

DIRECT PRIMARY CARE Summit



2018

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AMERICAN ACADEMY OF
FAMILY PHYSICIANS



FAMILY MEDICINE
EDUCATION CONSORTIUM, INC.



American College of
Osteopathic
Family Physicians

Employers & DPC: How to Guide

Chris Larson, DO

Submit your questions to: aafp3.cnf.io

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Learning Objectives

- Describe the various methods and processes that direct primary care (DPC) practices have established to engage employers in their community. Understand the HITECH Act, and how it may be used to by patients as a right to obtain private & transparent pricing.
- Understand the expected difference in utilization of DPC services between an employer based population versus private patients.
- Discuss developing working relationships between DPC businesses and health insurance brokers.

AES Question

aafp3.cnf.io



Which aspect of DPC is most important to you?

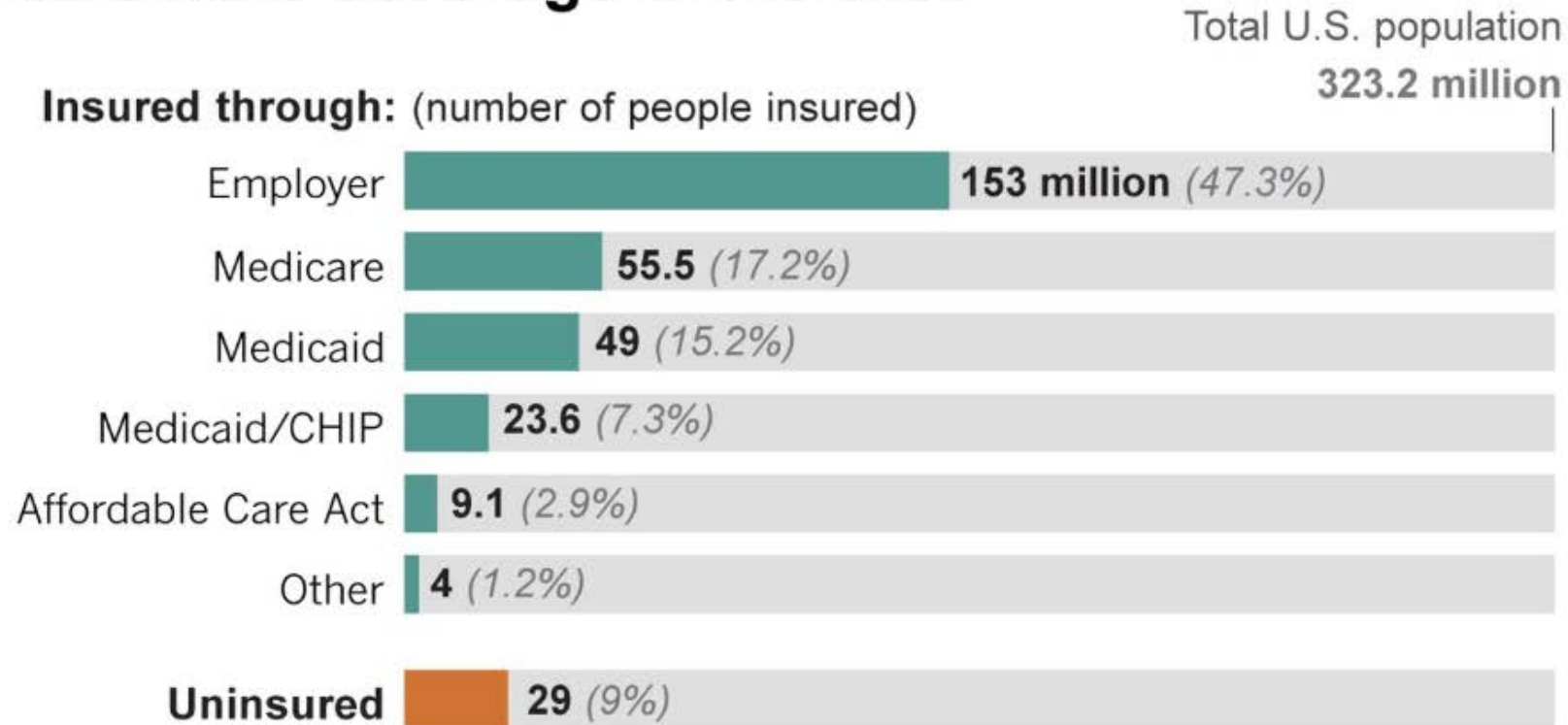
- A. Autonomy
- B. Patient Panel Size
- C. Physician Salary
- D. Job Satisfaction
- E. Other

Which aspect of working with employers would be most concerning to you?

- a) Being paid by someone other than my patient
- b) Giving encounter data to employer or administrator
- c) Being paid less per person vs my private patients
- d) Employer may control a substantial portion of my revenue
- e) Other

Why Employers?

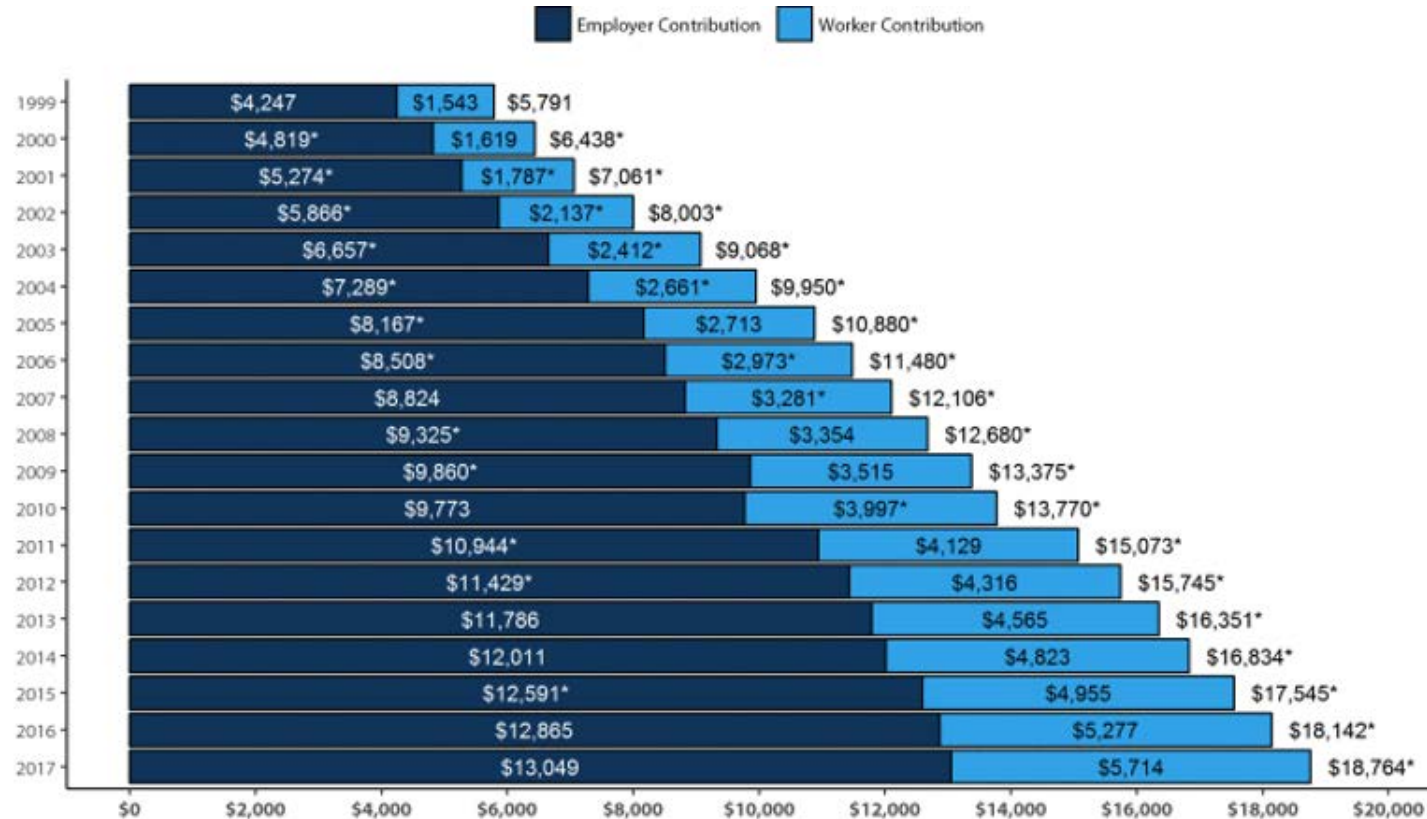
Healthcare coverage in the U.S.



