



Direct Care Brief

Direct Care is a fast growing business model that puts doctors back in charge of healthcare. It achieves tremendous cost savings and efficiencies by removing intermediaries in both care delivery and revenue collection cycles. The result is a model that truly fulfills the quadruple aim, delivering high quality care, at a responsible price, between enthusiastically satisfied patients and providers.

This brief will explain the basic mechanics of this healthcare model, explore its current applications across the healthcare system today, and conclude with an analysis of the motivations and market trends that are driving its accelerating adoption.

What is Direct Care?

Simply put: Direct Care is provider-based healthcare. Rather than being plan centric, where the primary loyalty is between the patient and a third party administrator, Direct Care makes a doctor-patient relationship the anchor of the healthcare experience. With this model, patients first choose a specific provider or provider organization and then build the rest of their health plan around that choice.

Direct Care providers collect a monthly membership fee directly from these patients, or their employer sponsors, in exchange for modern access to a predetermined list of services. There are no co-pays or other “tolls” to disincent patient engagement with the care team. There are no insurance claims submitted or third-party billing of any kind. This brings tremendous efficiency to the relationship, allowing provider organizations to dramatically improve gross margins while also reducing patient out-of-pocket costs.

While every provider plan is slightly different, services offered under this flat monthly fee typically include:

Unlimited office visits

Same-day/next-day appointment availability

Immediate rooming (no stops in traditional waiting rooms)

Extended visit durations (often 30 minutes or more)

Modern access to care team (Telemedicine visits, email, SMS, etc.)

24/7 emergency triage support

Freedom to Innovate

The revenue stability and operational efficiencies inherent in the Direct Care model give forward thinking provider organizations the freedom to innovate in both access and care delivery. These groups are at the forefront of care reform, driving the widespread adoption of telemedicine and remote care technologies that enhance a patient's relationship with their core providers.

Many of these groups are pioneering next generation care models as well, incorporating nutrition, mental health and coaching services into holistic treatment plans that strike at the root of chronic disease. These integrated care teams design plans and wellness environments that are about as similar to traditional healthcare as Amazon.com was to Barnes and Nobles.

Provider-Driven Value-Based Reform

Direct Care is the only full capitation model that works for providers. Rather than suffering through the onerous upheavals of an industry in flux, with poorly structured partial-risk sharing and other painful intermediary steps, Direct Care lets provider organizations realize the end goal of value-based reform and reclaim their autonomy at the same time.

The Only Quad-Aim Model

Adding to the broad appeal of this new approach is its ability to positively impact so many healthcare stakeholders at once. Unlike other attempts at reform, Direct Care stands alone in its ability to achieve the objectives of the quadruple aim:

- Improve Outcomes
- Reduce Cost
- Increase Patient Satisfaction
- Increase Provider Satisfaction

	Patients	Providers	Employers
Costs	<ul style="list-style-type: none"> • Fixed cost • No co-pay, co-insurance • Wholesale labs/ meds • Unlimited access 	<ul style="list-style-type: none"> • No insurance administration • Lower operating costs 	<ul style="list-style-type: none"> • Less unnecessary care • Reduced downstream costs • Reduced total healthcare spend • Reduced stop loss premiums
Outcomes	<ul style="list-style-type: none"> • Stronger provider relationships • Better engagement • Aligned financial incentives • Better compliance 	<ul style="list-style-type: none"> • More time with patients • More time with care coordination 	<ul style="list-style-type: none"> • Healthier workers • Less absenteeism • Less presenteeism
Satisfaction	<ul style="list-style-type: none"> • Real-time access • Same day appointments • More time with providers • More agency over healthcare expenses 	<ul style="list-style-type: none"> • Provider directed care • Free from insurance hassles • Predictable revenue stream • 2x+ operating margins 	<ul style="list-style-type: none"> • Better ROI • Better benefits • Reduced turnover



Who Engages

Implementation Models

Direct Care takes many forms as it is applied across today's health care entities.

Group Practices

Once the backbone of the U.S. healthcare system, today's independent provider groups are realizing the value of simplifying their administrative processes and getting back to the basics of medicine. The stability of monthly recurring revenue gives them the freedom to incorporate new technologies and treatment plans that improve outcomes and patient satisfaction.

