DIRECT PRIMARY CARE Summit 2018

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Tunneling through the Rock: The Qliance Experience

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Submit your questions to: aafp3.cnf.io

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Learning Objectives

- Understand the barriers to fundamental change in the health care system and threats to DPC.
- Advocate for DPC and other systemic changes in the health care system.

What were we trying to do?

- Demonstrate that DPC was not a luxury service but rather a superior way to do primary care
- Prove that DPC was adaptable to any population
- Show that DPC could be done at scale
- Show what a truly primary care-based system could do
- Find ways to integrate DPC into the rest of the healthcare system

How Qliance got started…

- 2006: Lined up investors
- 2007: Forced to get a law passed defining and legalizing DPC
- 2007: Opened first clinic in Downtown Seattle
- 2007: Started by marketing to individuals and small businesses
- 2008: The Great Recession hits, market contracts
- 2009: Rising popularity of HDHP/HSA plans, DPC seems like a natural fit, BUT: IRS prohibits use of HSA funds for DPC services

Qliance expands into employer market

- 2009-10: Start to pick up larger groups, but progress is slow
  - Brokers are reluctant to sell without a larger “footprint” so Qliance has to invest in more clinics without guaranteed business
  - Everyone wants data to prove ROI

- 2011: Expedia signed, Qliance enters into “on-site” clinics

- 2012: Comcast signed

Qliance expands into union market

- 2011: UFCW signed

- 2012: Northwest Steelworkers Union signed

- 2014: Seattle Fire Fighters Healthcare Trust signed

And finally, Qliance enters Medicaid

- 2012: Pilot started with Centene in WA

- 2014: Full-blown program with Centene for all types of Medicaid and Exchange (adds 35,000 patients in 6 months from base of 8000 at end of 2013)

Meanwhile, the political work continues…

- 2008-on: Continue to tweak the WA State DPC law and monitor other relevant legislation

- 2010: Work starts on the ACA, Qliance forms the DPC Coalition to ensure DPC can participate

- 2013: DPC Coalition succeeds in getting DPC into the ACA

Internal challenges abound…

Technology:

- No EMR/PM system on market adequate to the unique needs of the DPC model

- Qliance partners with a UK firm to develop proprietary software to:
  - Maintain clinical focus while gathering usable data
  - Manage everything from individual memberships to group contracts
  - Provide “shadow” claims to larger employers and Medicaid

Internal challenges abound…

Staff:

- Balancing high access with staffing costs
- Finding the best fit
- “Idle hands are the devil’s workshop”
- What is the right level of service for price?
- Quality improvement
- Maintaining perspective
- Staying cohesive across multiple locations

Getting results

- From early on, patient satisfaction scores are exceptional

- By 2014, started to be able to show dramatic decreases in use of advanced downstream care (hospital, ER, specialty, etc.)

- Because of shared savings contracting, on track to be solidly profitable in 2014

But rapid growth comes at a cost

- Rapid growth in 2014 with ACA puts severe strains on infrastructure
  - Hiring too fast
  - Culture had to shift very rapidly
  - Increased pace hard to adapt to for longer-standing employees
  - Difficult to keep tight reins on costs

- Too much business tied up in Medicaid and Exchange, company became vulnerable

Fee for Service rears its ugly head

- 2015: Medicaid plan, having lost money, determines that Qliance was part of that (“If we had paid FFS, we would have paid a lot less”)

- The data showed a different story

- BUT: ran into classic problem of debating outcomes with insurance company

- AND: State of WA agency governing Medicaid without appropriate regulatory power to act as arbitrator

2015: Our difficult year

- Major contraction of the company with layoffs and restructuring
- Difficult to reduce costs due to lease commitments, service commitments to other customers
- Ordered by board to transition to heavily virtual service model
- New Medicaid contract eliminated equal payment by member, two-tiered system reduced average revenue per member to level below profitability
- Medicaid plan claimed we owed them $450K in overpayments for savings that didn't materialize (later admitted this was incorrect)

Other impacts of the ACA

- Employers less willing to consider DPC as they navigated new laws
- Distracted brokers toward compliance and away from finding innovative solutions
- HSA prohibitions blocked adoption by an increasing number of companies
- Qliance not able to get an insurance partner to market a DPC-based plan
- Turned focus back on insurance as the solution, not care

