

# Traditional and Hybrid Direct Primary Care Practices Seek to End Disparities in Healthcare

Same Mission to Provide Affordable and Accessible Healthcare,  
Slightly Different Approach



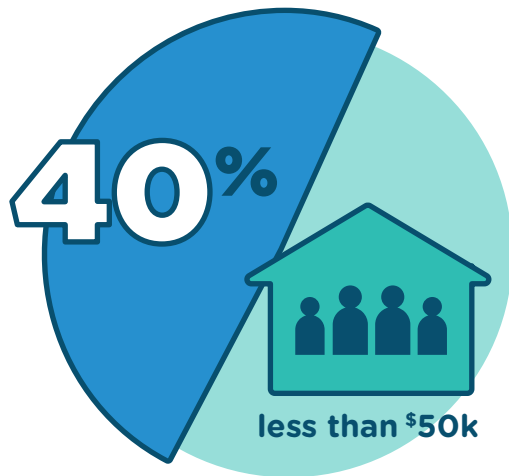
## In this eBook you will learn:

- The difference between Traditional and Hybrid DPC practices
- Why direct primary care is a more affordable option for many patients
- How DPC protects employers' profits with a no-claims approach

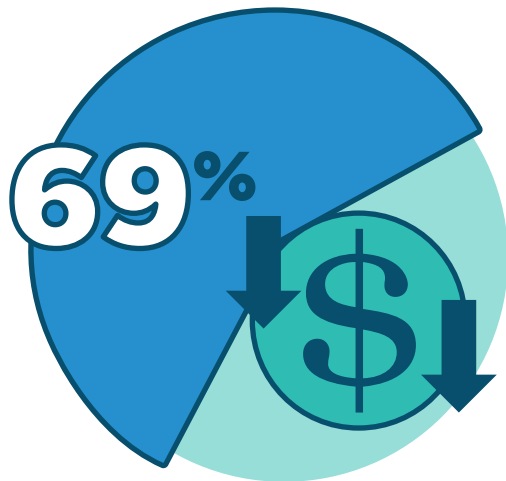
# Direct Primary Care

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Concierge medical care in the U.S. used to be an exclusive club for the wealthy. Members would pay their doctor a substantial annual membership fee, an estimated \$1,500 to \$2,400<sup>1</sup>, for services such as same-day visits, 24/7 cellphone access to their doctor, health advice, and annual physicals.



While this model works well to keep patients in optimal health, the price makes it inaccessible to the masses. In 2018, 40 percent<sup>2</sup> of American households earned less than \$50,000 per year, and that's not per person. That's \$50,000 per four-person household. Low wages plus no benefits leave many Americans feeling left out in the cold when it comes to healthcare.



According to the Bureau of Labor Statistics, 69 percent<sup>3</sup> of low-wage workers do not receive paid sick leave benefits, perpetuating essential care avoidance. With earnings so low they can't afford to take unpaid time off when ill, many keep working and expose other people to illness in the process. In situations like these, access to primary care and telehealth become extremely meaningful. Direct primary care's evolution made the model a cost-effective solution to make healthcare more accessible to everyone.

Direct Primary Care is practiced in the U.S. through two approaches: traditional and hybrid practices. While there have been many debates based on which model is better, there is a place for both to improve doctors' quality of life and the quality of care for their patients. Here we'll examine each model and a few of the benefits.

## The Traditional DPC Model



According to a study published in the *Annals of Internal Medicine*, doctor burnout costs the U.S. healthcare system roughly \$4.6 billion<sup>4</sup> a year. Doctors deal with an ever-increasing load of patients, paperwork, and bureaucracy that adds stress to their lives. While the goal is to deliver quality care to patients, systems put in place by large insurance companies and other institutions often get in the way.

Insurance companies want doctors to keep visit times to a minimum to accommodate a large panel of patients because more patients seen equals more revenue for insurance providers. Add to this the time and money spent on billing and administration to get payment from third-party payers, and it ends up creating more frustration for physicians. A doctor's work is already very time consuming and demanding, so this all takes a very expensive toll on a practice.