Source: Charles Gaba / ACASignups.net

@latimesgraphics

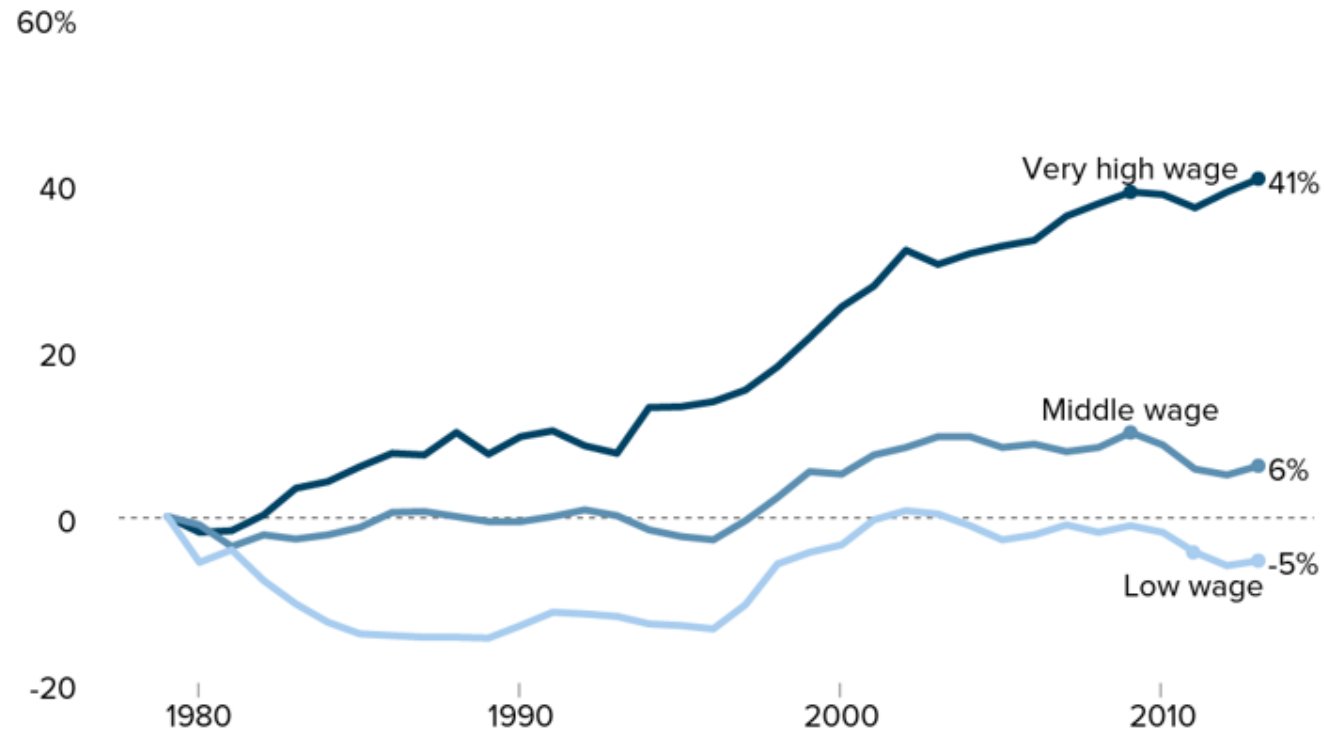
Avg. Annual Worker/Employer Contributions for Family Coverage



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2017

Real Hourly Wages of All Workers, by Wage %, 1979-2013



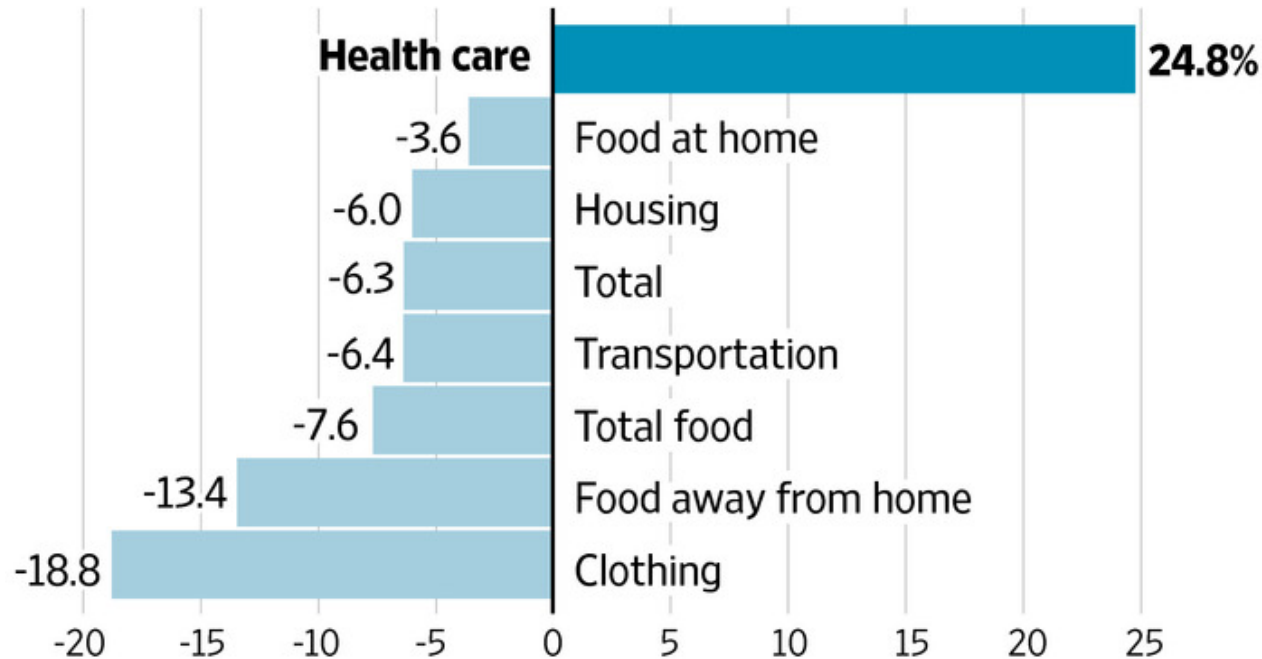
* Low wage is 10th percentile, middle wage is 50th percentile, very high wage is 95th percentile.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata

A Bigger Bite

Middle-class families' spending on health care has increased 25% since 2007. Other basic needs, such as clothing and food, have decreased.