Qliance adapts, investors get tired

- Based on learnings from Medicaid experience, new model emerges – “Access to Active”
- Marketing begins, but sales cycle is very long
- Board decides to try to sell the company, unwilling to put in the funds required to get Qliance through the transition
- Attempts to sell the company to another healthcare entity unsuccessful
- Management decides to buy back the company

Qliance as owner-operated enterprise

- Reorganizing the business for modest growth and profits eliminates a lot of cost

- Widely vetted business plan brings praise and high expectations

- Company is re-invigorated from inside

Resistance starts to form

- Finance: Financing virtually unavailable in the form of lines off credit or loans, forced to take on expensive money
- Discrimination: Distrust of women and African-American owners
- Customers: lack of big-name investors causes uncertainty among large clients, who cancel contracts
- Sales: rumors start about company's viability, brokers and other potential partners start to back off
- Medicaid plan contract re-negotiated, but no new members assigned, attrition drains away revenue

The End

- 2017: on verge of closing large SBA loan, cleaning up unfavorable debt, and closing large contract in new model

- Simultaneously:
  - Loan falls through
  - New client announces 9 month delay
  - Fraudulent loan consolidator steals $200,000 from the company

- Qliance unable to make payroll, abruptly closes doors in May

Is there any good news?

- 4 of the remaining 11 providers opened up their own solo DPC practices
- Patients were uniformly grateful for Qliance and devastated at its demise
- Thousands of people were helped to achieve better health and many regained their lives and independence because of us
- Despite becoming a target for the system's hostility, Qliance embodied a promising change from the grassroots, got big enough to matter

More important good news…

- DPC has been growing and flourishing across the country over the past 10 years

- The movement got through its painful childhood and is now becoming a force to be reckoned with

- The insurance experiment of the ACA has underscored that insurance is not the primary solution

- We have collectively started to expose the hypocrisy and corruption in the healthcare system

What was the cost?

- Financial losses (staff, vendors, and lenders took a hit; I had to start all over financially)
- Professional losses (speaking up for what is right can get you in trouble – your license can be put on the line)
- Personal losses (mental and emotional distress, loss of friendships, loss of community, loss of hope)
- Patient losses (12,000 people lost access to “the best healthcare I ever had”)
- Public losses (easy for others to use Qliance to cast doubt on the movement)

Revolutions are bloody

- Remember: those with power and money don't give them up willingly, and revolutionary movements are very threatening
- Huge gap between stated policy goals and willingness to change
- We were the first major casualty – but there will be more
- We must keep our guard up – the more successful we are, the more the system will push back, and tactics will get uglier
  - Passive resistance is the most dangerous, have to keep calling the enemy out into the open
- Ultimately, our patients are our best allies – for them, this is personal

Why “tunneling through the rock”?

In March 1853, one of the earliest **tunnel boring machines** ground 10 feet into the Hoosac Mountain and died, never to run again. It remained stuck in its hole for many years as a grim symbol of engineering failure. In fact, it would take several failed attempts, 200 lives and 20 years to complete the Hoosac Tunnel.

Click photo
for larger image.

When construction began in 1851, workers relied on **gunpowder** to blast through the mountain. Progress was slow as each blast produced only a few feet of shattered rock. In 1866, two tunnel blasting tools -- **nitroglycerin** and the compressed air drill -- were used in the Hoosac for the first time. Workers blasted faster than ever before, but not without risk. Nitroglycerine is an extremely unstable explosive. Hundreds of workers lost their lives in unexpected explosions.

The Hoosac Tunnel remains a landmark in hard-rock tunneling. Over the course of its construction, virtually every kind of tunnel digging device was used to bore through the Hoosac Mountain -- and virtually every kind of mistake was made. Thanks to these mistakes, engineers today can build longer tunnels in a fraction of the time.

Primary Care needs to run the show

- Nothing but a primary care based and run system makes sense
- No one wants to give us power, so we have to take it
- Need to build a new social contract in this country – people before profits
- We have the right expertise and orientation to build a system that makes sense
- Don’t give up! Learn from our history, respect the contributions of all, and resist the temptation to tear each other down – that’s how the opposition wins.

Questions?

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