To eliminate the stress of dealing with third-party payers, many doctors opt to see patients on a direct primary care model only. Instead of billing insurance, members pay a monthly fee for primary care. This reoccurring monthly revenue gives doctors the ability to offer the same level of high-quality care to all their patients without getting payment from a third party later. Physicians that operate solely under the DPC model benefit from both the lower overhead associated with small practices because of the absence of hassles created by insurance companies, such as billing requirements and time limits on appointments.

If a doctor just graduated residency and has no existing patient base, a lean approach to DPC—with a small staff and small office space—can lead to long-term success and sustainability while allowing him to have more work/life balance.

# The Hybrid DPC Model

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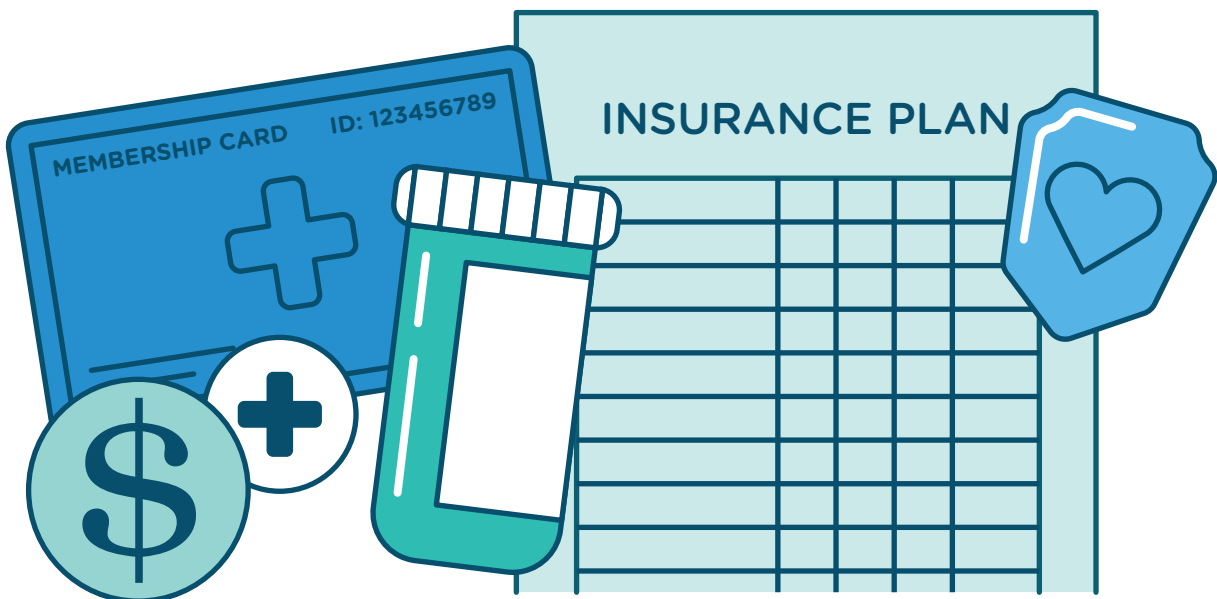
A hybrid direct primary care practice is when a provider has some patients on a membership fee and some patients on insurance plans. Many well-established physicians would like to enjoy the benefits of the DPC model, but it can be difficult to switch their entire existing panel of patients over to direct primary care instantly.

If you're a physician with your independent practice, it can be a challenge financially to make a move from a traditional fee-for-service practice to DPC. It takes careful planning and execution to survive the transition. Thus, many providers may adopt a hybrid DPC model to accommodate both types of patients. The doctor may also utilize a hybrid DPC model in the interim to make a gradual transition to a traditional DPC practice.

Some providers become hybrid DPC practices because they enjoy having dual revenue streams from insured patients and membership patients. The DPC business also gives them financial stability and freedom to walk away from insurance companies that are difficult to accommodate.

Other doctors adopt hybrid models for the long term because they want to remain a part of a larger group where not all physicians are willing to switch to full time to direct primary care.

