

# PAYMENT REFORM POLICY BRIEF:

## Direct Primary Care Practice

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In a “*direct primary care*” (“DPC”) practice model, sometimes referred to as a “retainer” model, patients pay a regular monthly fee for basic primary care services provided by the practice. DPC should not be confused with a *cash-only practice*, which charges patients on a fee-for-service basis. DPC somewhat resembles a *concierge practice*, which charges patients a prepaid fee for a defined set of services, but a typical concierge practice has a more limited patient panel and offers an enhanced array of services, typically well beyond basic primary care, with an emphasis on prevention and wellness services.

### *Typical DPC attributes:*

- Defined set of primary care services.
- Limited to services offered by the practice itself.
- May include limits on amount of services per month.
- Prepaid monthly fee.

### *Advantages of DPC:*

- Reduce or eliminate need for coding and claims submission to third-party payors.
- May enhance physician-patient relationship.
- Practice may be able to negotiate discounted charges from others for services to patients (e.g., diagnostic testing or imaging).

### *Disadvantages of DPC:*

- Practice needs its own billing and collection capabilities, even for prepaid fees.
- Practice needs fee schedule for services that are not covered by the retainer payment.

### *Legal issues associated with DPC:*

- Need a clear subscriber agreement that defines the scope of covered services.
- Need to avoid conflict with third-party payor requirements (e.g., coordination of benefits).
- Need to assure DPC model won't be deemed “business of insurance” (probably not, if limited to services actually furnished by the practice).
- Unknown whether employers could fund DPC as part of an employee benefit plan (for example, in combination with catastrophic health coverage).

### *Other issues:*

- Demographics of patient panel.
- Ability to provide all covered services.
- Ability to negotiate discounts for other goods or services.
- Need for business plan.
- o See U.S. Small Business Administration, *How to Write a Business Plan*, available online at: <http://www.sba.gov/writing-business-plan>.



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