Direct Primary Care

Independent clinics are sprouting across the country to offer tailored services in their local markets. Both patients and providers benefit from this highly personalized model of medicine that gives both parties the autonomy they need to provide good longitudinal care and efficiently address the root cause of health issues.

Medical Specialists

Specialist providers see the value of breaking down cost barriers between themselves and their patients. Instead of disincentivizing plan adherence with fee-for-service visit tolls, patients on a monthly retainer are motivated to engage with their care team as often as needed to achieve lasting behavioral change.

Provider Networks

As an alternative to vertical integration, several provider organizations are forming narrow networks with select partners to provide bundled services under a flat capitated payment. These networks allow for the coordination of laboratory, imaging, specialist and surgical offerings needed to service larger self-funded employer accounts while each organization maintains the autonomy that empowers their excellence.

Health Systems

Large health systems have all of the components needed to provide effective, integrated care. Several are beginning to explore different ways of packaging and pricing these services as Direct Care offerings. Providers in these systems experience the same benefits of incentive alignment inherent in the Direct Care model with the ability to scale very rapidly in response to consumer and employer demand.



Why They Engage

Market trends

There are several market forces that are coalescing to drive the adoption of Direct Care.

High Deductible Health Plans

Enrollment in high deductible health plans continues to grow, forcing patients and providers to address issues of cost transparency in response to increasing consumer out-of-pocket responsibility. As consumers start to realize the true cost of healthcare, they are increasingly interested in Netflix style models that capitate their out of pocket costs to a known quantity.

Healthcare Consumerism

Consumers increasingly expect modern access to traditional establishments, as evidenced by the rise of mobile banking, ecommerce and the vast on demand economy. Health care access is conspicuously lagging this trend and prime for disruption. With Amazon, Apple, Google and other major tech enablers pushing into the space, it's only a matter of time before these traditional barriers come crashing down.

Growing Provider Dissatisfaction

Payer-driven initiatives such as value-based care fail to improve outcomes, while driving provider satisfaction rates to an all time low. Multiple studies have found provider satisfaction levels to be positively correlated with both outcomes and patient satisfaction. Our industry can no longer ignore its effects on the people who have the biggest impact on the healthcare experience.



Who Benefits

Patients

Giving patients the purse strings puts them in the driver's seat of their own health. This motivates them to become more engaged, while giving providers the freedom and incentives to design treatments that are tailored to each patient's unique lifestyle. Trust, plan adherence, and outcomes all skyrocket as a result of this strengthened doctor/patient relationship.

Providers

Predictable recurring revenue from the Direct Care model gives provider organizations the financial security they need to reinvent care delivery. It allows them flexibility to design new kinds of healthcare products that appeal to evolving consumer demands, and incorporate new technologies that allow the doctor/patient relationship to seamlessly integrate into their modern lifestyles.

Employers

A healthy workforce is a more productive workforce. By engaging with Direct Care, employers get more visibility into the impact of their healthcare spend, along with the cost saving impact of a model that encourages employees to address unhealthy behavioral issues before they develop into costly chronic disease. The increased access encouraged by Direct Care also drives significant reductions in both absenteeism and presenteeism, as employees are incentivized to deal with health issues efficiently when they arise.



Conclusion

A Rapidly Growing Model

Direct Care has been growing rapidly since its introduction some 15 years ago. Direct Primary Care alone is found to be growing more than 100% year over year in 2017 by Hint's [DPC Trends Report](#). Renewed employer interest in direct contracting is expected to further accelerate this trend into 2018 and beyond.

Widespread Appeal Across Stakeholders

The broad support Direct Care receives makes it the first universally attractive healthcare reform in decades. Legislation backing the movement is supported by both political parties, and Direct Care patients themselves span the entire economic spectrum.

A Fresh Approach to Healthcare

The biggest regret from provider organizations transitioning to this model is that they had not done it sooner. Time and again organizations are demonstrating the feasibility of this model and freely sharing this knowledge amongst a community of their peers. There are numerous assets available to support your transition.

For more information on how you can start getting involved today, contact a Hint specialist at:

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