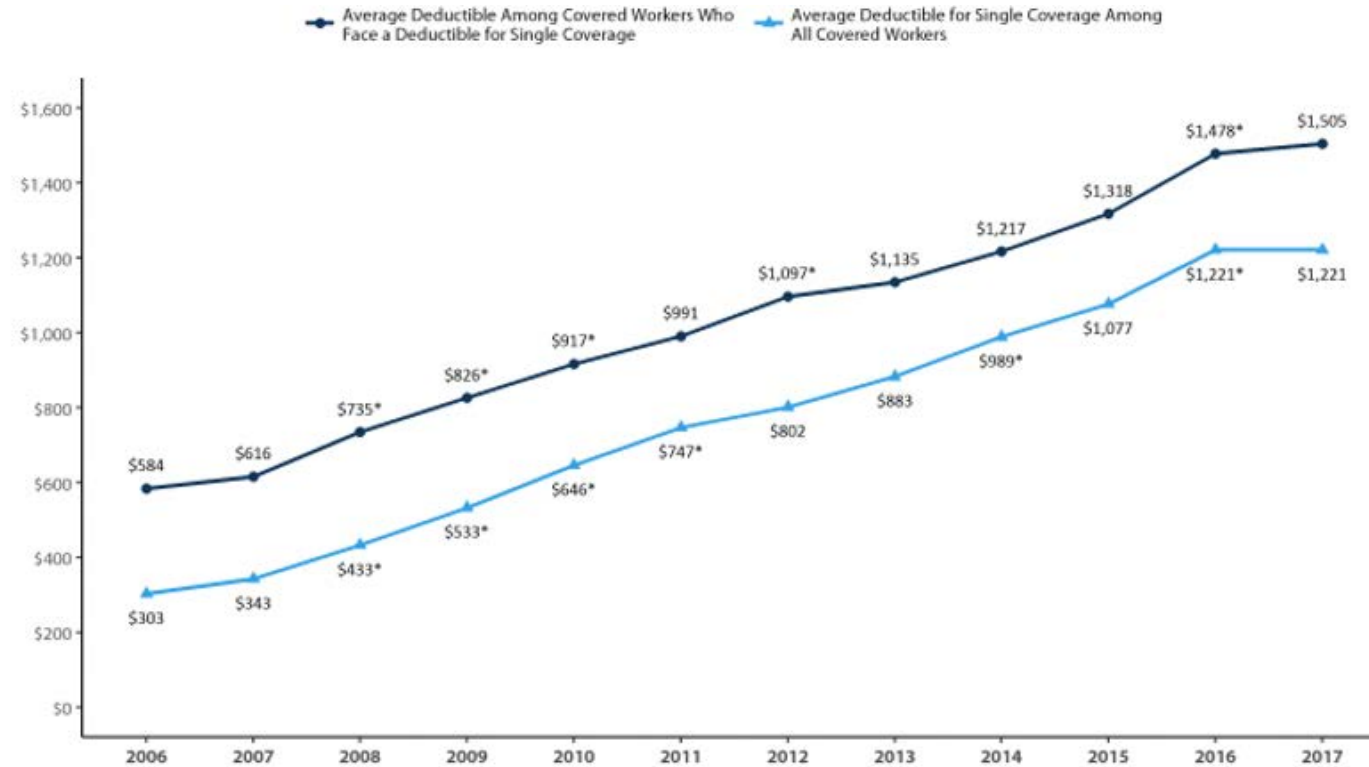
Percent change in middle-income households' spending on basic needs (2007 to 2014)



Sources: Brookings Institution analysis of Consumer Expenditure Survey, Labor Department
THE WALL STREET JOURNAL.



Avg. Annual Deductible for Single Coverage

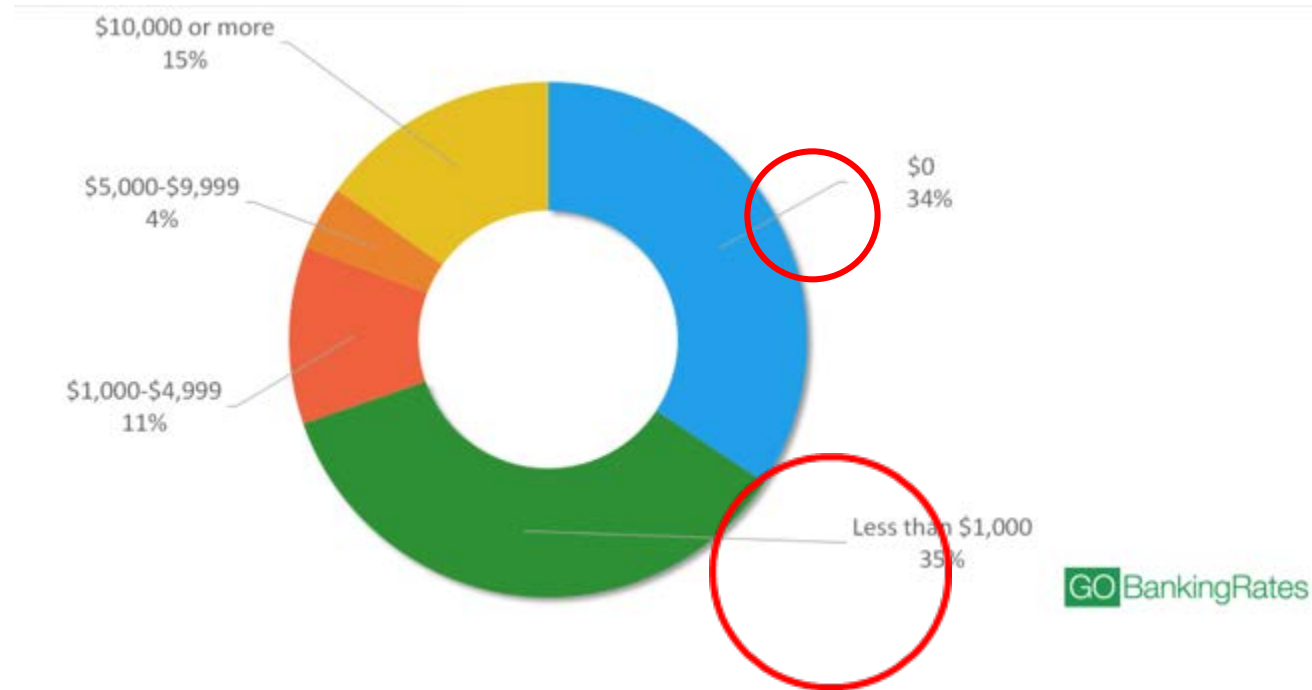


* Estimate is statistically different from estimate for the previous year shown (p < .05).

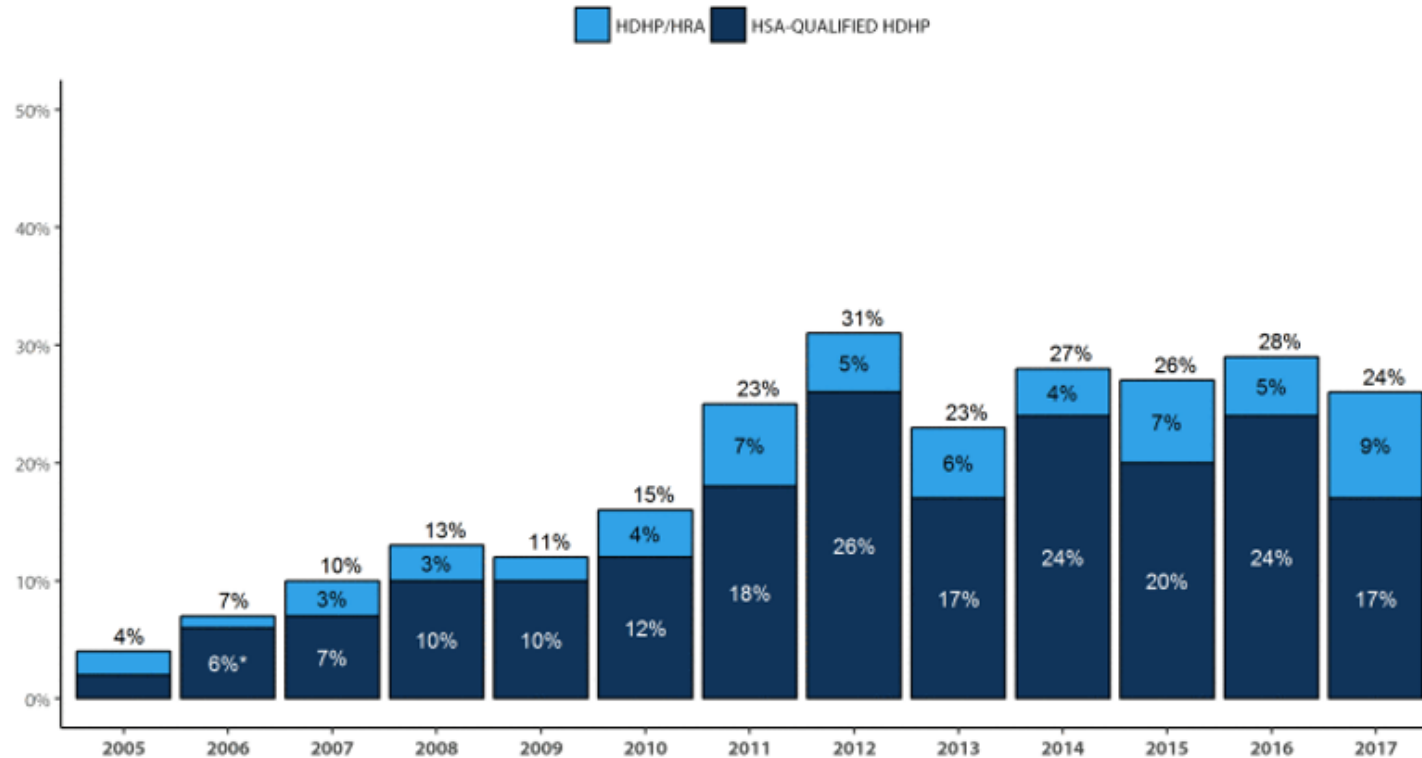
NOTE: Average general annual deductible is among all covered workers. Workers in plans without a general annual deductible for in-network services are assigned a value of zero.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2006-2017

