Payment Models in Primary Care: Comparing Traditional and Alternative Approaches

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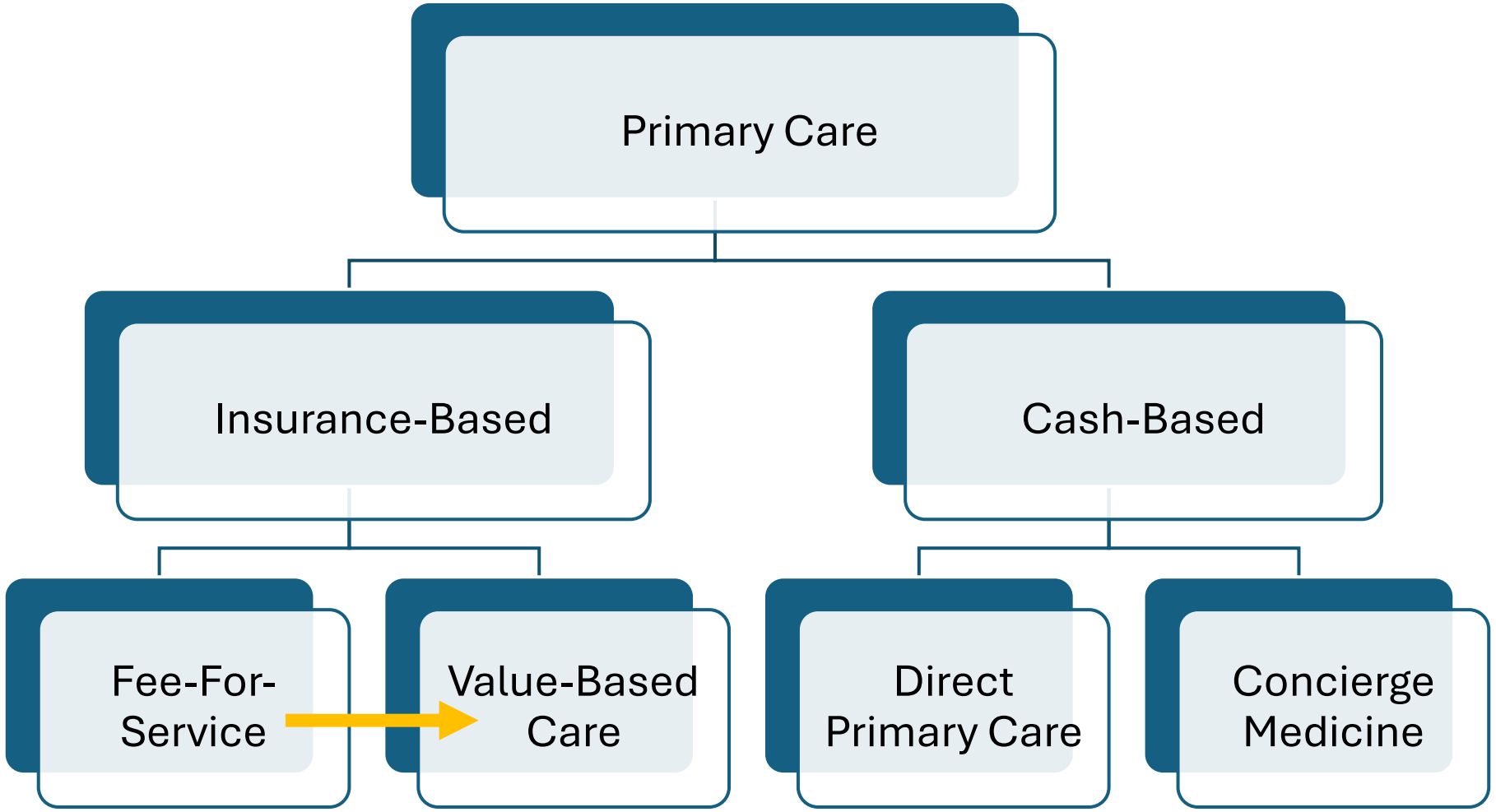
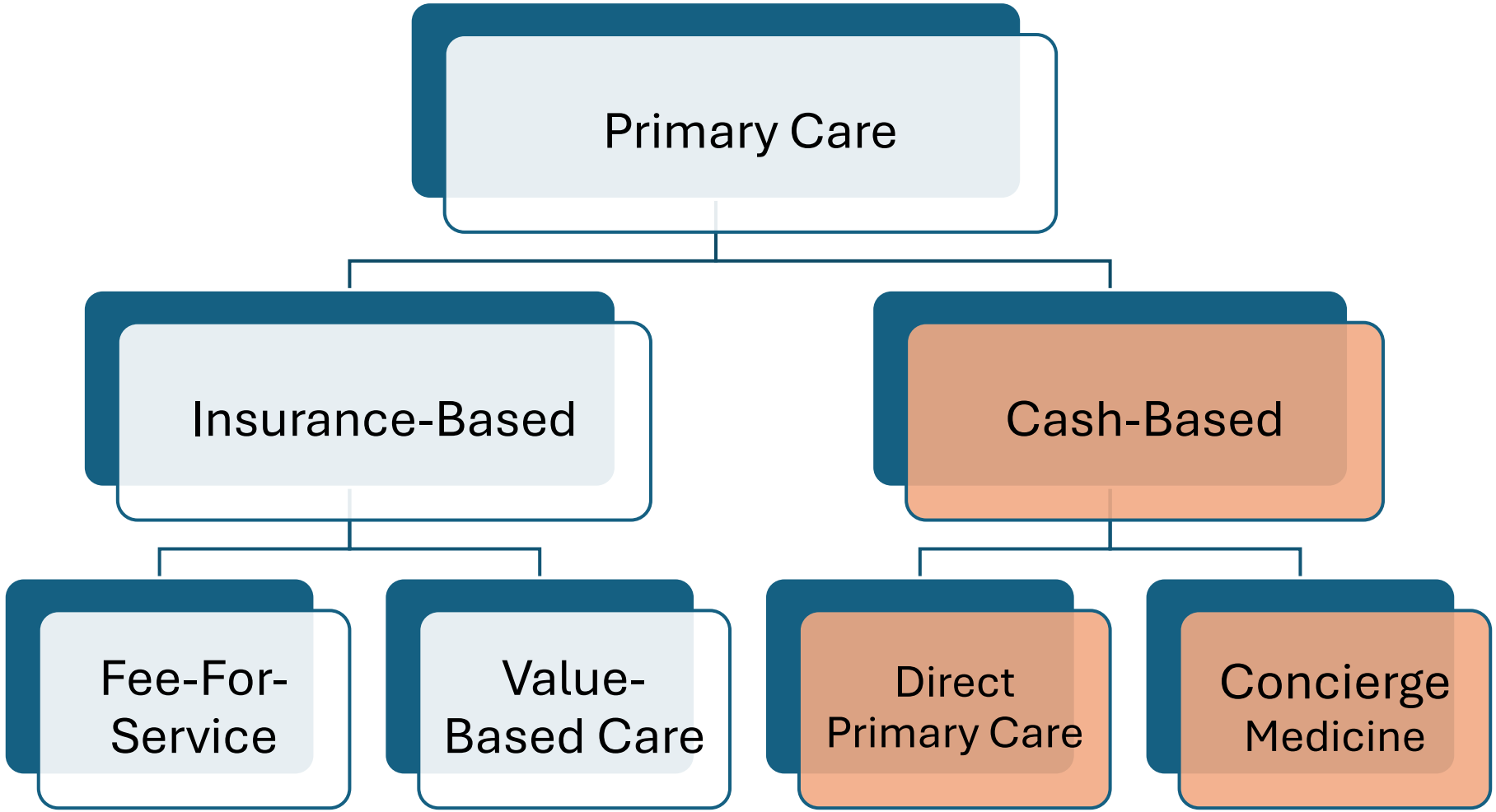
Objectives

