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What makes a direct primary care practice successful?

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After 30 years in a traditional family medicine practice, Jesse Hsieh, MD, was ready for a change.

Alicia Gallegos/MDedge News

Dr. Jesse Hsieh

Data entry and insurance paperwork had drastically reduced his time with patients, and practicing medicine was no longer enjoyable or meaningful, said Dr. Hsieh of Granger, Ind.

“I felt very strongly that we were not delivering the kind of care that could be the best for the patient,” he said. “I explored other ways I could continue to practice the way I wanted; spend time with patients, teach them about things, and not spend so much time with regulatory paperwork and insurance.”

The answer for Dr. Hsieh <https://michianavipmd.com/pages/about_1.html> was direct primary care (DPC), a model that cuts out insurance and centers on unlimited physician access for a flat, membership fee. For $2,500 a year, Dr. Hsieh’s patients can schedule visits as often as they like and communicate with him as the need arises by phone, text, or email.

For Dr. Hsieh, the model allows for a more manageable panel size, ample time to spend with patients, and the ability to make a greater impact on their health.

"I'm practicing the way I did 30 years ago," Dr. Hsieh said. "I'm spending more time with people, I can call the patient myself about their labs and results and take their questions. I spend a lot more time educating the patient."

Dr. Hsieh is one of a growing number of physicians moving to direct primary care. In 2009, about 100 practices were providing direct primary care, according to Jay Keese, executive director for the Direct Primary Care Coalition. Today, about 1,000 practices in 48 states provide direct primary care to more than 300,000 patients.

Dr. James Ellzy

A direct primary care practice can be designed in different ways, but most opt out of insurance and offer a flat fee to patients for all primary care provided, said James A. Ellzy, MD <https://www.aafp.org/about/governance/board-directors/james-ellzy.html> , a family physician in Washington who serves on the American Academy of Family Physicians (AAFP) board of directors. A smaller number of practices operate a hybrid structure that includes both direct patients and fee-for-service patients.

About 3% of AAFP members are currently practicing direct primary care, and another 1% are currently converting, according to the AAFP 2018 Practice Profile Survey.

Nationally, about a third of survey respondents said they were learning about or considering a conversion to direct primary care, while another third said they were unfamiliar with the concept. The AAFP is working to educate physicians about the model, including holding an annual DPC summit <http://www.dpcsummit.org/home.html> .

But the move to direct primary care isn't a sure bet. Success requires significant preparation, marketing, and structuring, experts say.

"There [can be] challenges in building a practice from scratch after you've had a fee-for-service practice," Mr. Keese said. "If you've had a panel size of 2,500 or 3,000, and you're looking at filling in 600 to 800 patients, it can take some time, which can cause some economic stress. But I think most people who go into direct primary care are excited and never look back.

Preparing for transition

Dr. Rob Lamberts

When Rob Lamberts, MD <http://doctorlamberts.org/who-we-are> , left his traditional practice in 2012, there were few leaders in direct primary care and not many resources available.

"I ended up just kind of figuring it out myself," said Dr. Lamberts, an internist based in Augusta, Ga. "Over the past 6 1/2 years, I've built the practice to about 800 patients."

Today, Dr. Lamberts is highly satisfied with his work and is helping local colleagues set up similar practices. He charges patients between $35 and $70 a month, depending on age, and offers a family fee between $150 and $175 for up to five members. Services include: extended physician access, office visits, discounted in-house labs, and discounted medications dispensed from his office.

"The amount of paperwork I have to do is substantially less," Dr. Lamberts said. "My income is at least the same, if not a little more. My quality of life is tons better, and the quality of care is so much better.

Before making the jump to direct primary care, do your research and talk to other doctors about their experiences, Dr. Lamberts advised.

One important consideration is what type of direct primary care design to choose – the direct-to-consumer route or the direct-to-employer road. The first model targets patients as members, while the latter contracts with employers to provide services to their employees.

Michael Tetreault

"There has been a surge in amount of interest in direct primary care to employers," said Michael Tetreault <https://directprimarycare.com/welcome-to-the-dpc-journal/> , editor in chief for the DPC Journal, a news source that conducts data analytics on concierge medicine and DPC practices.