How Much Money in Your Savings Account? (Poll 7,000 people 2016)



% Employers That Offer HDHP/HSA Qualified or HRA (20.2M HSA's*)



* Estimate is statistically different from estimate for the previous year shown ($p < .05$).

NOTE: Among all firms that offer health benefits, 2.3% offer both an HDHP/HRA and an HSA-qualified HDHP. Adding the percentage of firms offering HDHP/HRA and HSA-Qualified HDHPs may not sum to the percentage of firms offering HDHP/SOs because some firms offer both.

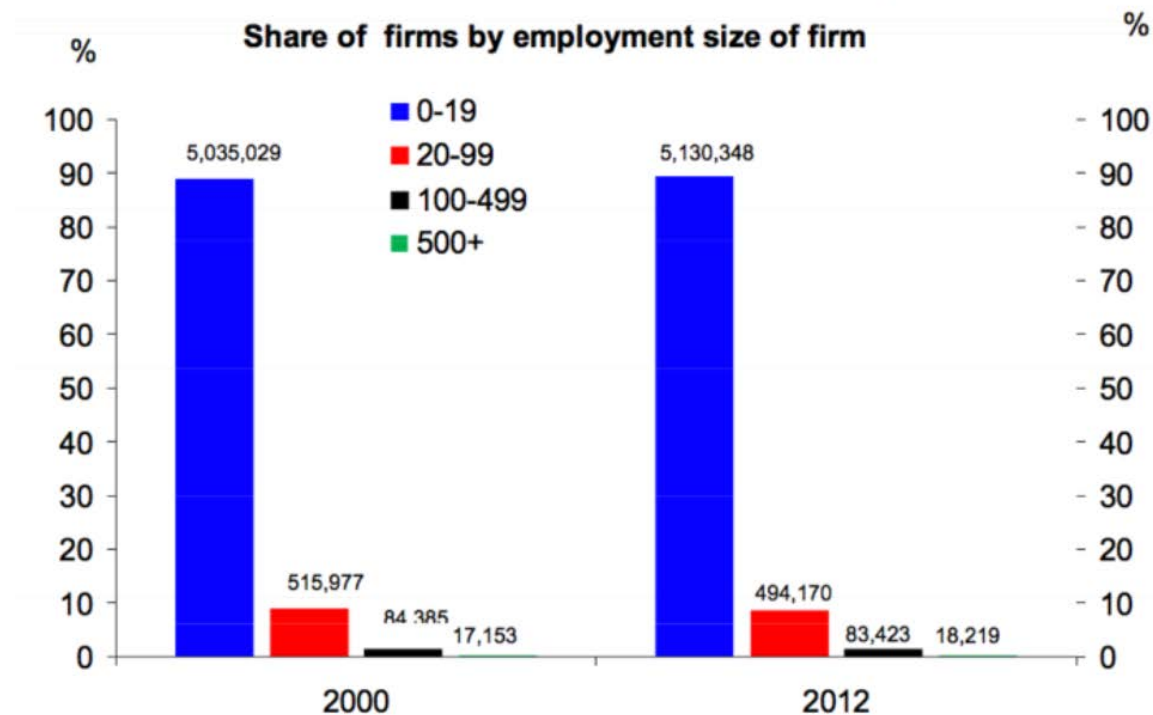
SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2005-2017



July 13-15, 2018

% Companies by Employment Size

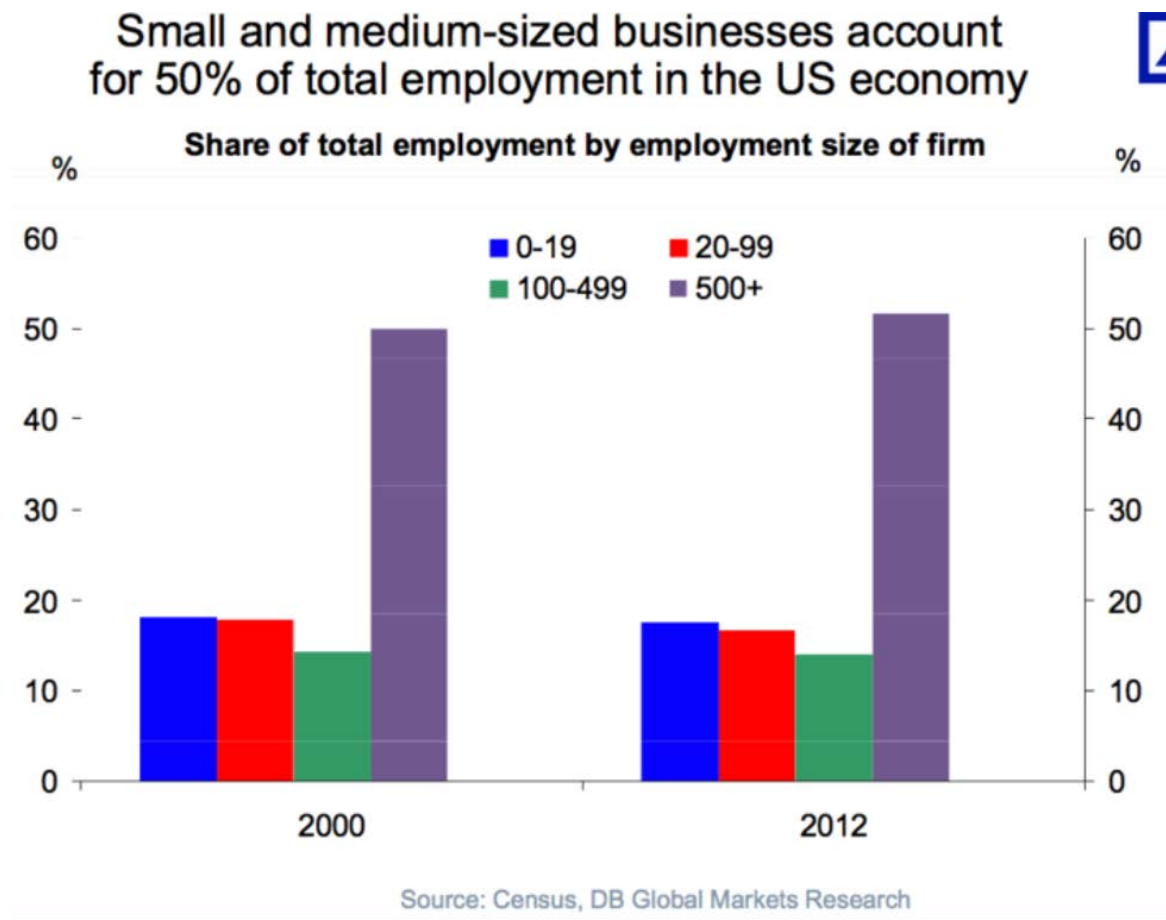
There are 5.7mn companies in the US.
90% of these have less than 20 employees