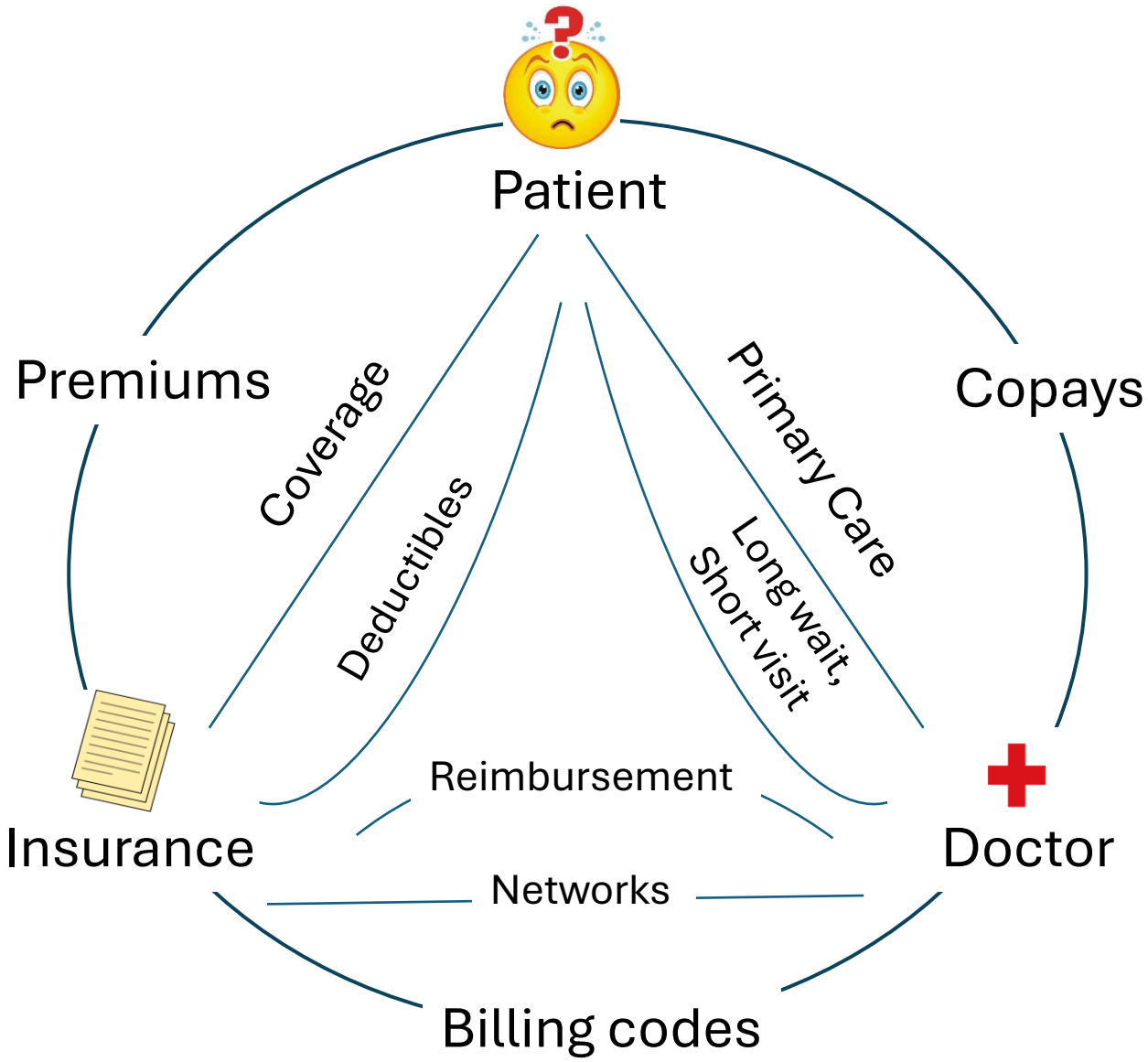
- Define Cash-Based Primary Care Payment Models
- Examine the potential advantages and limitations of Direct Primary Care (DPC), including its impact on cost, access, patient experience, and physician practice
- Discuss how DPC relates to broader healthcare trends, including value-based care
- Review Direct Primary Care in SC

