lessened by the familiarity she has with her patients. "I'm on call, but it's my patients calling me," she said. "I know what's going on,

and I don't have to pull up a medical chart or figure out who they are."

Wobbekind treats about 100 patients now, but her goal is 700 patients. With that growth, she envisions adding more providers, including another doctor, a physician's assistant, a behavioral health specialist and an acupuncturist. Each would maintain their own group of patients to ensure strong relationships.

"There are liabilities and pieces to figure out, but the plan is it will be a very integrated environment for patients to take advantage of all those things," she said.

For now, Wobbekind enjoys operating a practice, "where both your health and your time are golden," as it states on her business cards.

"I believe the only way to do primary care sustainably for me is Direct Primary Care," she said. "I think it's worth the money, but I want my patients to think it's worth it."

By Brian Clark, CHI

Direct Primary Care Questions for Colorado

The Direct Primary Care model of health care could have benefits for Coloradans and their health care providers — from longer, richer visits to reduced red tape. But those benefits could come at a price. Opponents are concerned that Direct Primary Care could undercut traditional health care providers and make it more difficult for some patients to get care.

CHI suggests these questions for policymakers to consider when it comes to Direct Primary Care:

Could Direct Primary Care improve access to primary care in Colorado?

More than 800,000 Coloradans reported in 2017 that they couldn't get an appointment with a doctor's office or clinic when they needed it.¹⁵ Others said they didn't get care because the provider was too far away, they couldn't get child care, or they couldn't take time off work, among other reasons.

In those cases, Direct Primary Care presents an attractive alternative—for those who can afford it. The monthly fee simplifies health care costs and offers appointment and service flexibility to access care when and where a patients needs it with services like mobile clinics and house calls.

Will Direct Primary Care hurt Colorado's health care workforce?

Critics worry that a growing number of Direct Primary Care practices could lure physicians away from offices with traditional insurance arrangements, creating new areas of shortage, especially for Medicaid enrollees.¹⁶ Because this model supports smaller patient panels, more physicians are required to see the same number of people.¹⁷

In fact, if every primary care physician in Colorado were to adopt the Direct Primary Care approach, the state would need 4,400 more physicians to make up for the smaller patient panels.¹⁸ Adoption of the model would likely never reach this level, but in a profession already facing shortages, the prospect of losing further capacity has some providers worried.¹⁹

Dr. Mark Tomasulo, founder of PeakMed, which runs a number of Direct Primary Care practices, says that while there could be a short-term impact on physician numbers, in the longer term he believes the personal

and professional benefits of Direct Primary Care could reduce physician burnout, keeping them practicing longer and attracting more doctors to primary care. Swapping a high quantity of interactions for high quality interactions with patients could be a boon to primary care providers, he says.

Would it create a “two-tiered” health care system?

The departure of doctors from traditional primary care to Direct Primary Care could exacerbate disparities in access to health care based on race/ethnicity. Evidence suggests providers using a subscription model on average see fewer African-American, Hispanic or Medicaid patients.²⁰ Medicare enrollees may also be affected, since most clinics opt out of offering to care for them due to red tape.²¹

Some clinics in Colorado try to address this by seeing patients who are publicly insured outside of the Direct

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Primary Care framework. While it is illegal for a Direct Primary Care doctor to charge a Medicaid member for services, some operators run a parallel, traditional practice that takes insurance of all types, including Medicaid and Medicare. Others say they reserve a percentage of their patient load for “charity care” and see Medicaid and uninsured patients pro-bono.²²

Two Providers, Two Perspectives

Two physicians interviewed by CHI have different takes on Direct Primary Care.

Dr. Mark Tomasulo founded PeakMed as a single Direct Primary Care clinic in Colorado Springs in 2014. It now has multiple sites, a mobile clinic and house calls. It also has won contracts with several big Colorado employers, including school districts and Goodwill Industries.

Dr. Tomasulo believes his clinic is revolutionizing how employers purchase health care for their employees. Companies pay PeakMed a per capita amount based in part on the health of their employees. For example, a company with a sizable number of employees with diabetes might receive a quote that includes access to insulin and A1C testing for no out-of-pocket cost for the patient.

PeakMed can also target patients who frequently use emergency rooms and manage their care to



Dr. Tomasulo



Dr. Pramenko

keep them away from high-cost services like those associated with uncontrolled diabetes or other chronic diseases.

But other providers are skeptical. Among them is Dr. Mike Pramenko, a family physician in Grand Junction, whose clinic serves many

Medicaid members. He worries that Direct Primary Care will siphon off patients and clinicians alike, reducing the number of traditional health care providers, especially those who serve publicly insured patients.

“We’re playing by the rules,” Dr. Pramenko said. “We serve low-income individuals, bill Medicaid and take care of our patients. But we’re losing providers to the allure of Direct Primary Care. I can understand why the lifestyle is appealing, but I wish we could coexist without putting our vulnerable populations at risk.”

How could it affect Health First Colorado (Medicaid) enrollees?

The American Academy of Family Physicians and the Colorado Commission on Affordable Health Care have both recommended pilot programs to allow Medicaid members to use Direct Primary Care clinics.^{23,24} To date, no efforts have been made to allow such a program, although some physicians are expressing interest in a test run. They believe a pilot could save the state Medicaid program money by keeping Medicaid patients healthier and avoiding costly medical expenses.

Conclusion

Direct Primary Care has received a lot of attention as health care leaders consider how to fix a primary care system that often features high insurance prices, low satisfaction for both patients and providers, and less-than-optimal health results.

Ever-increasing health care costs have some wondering if Direct Primary Care could be a solution for delivering efficient primary care in Colorado. But could it leave behind at-risk populations and the clinics serving them?

It will be important for Colorado to weigh the potential outcomes.

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303 E. 17th Ave., Suite 930, Denver, CO 80203 • 303.831.4200
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