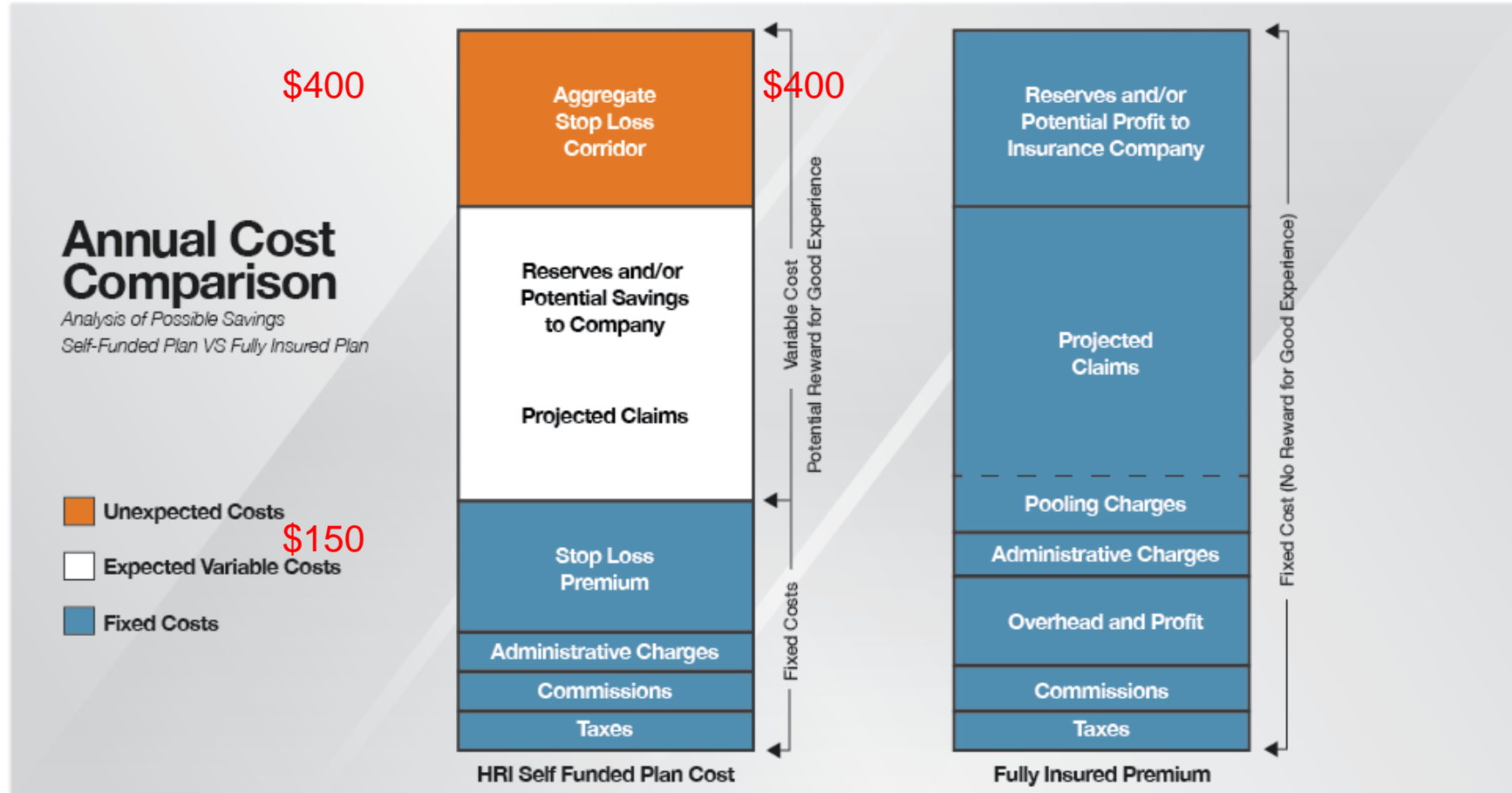
Note: Total number of Firms in 2000 and 2012 were 5,734,538 and 5,726,160 respectively

Source: Census, DB Global Markets Research

% of Total Employment by Employer Size



Self Funded vs Fully Insured



Broker Compensation

- % of Total Premiums Moving to Per Employer Per Month (PEPM)
 - 2-3% Large Groups
 - 4-5% Medium Groups
 - Up to 8% Small Groups
- Retention Bonus, New Business Bonus- Additional 3-10% of Premiums
- Supplemental Insurance- Average 30-40% year 1, then 6-10% beyond
 - Life Insurance
 - Short or Long-Term Disability
 - Hospital Indemnity

Broker Compensation



Josh Butler

President at Butler Benefits & Consulting, Health Rosetta Charter Advisor

1d

So a large, national carrier is offering a \$7500 bonus to brokers if they write a certain number of groups with their lousiest HMO network.

Sad part is that they wouldn't do this if it didn't work. I wonder how many employers got the same broker bonus notification?

18 Likes · 25 Comments

Broker Compensation

you're eligible to get the following bonuses:

\$40

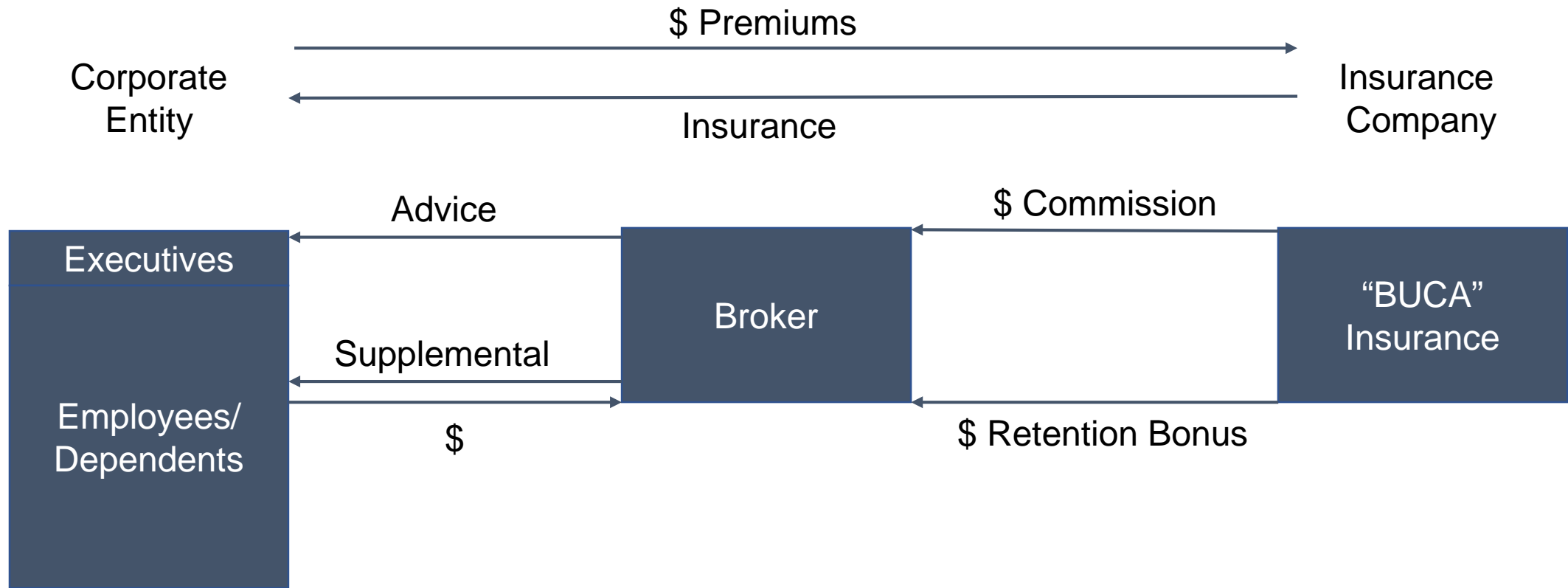
for each member

When you sell a
fully-insured plan
to a group with
51 – 3,000 eligible
employees

\$20

for each member

When you sell a
self-insured plan
to a group with
51 – 3,000 eligible
employees





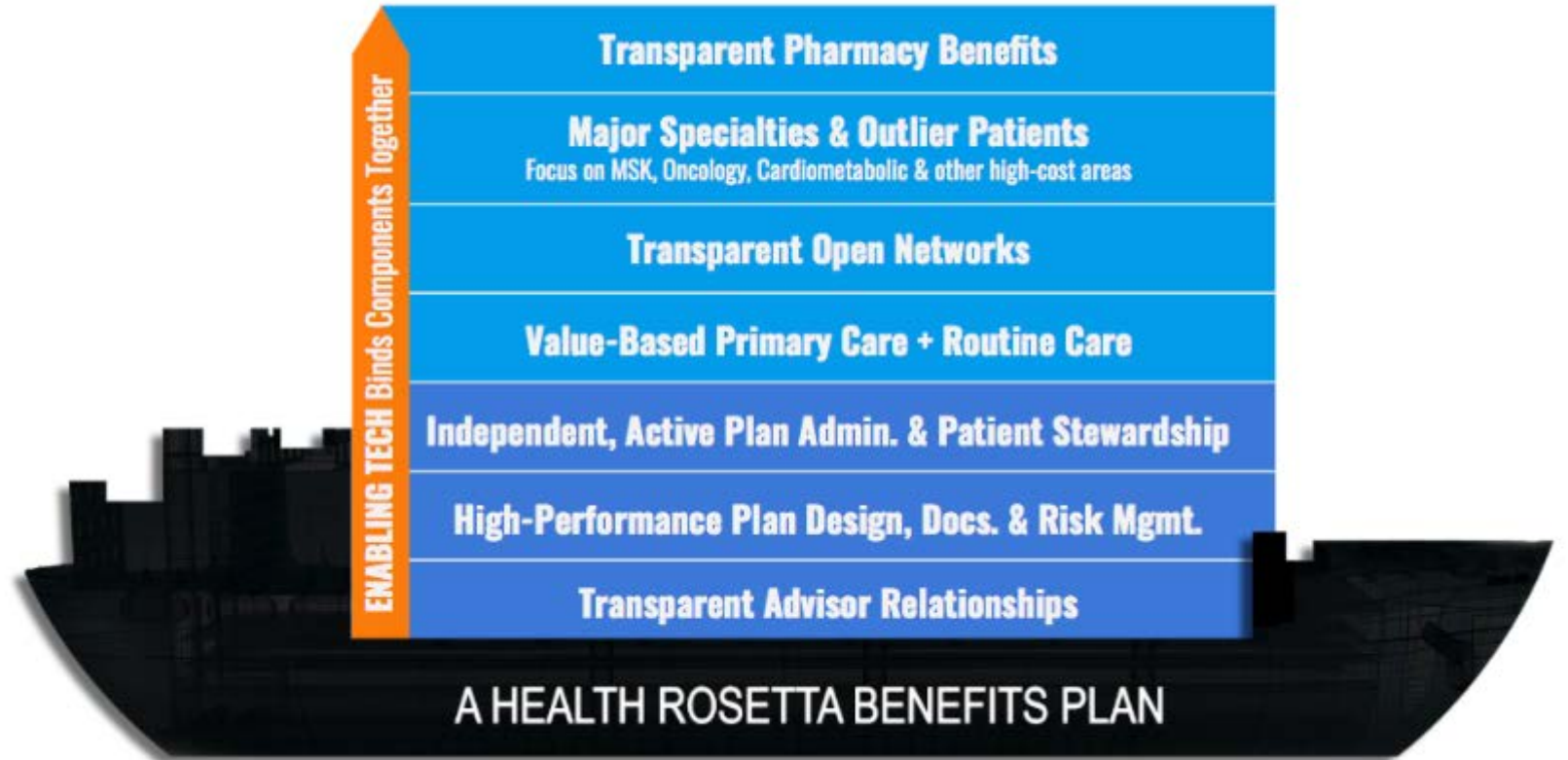
Working With Brokers

- Don't Pay For Referrals
 - Fee-Splitting Applies
- Offer Referrals
- Geography May Lead to Increased DPC Value
- Broker May See DPC as a Risk
- Offer to go to Business Meetings with Them (you give them credibility)
- Speak at Their Client Events

What is the Health Rosetta?

The blueprint for high-performance health benefits.
It's a practical approach built on what successful purchasers do.

Health Rosetta Brokers



Employer Incentives

- ≥ 50 Employees Must Offer Minimum Essential Coverage (MEC) Insurance or Better
- Fully Insured Employers with 1-100 Employees are Community Rated
- Save Money
- Offer a Richer Benefit
- Offer a Name Brand
- Offer Access
- Minimize Disruptions
- Make Decisions with only Executives in Mind

Engaging Employers- Small

- Use Personal Network and the Network of Current Patients
 - Social Networks
 - Chamber of Commerce
 - Business and Trade Associations
 - Austin Independent Business Association
 - Austin Regional Manufacturers Association
 - Speak at Conferences
 - State of Reform- Texas
 - Daisy Chain Business Clients
 - Business Vendors
 - Vistage

Engaging Employers- Large

- Skip HR (if possible)
- Work with Broker
 - Health Benefit
 - Property/Casualty
- Speak C-suite Terms
 - ROI, P&L Responsibility (CFO Magazine)
- They'll Want Multiple Doctors
- They'll Want a Plan for Remote Employees
- Come with a Fully Integrated Health Plan
- Prospecting- <https://www.miedge.biz/>

Contract with Employer

- Accept only one Payment for Monthly Membership- From Employer
- Define Minimum Acceptable Number
- Offer a Discount
- Term and Termination

- Patient Protocols
 - Make Sure Patient is Given “Notice of Privacy Practices”
 - Sign Agreement with the Patient
 - Decide how you will Handle Urgent Issue with Patient that Hasn’t Come for Initial Visit

When Can Employer Safely Pay for DPC with Pre-Tax Dollars?

- Traditional Major Medical Corporate Health Plan Where DPC is Part of the Premium
- ACA Compliant Health Plan with HRA that Details Ability to Pay for DPC
- Group Health Plan with MEC Where DPC is Paid For by the Plan (as Premium), not by the Employer

Employer Plans

- Sedera
 - Corporate Health Sharing
 - Austin, TX
- Allied
 - Third Party Administrator
 - Overland Park, KS
- Entrust
 - Third Party Administrator
 - Houston, TX

Sedera

- Medical Cost Sharing for Corporations
- Members in 33 States
- Initial Unsharable Amount = IUA