Payment Models




Primary Care
Insurance-Based
Cash-Based
Fee-For-Service
Value-Based Care
Direct Primary Care
Concierge Medicine

Our Current Primary Care System



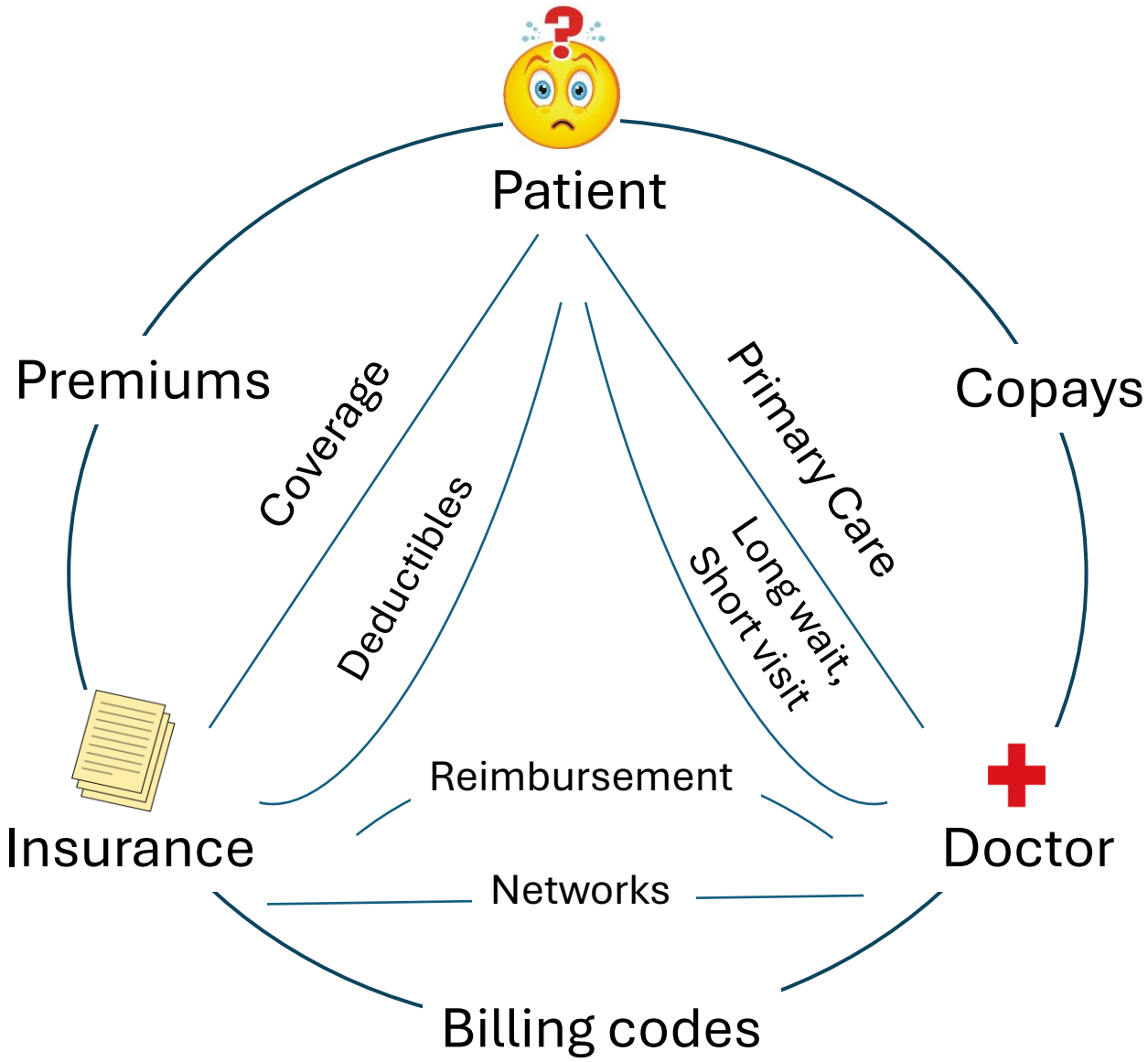
Direct Primary Care Defined

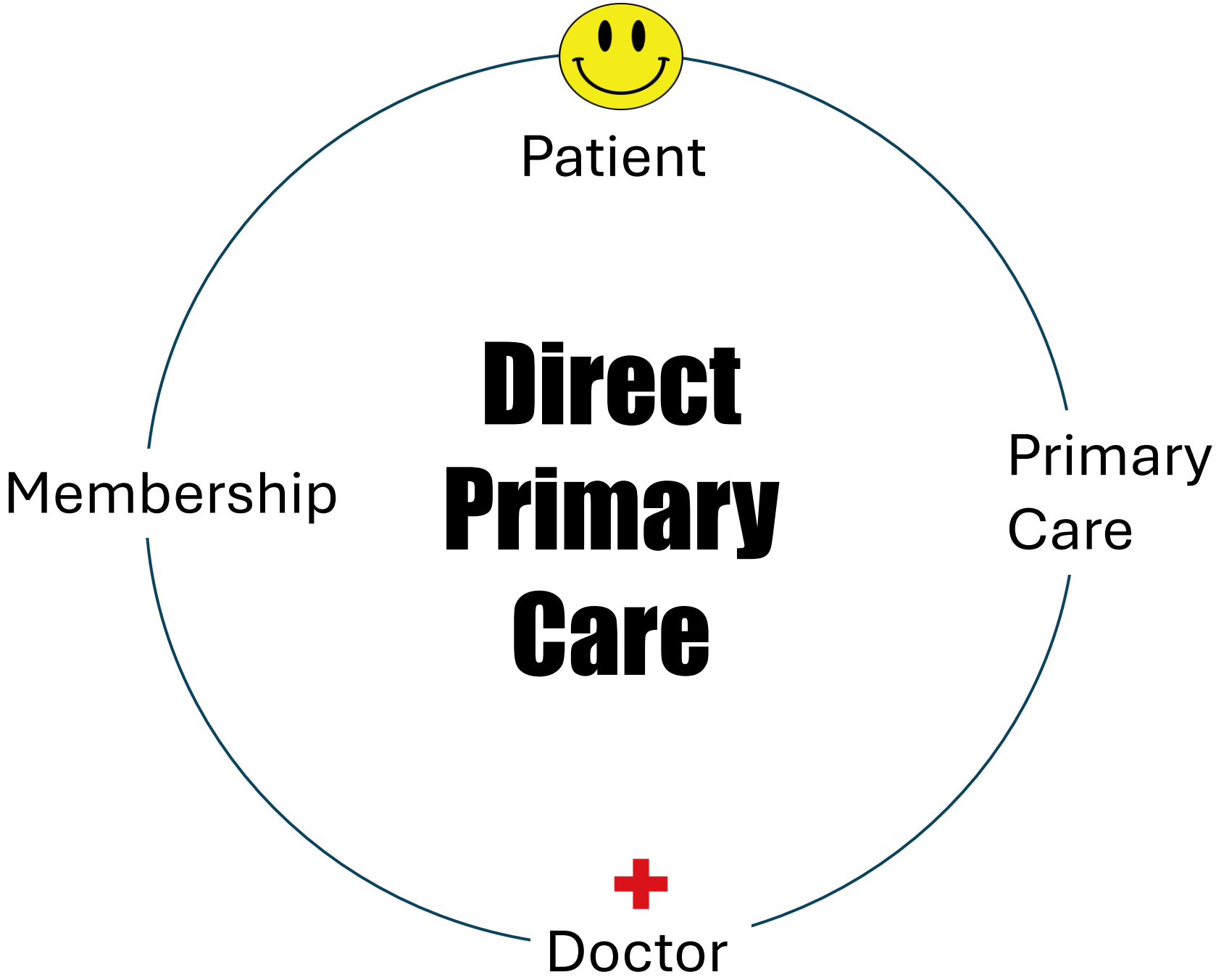
- A DPC office[1]:
  1) charges a periodic fee for services
  2) does not bill any third parties on a fee-for-service basis
  3) any per-visit charges are less than the monthly equivalent of the periodic fee

- The structure of DPC offices varies widely
  - Staff size, ancillaries, patient panel size & demographics, employers

- DPC is supported by the AAFP
- 3000+ registered practices on DPCFrontier.com

Our Current Primary Care System




Patient
Direct Primary Care
Membership
Primary Care
Doctor

AAFP Policy on DPC

- “periodic payments provide patients enhanced services over traditional fee-for-service medicine” [2]
  - Improved patient access to their PCP
  - Longer visits
  - Home visits
  - Personalized, Coordinated and Thorough care
- “can stabilize practice finances”[2]
- “removes any additional financial barriers [for patients]…in accessing routine care primary care”[2]

Six ways Congress can make health care affordable for doctors and patients

By Shawn Martin
AAFP EVP and CEO

When legislators asked me this week what doctors need from Congress to help reduce the cost of health care in the U.S., the answer was straightforward. Every family physician knows the solution: a greater focus on primary care investment that allows you to emphasize early preventive care and chronic care management and ensures that patients can see you regularly in continuous doctor-patient relationships.

Spending a little more up front on primary care saves money down the line and delivers better care for patients, I explained at the March 18 House Committee on Energy and Commerce's Health Subcommittee hearing to address health care affordability.

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1. Double the nation's financial investment in primary care and the primary care workforce.
2. Reform Medicare physician payment to value the actual care you deliver to patients, rather than overvaluing health care facilities.
3. Establish a regulatory framework that supports independent physician-led payment models like direct primary care.
4. Create space to allow physicians to focus on patients by reducing administrative complexity.
5. Remove financial barriers to accessing primary care.
6. Promote proven, evidence-based interventions like vaccines.