Reader surveys conducted by the DPC Journal <https://directprimarycare.com/welcome-to-the-dpc-journal/> found that a growing number of DPC physicians are looking to partner with local employers. Of 141 DPC physicians in 2019, 52% expressed an interest in employer partnerships, up from 35% in 2015, according to data provided by Mr. Tetreault.

One example of such growth is Nextera Healthcare <https://nexterahealthcare.com/> , a network that started out with a handful of physicians about 10 years ago and now has more than 50, according to CEO and founder Clint Flanagan, MD <https://nexterahealthcare.com/staff/clint-flanagan-md/> .

Dr. Clint Flanagan

The network contracts with employers across Colorado and eight other states to provide direct primary care services to their employees. Once affiliated, Nextera operates the marketing, sales, accounting, legal, and development side of the business. Most Nextera physicians have an average of 15 years practice experience, Dr. Flanagan said. Physicians receive most of the monthly revenue generated by their patients; Nextera retains a portion. Dr. Flanagan declined to specify the exact percentage retained.

Attracting patients, starting strong

For Dr. Hsieh, being well known in his community and having built a reputation as a family physician contributed to his success in direct primary care. In addition to taking on leadership roles in the health care community over the years, Dr. Hsieh regularly offers perspective for local media regarding medical topics, plays in a popular band at charity events, and teaches courses at two major universities in the area.

"When starting out in this practice, you really have to have built a reputation in town," said Dr. Hsieh. "In this city, we've already had people try direct primary care who have failed because they came out of residency or people didn't know who they were. You really have to have had a reputation of quality and service and patients should know about you."

In many cases, physicians can bring their patients with them into direct primary care practice; however, some may not be able to based on their prior employment contract. Dr. Hsieh, for example, could not speak about his new practice or market the business until the day after he left his former practice, he said.

Dr. Lamberts said about 200 of his former patients initially followed him to direct primary care and another 100 have joined since. Before departing his former office, he gave a presentation to his patients about the direct primary care model and what the structure entailed.

Making patients aware of direct primary care and how it works is a top challenge to the model, Dr. Ellzy of the AAFP said. Some patients incorrectly believe that DPC covers all health services including hospitalizations and surgeries. Many DPC patients still carry insurance for hospitalizations as well as specialist visits.

"Part of it is understanding what direct primary care is and isn't as you move from an insurance basis," Dr. Ellzy said. "A lot of it is patient education, That's one of the biggest issues."

Strong team, alternate mindset

Putting in place an efficient, dedicated staff is also key to establishing a fruitful DPC practice, Dr. Hsieh noted. He credits his practice director, Jami Feitz, with keeping things running smoothly through patient education and advocacy. Ms. Feitz aids patients in navigating specialist visits, medication access issues, and payment.

"You can have the best business plan, you can have the best economics, you can even have the best reputation in town, but if you don't have someone to run the logistics of your practice, you're sunk," Dr. Hsieh said. "As soon as you walk out of the exam room, that patient is going into that fragmented, complicated health care system. They need someone experienced with the special skills to help them through that process"

Dr. Lamberts adds that of all the shifts necessary for a prosperous direct primary care practice, a different mindset is among the most important for physicians.

"It's a big change in philosophy," he said. "You suddenly are focused on keeping patients away from the office rather than having a full office. You're focused on keeping people well, rather than benefiting from people getting sick. That's a challenge to lose the mindset and to suddenly celebrate if you have a day that's not very busy or your office is empty. That's a good thing."

Direct primary care by the numbers

A 2018 survey by AAFP of 148 direct primary care physicians reveals how doctors are structuring their practices.

- 80% charge a fee to patients and do not bill any third-party payer.
- 14% engage with one or more third-party payers.
- 54% are male.
- 56% are greater than 15 years post residency.
- 20% are less than 7 years post residency.
- 72% of practices have been in operation less than 3 years.
- 11% of practices have been in operation less than 1 year.
- 54% of practices started from scratch.
- 34% of practices were converted from an existing practice.
- 57% of practices have employer-based contracts.
- 29% of practices are interested in employer-based contracts.
- 58% of practices supplement their income through other practice opportunities.
- 345 patients is the average panel size.
- 596 is the average target panel size.
- 91% of physicians would promote the model to others.

SOURCE: The American Academy of Family Physicians <https://www.aafp.org/news/blogs/inthetrenches/entry/20180619ITT_DPC.html>

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