Monthly Cost

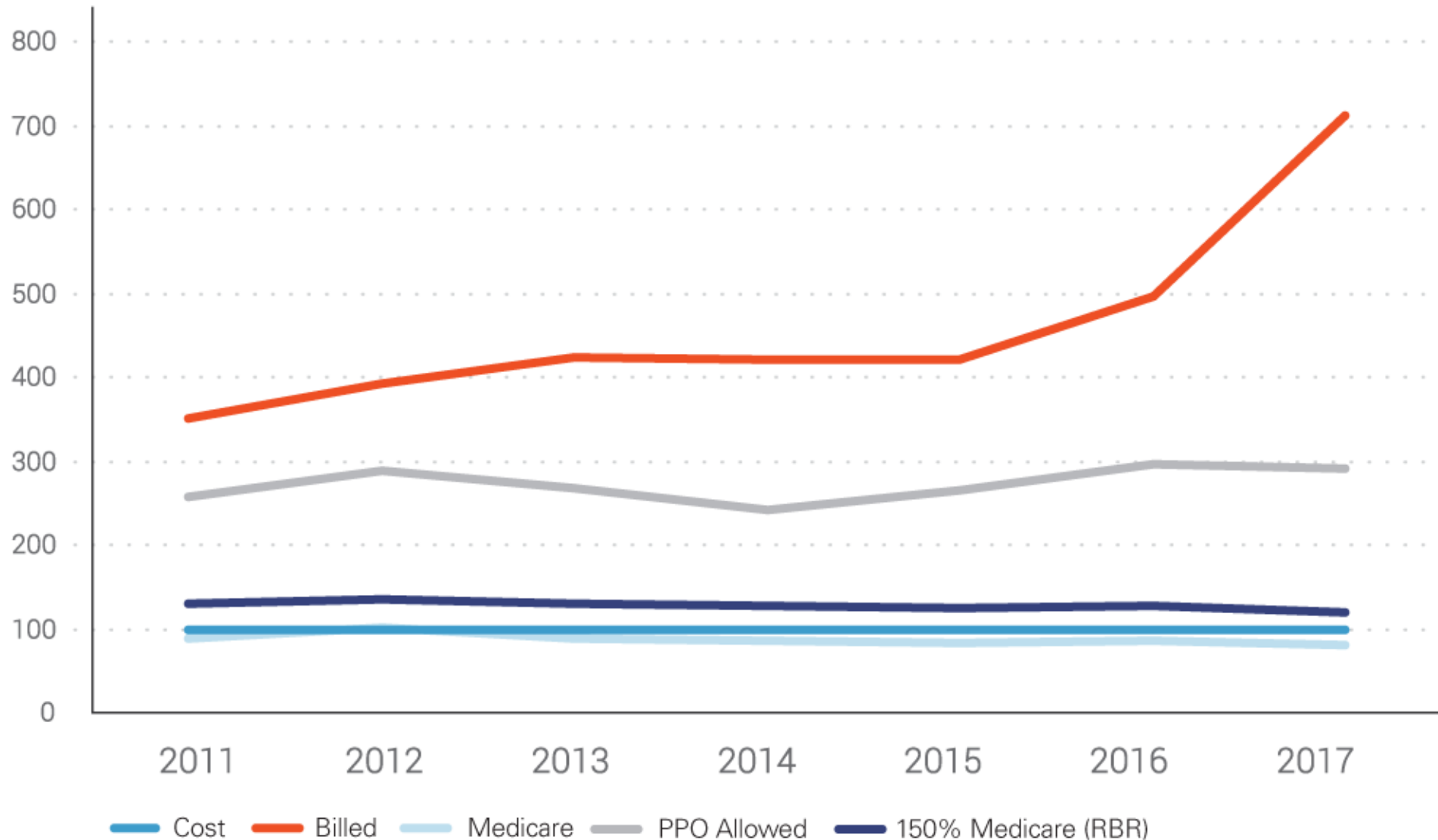
	\$500 IUA	\$1,000 IUA
Employee <30	\$168	\$133
Employee ≥30	\$213	\$166

Sedera

- Discount for DPC
- Not Insurance
- Multiple Restrictions on Cost Sharing
 - Including Pre-Existing Conditions, Chronic Meds

Hospital Costs Flat, Charges Billed Increasing

Hospital Invoices as % Cost



Allied National

- Plans sit Alongside DPC, Utilize Reference Based Pricing, No Direct Contracting and Offer Discount if Employer Utilizes DPC
 - 180 Patients
 - 30 Employers
 - Have Focused on Employers with <50 Employees

Dan Meylan- dmeylan@alliednational.com

Entrust

Plans Integrate with DPC, Utilize Reference Based Pricing with Safe Harbor hospitals

- 5,000 patients (Includes Dependents)
- 39 Employers
- Average of 110 Employees
- Have Focused on Employers with >50 Employees
- Largest Employer has 600 Employees

David Jacobson- djacobson@entrustinc.com

Plan Integrates and Leverages DPC

- DPC included within Plan and is a Part of the Premium Paid
- Co-pay up to Covered at 100%
 - Labs
 - Basic and Advanced Imaging
 - Home Sleep Study
- Safe Harbor Hospitals

My MD Connect

- Physician Practice that Contracts Between TPA and Independent DPC Physician
- Supports Sales Process
- Supports On Site Visits
- Supports Basic Data Transfer to any TPA
- Single Point of Contact for Employer

Jeremy Smith, MD- jsmith@mymdconnect.com

Full vs Virtual DPC

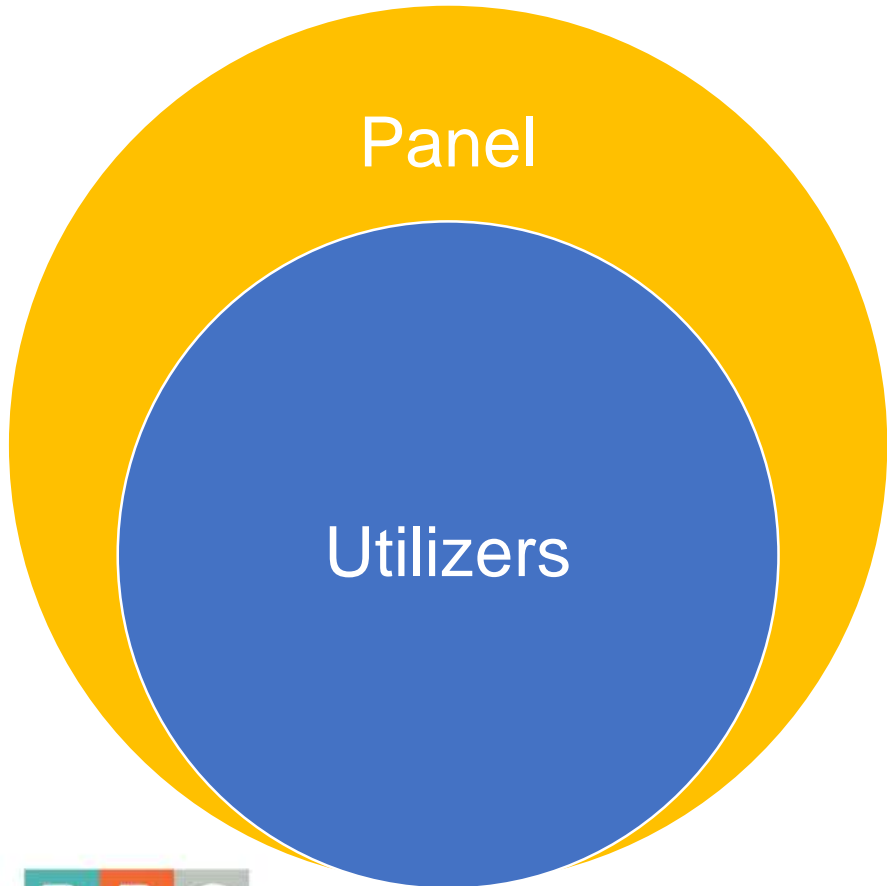
Service	Full DPC	Virtual DPC
24/7 Access	Yes	Yes
Extended Visits	Yes	Yes
Cash Based Discounts	Yes	Yes
Medical Management	Yes	Yes
Rx Management	Yes	Yes
Formulary Insight	Yes	Yes
Care Coordination	Yes	Yes
In Office Procedures/Tests	Yes	No
Face-to-Face Visits	Yes	No