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Concierge Medicine[4]

- Annual patient membership contract with **higher annual/monthly fees**
- Membership covers an in-depth physical & screenings
- **May continue to accept insurance plans and government programs**
- **Cater to higher income populations**
- **May be available 24/7**

	Direct Primary Care	Concierge Medicine
Use of Insurance	No	Maybe
Patient Demographics	Anyone who can afford the fee	High income earners
Access to Care	Very Good, practice dependent	Immediate
Patient Panel	About 500	100-250
Patient Enrollment Fee	+/-	High
Overhead	Low	Medium
Patient Monthly Payment	Out-of-pocket and HSA, ? FSA	Out of pocket
Monthly Fee	$70-$120/month	$150-$1000+/month

Principles of Value-Based Care[5]

1. Actively engage patient in the accountable relationship

- Insurance-Based problem:
  - You don’t know the patients on your insurance-assigned panel

- DPC Solution:
  - DPC encourages physicians to know all of their patients
  - Patients have an incentive to know their doctor

Principles of Value-Based Care

2. Pay prospectively to support team-based care

Insurance-Based problem:

- Systems pay for care coordination, pharmacists, therapists, etc.

DPC Solution:

- DPC docs often form a natural “network” of health professionals to work with

Principles of Value-Based Care

3. Risk adjust payments for medical and social complexity

Insurance-Based problem:

- Adjustments are based on ICD-10 and CPT coding, and SDOH screening

DPC solution:

- Naturally will find out about
  - Behind on monthly bills, more time to talk about social factors affecting health
- Many offices naturally risk adjust by having age tiered pricing

Principles of Value-Based Care

4. Evaluate what matters to patients and physicians

Insurance-based problem:

- End up being scored on irrelevant quality measures

DPC Solution:

- Quality measures can be individualized to the practice
- Can be done manually

Principles of Value-Based Care

5. Equip primary care teams with timely info

Insurance-based problem:

- Information flow between entities is difficult

DPC Solution:

- No obvious solution ☹
- Can still sign up to receive alerts about hospitalized patients
- Online portals allow easier access to specialist notes

Principles of Value-Based Care

6. Reward improvement and sustained high performance

Insurance-based problem:

- Stress over performance

DPC Solution:

- Can continuously work on this without penalty
- Patients vote with their feet

DPC Deep Dive

DPC Advantages - Admin

- Significantly less admin burden:
  - No charting requirements
  - No mandated data collection
  - No *required* quality initiatives
  - No compliance standards

DPC Advantages - Labs

- Labs
  - Excellent cash-based pricing
  - No staff needed to draw
    - YouTube
    - Lab cheat sheets
  - Very low overhead

	DPC price example	Hospital-billed price example	Savings
CBC	$2.00	$31.00	94%
BMP	$2.10	$80.00	97%
TSH & FT4	$5.25	$226.00	98%
A1C	$2.25	$86.00	97%
Lipid panel	$2.50	$103.00	98%
Iron and TIBC	$2.40	$23.00	90%
Hep C Ab	$7.85	$161.00	95%

DPC Advantages - Radiology

- Radiology
  - HITECH act states that
    - “any HIPAA covered entity offer a cash price to patients desiring to keep their protected health information private from their "health plan“[6]

	Cash Prices in Columbia
X-ray	$80-99
Ultrasound	$90-$390
CT Scans	$265-$650
MRI	$540-$1200

DPC Advantages - Meds

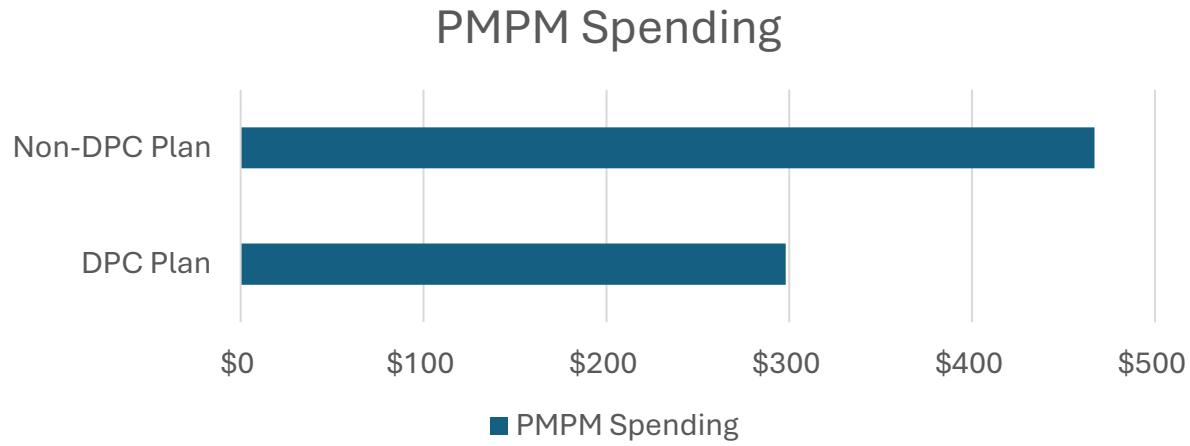
- Dispensing
  - Allowed to dispense meds in SC
  - Convenient
    - Acute and Chronic meds
  - Controlled substances caveat
  - Dispensing software
  - Flexible pricing

