Benefits Insights

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The Benefits of Direct Primary Care for Employers

Having a primary care physician is one of the most important things an individual can do for their health, as it helps ensure they receive regular check-ups, aids in preventive care and allows for intervention before more intensive treatment is required. However, according to a recent study by nonprofit organization Kaiser Family Foundation, 17% of women and 28% of men in the United States don't have a primary care physician. Compounding concerns, there is a scarcity of primary care physicians across many regions of the country, which the Association of American Medical Colleges expects to worsen by 2025.

Many employers recognize the value of primary care for their workers and, therefore, have adopted direct primary care (DPC) arrangements to increase employee access to such care. In addition to improving primary care access, DPC enables employers to manage their rising health care costs without shifting these expenses onto employees, all while ensuring high-quality care.

This article provides a general overview of DPC, including its potential benefits and other considerations for employers to keep in mind.

What Is DPC?

DPC is an alternative health care payment model to traditional fee-for-service insurance that's intended to improve health care affordability and access to primary care for a flat fee. This is mainly a strategy for self-insured health plans. Under this approach, employers pay fixed monthly membership fees for their employees, which are typically less expensive than most health plans' monthly premiums. These fees generally cover all primary care costs for employees. As a result, DPC is often more affordable and cost-effective than other forms of health insurance, such as preferred provider organization plans.

Under DPC arrangements, employers typically have no direct relationship with the health care system, meaning there is no third-party billing or fee-for-service payments. Instead, these arrangements center around the relationship between employees and their health care providers, eliminating the need for insurance companies to act as intermediaries to approve procedures and medications. This allows health care providers to have more leeway in determining treatment options for patients, allowing doctors to deliver the attention and care they believe patients need. While DPC arrangements often complement existing group health plans, employers should note that some variations of these arrangements may still require providers to bill through insurance plans and exclude certain primary care services from coverage, including prescription drugs.

What Are the Benefits of DPC?

Employers can consider the following benefits when evaluating whether to adopt DPC arrangements:

Reduced Health Care Costs

DPC arrangements can help employers reduce their health care costs. Instead of paying for each service provided over the course of a year, employers pay a flat fee per employee. Additionally, DPC membership fees are generally much less expensive than typical health insurance premiums. While DPC membership fees can increase over time, they usually increase less frequently than traditional health insurance premiums. Further, because employers do not have a direct relationship with the health care system under DPC arrangements, health care claims are usually easier to manage, which can help minimize administrative costs.

Strengthened Attraction and Retention Efforts

DPC is an attractive benefit for employees because it improves their access to health care and, in many instances, it costs them nothing to visit their primary care doctors. What's more, the improved access and extra time employees have with their physicians can allow them to build strong, trusting relationships with these doctors, which can ultimately improve their long-term health. As such, by offering DPC arrangements, employers can demonstrate their commitment to employee well-being and bolster attraction and retention efforts. These arrangements are also often more affordable than traditional fee-for-service insurance, therefore allowing smaller employers who otherwise may not be able to afford to offer health insurance to do so.

Improved Employee Productivity and Wellness

Employees typically have improved access to primary care physicians under DPC arrangements, reducing the amount of time they have to spend away from work to receive treatment. In addition to offering virtual or telemedicine services, DPC arrangements generally permit employees to visit their doctors the same or next day when issues arise. DPC physicians also typically offer longer office hours than other physicians, allowing employees to visit doctors after their normal work hours. Additionally, many DPC locations are located near worksites, directly on-site or at shared multi-employer clinics, thus preventing employees from having to miss work or spend excess time traveling to see their doctors.

The average patient spends 121 minutes at each doctor visit, according to research from the American Journal on Managed Care. Of that time, the patient spends 37 minutes traveling and 87 minutes at the clinic. When at the clinic, the patient only spends between 8 and 12 minutes with a doctor. This means that the average patient spends less than 10% of the total time they invest to see their physician receiving care. Fortunately, DPC arrangements provide on-demand services, which means employees spend less time waiting—and, in turn, less time away from work—when they need to see their physicians. By decreasing waiting periods and increasing time spent with physicians, DPC arrangements can encourage employees to see their doctors when needed, addressing health issues and concerns as they arise instead of waiting until they potentially develop into bigger problems. This can help keep employees healthier and more productive.

Further, most DPC providers have significantly fewer patients than other physicians; in many cases, they have less than half the average number of doctors. These smaller patient pools allow physicians to spend more time with their patients, enabling them to unearth possible health issues before they become chronic or catastrophic. Subsequently, patients are less likely to require emergency room or urgent care visits and specialist services. With more time, doctors can better coordinate care and advocate for patients when referring them to outside providers as well.

Employer Considerations

While DPC offers many benefits, there are certain concerns employers should consider when evaluating whether to offer these arrangements. Since DPC only covers primary care services, employers will likely still need to provide employees with additional health insurance to cover specialists, hospitalizations and other health-related emergencies. While DPC arrangements are generally compatible with employers' group health plans, there are some limitations. For example, DPC plans that cover all primary care costs among employees aren't compatible with health savings account-eligible high deductible health plans. Further, these plans don't accept Medicare, Medicaid and other government funds, making them exempt from cost and quality regulations.

DPC is often a location-specific solution. As a result, offering DPC arrangements can be challenging for employers with workforces located in different cities and states. This also makes it more difficult for employees to locate providers. In addition, DPC can hamper an employer's ability to access medical claims data, potentially limiting their ability to help employees make informed health care decisions.

Summary

Rising health care costs are a major concern for most employers. DPC arrangements permit self-funded employers to reduce their health care costs while improving employee access to treatment. With this in mind, DPC is a cost-mitigation strategy that employers should carefully consider and monitor.

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