Employer Populations vs Individuals

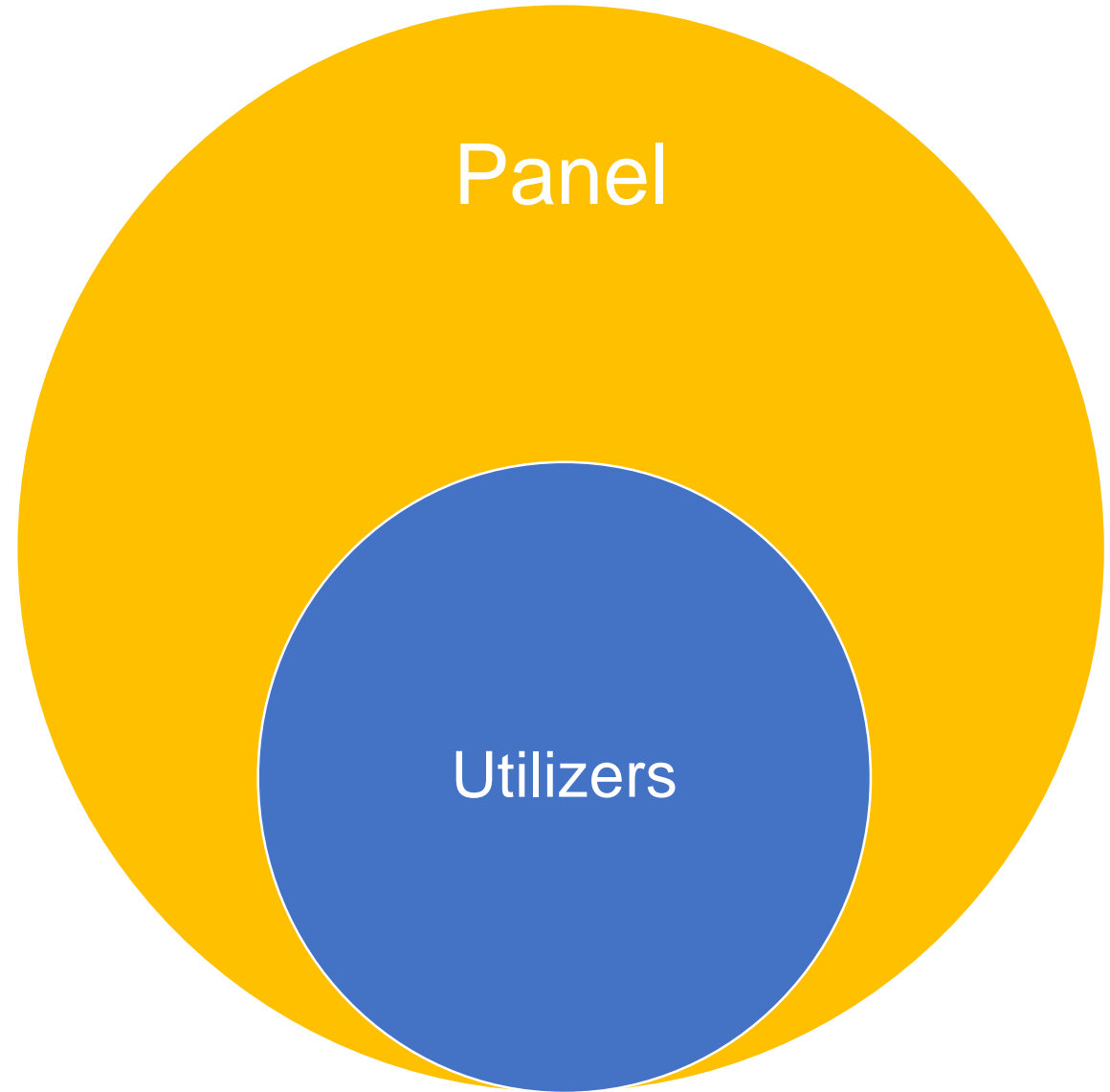
- Adverse Selection- When Buyers have Better (More) Information than Sellers
- Utilization- Will be Lower When an Entire Population is Granted Access to DPC vs only Those that Opt in and Pay for it Themselves.

Utilization

Private Patients



Employees



Private Patient vs Employer Patient

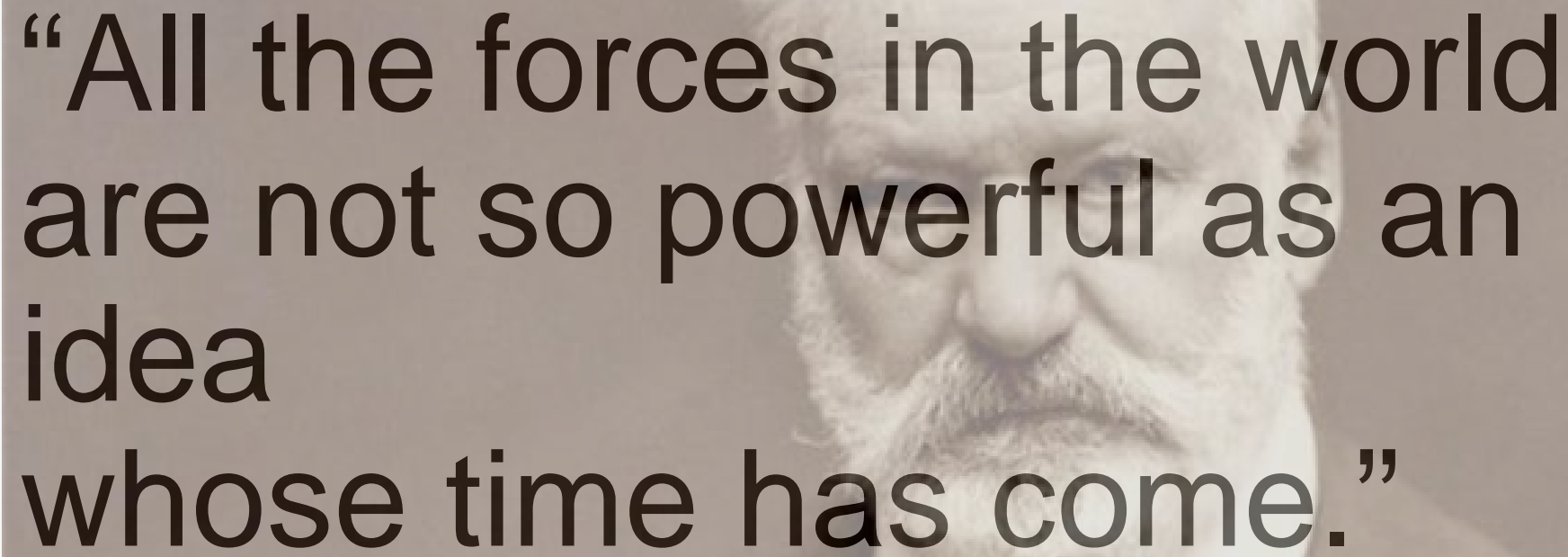
		Employer	
	DPC	Full DPC	Virtual DPC
Panel	600	1,200	1,800
Utilization Rate	1	1/2	1/3
Average \$/Person	\$60	\$45	\$20
Annual Revenue	\$432,000	\$648,000	\$432,000

My MD Connect

- Codes Transferred to Third Party Administrator and Then to Employer
 - 1= Intake Form Completed by Patient
 - 2=Assessed & Diagnosed Medical Issue
 - 3=Virtual Communication with Patient
 - 4=Avoided Specialty Consult Visit
 - 5=Avoided Urgent Care Visit
 - 6=Avoided ER Visit

My MD Connect

- Full and Virtual DPC
 - Treat Employer Patients as You Would Treat Your Own
 - Attend and Speak at Enrollment Meetings to Explain Your Services
- Virtual DPC
 - Attend Onsite Intake and Follow Up Visits
 - 1-3 Visits Per Year
 - Doctor Paid for Visits
 - Vital Signs, Blood Draws, Minor Physical Exam, Short Discussions



“All the forces in the world
are not so powerful as an
idea
whose time has come.”

VICTOR HUGO

Questions?

Submit your questions to:
aafp3.cnf.io

Don't forget to evaluate
this session!

Contact Information

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