- Another option:
  - Partner with a local pharmacy

	Supply	Approx. DPC price	Discount Online pharmacy price - 4/2026	% savings
Amlodipine 10mg	90 tablets	$1.17	$5.91	80%
Amoxicillin/ Clavulanate 875mg/125mg	30 tablets	$9.00	$11.78	24%
Dapagliflozin 10mg	90 tablets	$18.57	$1,160.55	98%
Fluticasone nasal spray	1 bottle	$8.50	$11.56	26%
HCTZ 25mg	90 tablets	$0.72	$5.73	87%
Metformin ER 500mg	90 tablets	$1.80	$7.07	75%
Metoprolol Succinate 50mg	90 tablets	$4.05	$7.43	45%
Naprosyn 500mg	60 tablets	$2.58	$7.78	67%
Olmesartan 20mg	90 tablets	$3.99	$8.90	55%
Rizatriptan 10mg MLT	30 tablets	$7.08	$22.38	68%
Rosuvastatin 20mg	90 tablets	$1.80	$7.85	77%

Cost Savings Case Study #1

- Mending insurance company saved $168 PMPM with patients enrolled in DPC + traditional insurance plan VS. plan that didn't include DPC[7]
  - Age and risk adjusted data
  - Included the DPC monthly fee
  - Mostly individuals and families
  - Estimated $25 million savings in one year across the company due to DPC



Employer Contracts

- Becoming popular due to rising costs of traditional insurance plans
- Small employers may choose DPC alone
- Larger employers may pair DPC + Healthshare or DPC within traditional insurance plan

Cost Saving Case Study #2

2024 Cohort Analysis Gold PPO Plan

	DPC COHORT	NON-DPC COHORT
Enrolled	98	127
Average Age	46.4	46.1
DPC Fee	$85,109.00	$0
Claims Cost	$246,612.00	$901,560.00
Total Cost	$331,721.00	$901,560.00
PMPM	$282.08	$591.57

- PMPM National Average (KFF): $617.00
- Outliers >$250k removed
- The DPC plan had a lower rate of children enrolled, so while this isn't risk adjusted, we would expect to see lower costs in the population with more children

Cost Savings Case Study #3

- Rural hospital (self-funded) in Florida (3-year average)[9]
  - 38% less spending by plan when patient chose to participate in DPC plan
  - 31% less out-of-pocket spending by patients/employees
  - 39.2% reduction in ER visits
  - 30% less specialty referrals

  - The patients were not healthier

  - DeSoto Memorial Hospital

DPC Patient Survey

- Person-Centered Primary Care Measure (PCPCM) Survey - measured 4Cs of Primary Care [10]
  - First **C**ontact
    - **97%** reported Near-instant access to care when patients need it most
  - **C**omprehensiveness
    - **90%** reported Whole-person approach that goes beyond the symptoms
  - **C**oordination
    - **88%** reported Seamless navigation through the complex healthcare ecosystem
  - **C**ontinuity
    - **82%** reported Building the long-term trust that defines the DPC movement

  - Net Promoter Score - 85
    - “Traditional” physician offices NPS range – 30-92

Physician Burnout & Satisfaction

- Per a 2024 AAFP survey[11]:
  - 49% of DPC physicians had no level of burnout
    - 14% of physicians not working in DPC had no burnout
  - Of those with burnout, 12% of DPC physicians cited burnout at least 1x/week or most days
    - 46% of physicians not working in a DPC practice cited burnout at least 1x/week or most days.
  - 94% of DPC physicians indicated they were satisfied with their overall practice
    - 57% of physicians not working in DPC were satisfied with their overall practice.

