

Innovative Health Care Option Evolves – Is Direct Healthcare Right for You?

By Margaret Lane

*Senior Healthcare Consultant & Founder
ChaseLane Consulting*



Direct healthcare, an innovative primary health care option, is a growing trend across the United States as finding insurance coverage that is easy to use becomes more difficult, and health care becomes less personal for patients. Previously known as concierge or boutique healthcare, direct healthcare began as an elite care option only available to the wealthy. The first “boutique” clinic, MD², opened in Seattle, WA in 1996. For \$10,000 per year, patients had access to unlimited physician care around the clock. Seattle Medical Associates reconfigured its practice to go direct in 1997, with

an annual charge of \$900, or \$75 a month, a price that allowed many of their patients to stay with them.

Today, this model is evolving into a practical and affordable option for those seeking to return to a more personalized and holistic health care approach. Many practitioners statewide and across the nation have adapted the concierge model, resulting in significant growth and a reduction in fees – charging between \$40 and \$75 per month while still allowing full access to primary care and several other services. Approximately two dozen such practices are registered with the state of Washington.

What is Direct Healthcare?

In a direct health care practice, a health care provider charges a patient a pre-determined, fixed monthly fee for all primary care services provided in their office, regardless of the number of visits. Services may also include lab tests, x-rays and stitches. However, because direct health is limited to routine and preventive care services, patients may want to retain insurance coverage for more costly medical ser-

vices such as hospitalization, major surgery, prescriptions, and specialty doctors.

Alleviating the need to deal with insurance companies and providing better access to practitioners, this type of health care is appealing to the masses as it becomes much more affordable. According to Direct Primary Care Coalition, these practices have already been adopted in over 24 states, treating more than 100,000 patients. Examples of clients who benefit from this type of model include families, busy executives, small businesses and union employees.

Benefits of Direct Healthcare

Direct healthcare provides an opportunity for a more holistic health care approach fostering a unique relationship between the provider and the patient. In a time when many consumers are frustrated by the healthcare system, direct healthcare provides a solution that has the potential to rebuild doctor/patient relationships.

More clinicians are embracing the direct healthcare model due to

benefits including:

- Reductions in costs and time spent navigating insurance company hurdles.
- Improved patient compliance.
- Higher consumer satisfaction.

Benefits to consumers utilizing this model include:

- Improved rapport and trust with their provider. There are fewer patients allowing more time during office visits to ask questions and for doctors to explain medical care.
- Improved overall health through unlimited access to primary care, including same-day appointments or extended business hours, home visits and physician availability for emergency calls on a 24-hour basis.
- Increased confidentiality.

Making the Transition

According to Joan Ballough, a healthcare consultant who oversaw the creation of MD², the transition to a direct healthcare practice is better undertaken by a physician with a well-established clientele. "This is a big jump for physicians," Joan said. "They are stepping away from

a known reimbursement model in hopes that they will be able to contract with enough patients to sustain a practice. It takes time to establish long-term relationships that patients value and trust."

In addition to a completely direct option, there are also numerous hybrid models emerging that make it more difficult to pinpoint the most effective type to choose. For this reason, clinicians who feel they are ready to make the leap would benefit from partnering with an expert who is familiar with the complex issues inherent to the direct healthcare model. This will help ease the transition and aid in the development of a sound business plan and strategy.

The Future of Direct Health

While many questions still remain as direct health continues to evolve, it is clear that this model is on the rise. Because of the limited services, direct health practices are unlikely to be a complete replacement for the insurance-based model; however, both direct health and insurance companies are likely to benefit from a mutual relationship.

In Washington State, the Office of the Insurance Commissioner (OIC) has officially recognized and defined direct practices, providing a unique environment for these healthcare delivery models to flourish. While it

remains to be seen exactly how direct healthcare practices will adapt in order to comply with the Affordable Care Act, the recently upheld federal law also recognizes direct health practices.

Since Washington State led the way in recognizing the direct health model and direct health practices have taken off statewide, the nation's eyes may fall on Washington for guidance as to how to approach and implement this healthcare practice model as it continues to evolve.

Resources

For updates about direct health, visit www.insurance.wa.gov/consumers/health/Direct-health-care-practices.shtml

For more information about the Affordable Care Act, visit <http://www.healthcare.gov/law/index.html>

Margaret Lane is a health care consultant and co-founder of ChaseLane Consulting. ChaseLane Consulting provides full-service strategic and business services planning and marketing support to healthcare organizations. She previously served as in VP roles at The Regence Group in Products, Planning, and Public Policy. Margaret also serves on a statewide Health Information Exchange (HIE) oversight board.

Reprinted with permission from the Washington Healthcare News. To learn more about the Washington Healthcare News visit wahcnews.com.