

## The Direct Primary Care Model - An Alternative to the Conventional Payment Model

Hi, I'm Dan Smith of DPS Legal Counsel, and welcome to today's video.

Today, I'm going to be talking about one of the new payment models that certain physicians and other healthcare providers such as physician assistants or nurse practitioners are adopting in order to overcome some of the limitations that they find in the conventional model of delivering healthcare services that has been in effect for essentially forever, which has been the insurance-based payment model.

As any physician or other healthcare provider knows, when you're dealing with insurance as a means of getting paid, it's a hassle, it's time consuming, it's a problem because you have to have spend not only a lot of time and energy, but you probably have to have special staff handling all your billing matters. It's just complicated.

And the other downside of the insurance model that everyone has gotten used to is that the reimbursement rates are getting worse and worse and people are making less money, having to work harder, spend less time on patient care, and more time on just having lots and lots of volume in their practice and spending lots and lots of time on doing the paperwork for getting paid through the insurance companies.

So, one of the new models of providing patient care, is what's called the Direct Primary Care Model.

It's essentially a cash-based practice model in which a direct care healthcare provider, such as a physician or a nurse practitioner, would provide patient care to patients and get paid in cash--directly paid by the patient rather than billing a commercial insurance company.

And so if you do this or you're thinking of doing this, you're going to need to decide on doing away with your insurance plans, cease being a participating provider in insurance plans and moving your patient base to a fee-based model so that they will be paying you directly.

This is something that more and more physicians and other healthcare providers, nurse practitioners, for example, are looking into because they can spend more time with their patients, they can have less overhead and paper work by not having to deal with insurance companies.

One of the questions that comes up, though, is what do you do with Medicare?

The fact is that because of the Medicare rules and regulations, if you do provide services to Medicare patients, you are required to bill Medicare for those patients, so you can't really operate a true cash-based direct primary care model practice if you're providing services to Medicare patients.

So you have a few options.

One is you could just solely and strictly opt out of Medicare.

If you do that, then you can provide services to patients who are on Medicare and who would otherwise be paid through Medicare if you opt out and you have to get the patients to sign an agreement that they will not bill Medicare either.

In other words, if you opt out, not only will you not be able to bill Medicare, but the patient will not be able to bill Medicare and that has to be confirmed and in writing straight up at the front end so that there's no confusion about that.

So that's one way you can continue to provide services in a direct primary care model to Medicare patients.

The other is if you don't want to opt-out, you could just simply provide your services to Medicare patients in a separate part of your practice from your direct primary care model.

You don't want to have those patients pay you a monthly retainer or have them under your direct primary care model

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because you would essentially be getting double paid and that would be a problem under Medicare.

So if you want to continue treating Medicare patients without opting out and bill Medicare, then you can do that, but you're going to have to segregate those patients from your direct primary care model.

Now it's possible that this will change in the coming years.

Last year, in the Spring of 2018, the Centers for Medicare and Medicaid Services asked for comments on a proposal to in some ways integrate provision of patient services by healthcare providers to Medicare patients who are being seen by doctors who are operating a Direct Primary Care practice.

So there may be some change on the availability of offering services to Medicare patients in the future through a direct primary care model, but that's not the case as of yet.

So, in essence, you have just a couple of choices.

You can either opt out of Medicare or you can decide, just without opting out, you're not going to provide services to people who are eligible for Medicare or you can provide services to Medicare patients but segregate them from your direct primary care model plan.

As time goes on, and people begin to see the benefits of not having to deal with commercial insurance payers, I believe that the direct primary care model is going to become more and more popular, particularly with the rise of new models of providing services, such as functional medicine which is more geared towards spending more and more time with patients rather than having short patient-physician encounters.

So we'll see.

I hope this helps you have any questions, please feel free to get in touch.

And have a great day.

Thanks.