Physician Burnout and Fulfillment

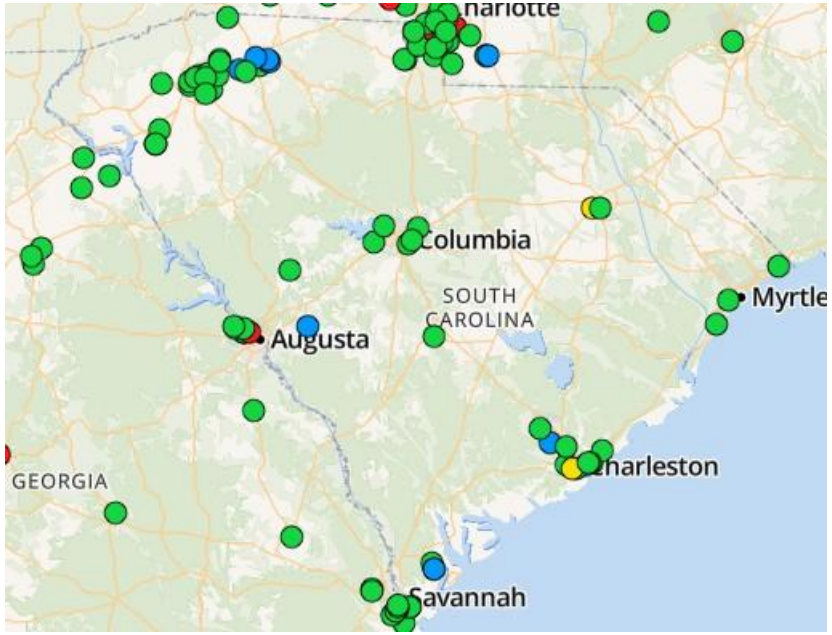
- 2025 study surveyed both DPC and non-DPC physicians using the Stanford Professional Fulfillment Index [12]
  - DPC physicians had:
    - Significantly lower burnout ($P = 0.002$) and higher fulfillment scores ($P = 0.013$) compared with non-DPC physicians despite working a similar number of hours per week ($P = 0.923$)
    - A higher rate of practice ownership ($P < 0.001$) and saw a lower number of patients per day ($P < 0.001$)
    - Suggests lower professional dissonance in DPC physicians

    - Limitation: Small sample size

Patient Outcomes

- More data needed
- Primary Health Partners (PHP) case study (Oklahoma) – 2018[13]
  - Regarding BP control, patients at PHP were:
    - 12% more likely to have BP under control compared to national average for patients with HTN
    - 32% more likely to have BP under control compared to national average for patients with diabetes
  - Regarding of diabetic control, patients at PHP were:
    - 10-29% more likely to have their diabetes under control
  - Patients had an average of 3.5 visits per year, compared to national average of 1.6
    - Patients with at least 1 chronic condition had 4.5 visits per year

DPC in SC



- How many practices are in SC?
  - About 40
    - Approx. 30 physician-owned practices
    - Approx. 10 corporate-owned practices
- Geography
  - Centered in largest cities
- Most are family medicine offices
- Oldest practice: 13 years old
  - Has the most practices as well
- South Carolina leads the country with 25.2 DPC clinicians per 1,000 PCPs [15]

DPC in SC

- SC DPC docs have formed a physician-led cooperative to:
  1. Address DPC-specific needs in SC
  2. Make working with employers easier

- TEDx talks
- Books
- Podcasts

Common Criticisms of DPC

- Worsening Physician Shortage
- Lack of Regulation
- “Pay to play”/Worsening disparities
- “Cherry picking” healthy patients
  - But also - No value for healthy patients

Problems DPC Aims to Solve

- Service/Care
- Complexity
- Cost of care
  - Rising, unpredictable cost of care
- Access to care
  - Both in access to appointments and a doctor
- Disappearance of private practices
- Fragmented care
  - Encourages a medical home
- Physician Shortage?

Selected DPC Resources

- Books
  - Direct Primary Care: The Cure for Our Broken Healthcare System and Startup DPC by Dr. Paul Thomas
  - Magic, Pixie Dust, and Miracles: A Guide for Direct Primary Care and Employers by Dr. Shane Purcell
- Atlas MD DPC Curriculum
- DPCFrontier.com website - Legal info and mapper
- DPC News
- DPC Alliance website
- DPC Summit conference
- Podcasts:
  - My DPC Story, DPC Life: Conversations Beyond the Practice

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