**Though the hybrid model's adoption significantly reduces the number of hours doctors spend dealing with insurance companies, they must still maintain the infrastructure and salaries necessary for insurance coding and billing.**



## Win for Patients

Having traditional or hybrid direct primary care means there are no longer barriers to quality primary care. For an affordable monthly fee, patients can establish a relationship with a primary care provider to promote wellness in the long term. Each provider has its list of services and prices, but some of the benefits of DPC membership include:



- Unlimited Doctor Visits for a Small Fee or Free**
- Early-Stage Chronic Disease Management**
- 24/7/365 Access to a Physician via In-Office or Phone**

It's helpful to have health insurance for catastrophic life events but being able to see the doctor when you're ill without having to pay expensive deductibles or copays is one of the reasons people love DPC.

## Win for Employers

Direct Primary Care protects employers' health plans by diverting claims for acute care, chronic disease management, and urgent care away from their health plans. Milliman, Inc — one of the nation's leading independent actuary firms — recently published a study called "Direct Primary Care: Evaluating a New Model of Delivery and Financing." They found that DPC members visited emergency rooms 40 percent less over the course of two years. They also reported that DPC members were admitted to the hospital 26 percent less over that same two-year period.



**40% LESS ER Visits**  | **26% LESS Hospital Visits** 

**2 YEAR PERIOD**

**The report estimated that DPC saved the employers in their study about 5% of total non-administrative plan costs; effectively providing employers a benefit that is more than paid for by the savings it helps them generate.**

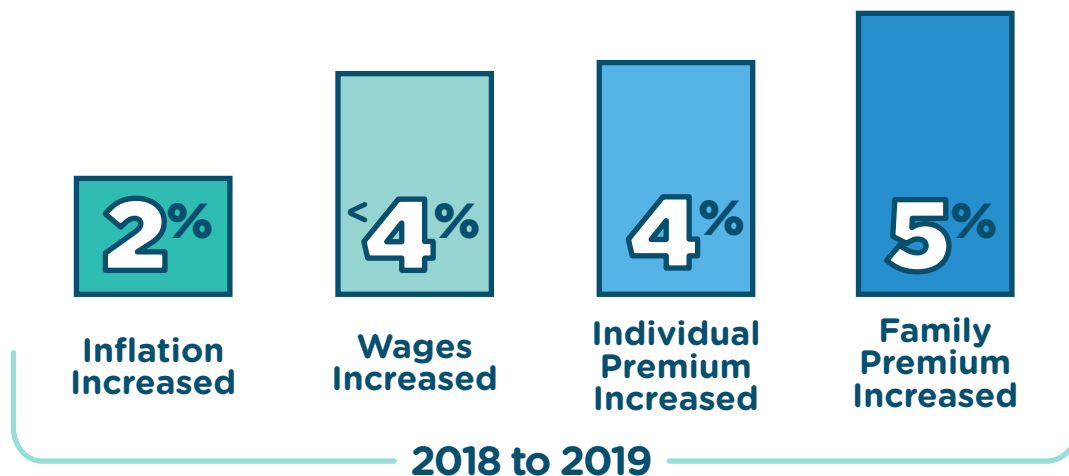
For a small business, savings like this can mean the difference between living to fight another day, having to lay off employees, or even worse, being forced to shut down. Adding direct primary care to health plans does not detract from other plan offerings — it enhances them. DPC is also straightforward to implement. With DPC providers like Healthcare2U, employers can maintain a healthier workforce with flexible enrollment options, excellent customer support, and a customized benefits platform that works with existing carriers.

# Now is the Time for Change

Increases to the cost of employer-sponsored health insurance premiums continue to outpace the inflation rate and employee wages. Between 2018 and 2019, inflation increased by 2 percent<sup>5</sup>, and workers' wages increased less than 4 percent, while the average individual premium increased by 4 percent, and the average family premium increased by 5 percent. And that was before the economic upheaval and uncertainty caused by the pandemic.

Large and small businesses know that if they do not change their healthcare plans in the years ahead, their costs will continue to rise at an unsustainable rate. To keep their workforces healthy, safe, and able to work through these turbulent times, we cannot expect more from an already broken healthcare system. We can only ask for a change.

This time is crucial for benefits brokers to present innovative solutions that reduce projected health plan increases. Traditional DPC practices and hybrid DPC providers are all working together to ensure people of all socioeconomic backgrounds can get the healthcare they need to live happier and healthier lives. If you'd like more information about access to affordable and convenient healthcare, contact Healthcare2U.



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[healthc2u.com](http://healthc2u.com)

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