

## DIRECT PRIMARY CARE OFFERS GREAT BENEFIT TO MONTANANS

### Jared Rhoads

*Senior Affiliated Scholar, Mercatus Center at George Mason University  
Instructor, The Dartmouth Institute for Health Policy & Clinical Practice*

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Chair Noland, Vice Chairs Buttrey and Sullivan, and members of the committee:

My name is Jared Rhoads, and I am a senior affiliated scholar at the Mercatus Center at George Mason University and a health policy instructor at The Dartmouth Institute for Health Policy and Clinical Practice. Thank you for the invitation to speak today about direct primary care (DPC).

DPC is one of the most interesting developments in health policy in the past 10 years. With DPC, patients pay a low, fixed monthly fee in exchange for a known set of services. There are many benefits to this model that I could discuss, but in the interest of time, I will limit my remarks to three main points:

1. DPC improves the patient experience.
2. DPC empowers caregivers.
3. DPC, combined with catastrophic coverage, provides a consumer-friendly, cost-effective option with improved portability.

### THREE MAIN BENEFITS

#### DIRECT PRIMARY CARE IMPROVES THE PATIENT EXPERIENCE

DPC practices offer a wide variety of services. Most allow an unlimited number of office visits, provide chronic disease management (such as care for diabetes or high blood pressure), conduct tests (such as urinalysis and spirometry), and perform basic procedures (such as stitches and vasectomy).<sup>1</sup> Because members pay a regular monthly fee and because overhead costs are lower than if the practice were to accept insurance, DPC caregivers do not need to overbook their day, which means they can offer longer office visits.<sup>2</sup> These characteristics create a strong doctor-patient relationship and result in an improved patient experience.

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1. Charlotte Huff, "Direct Primary Care: Concierge Care for the Masses," *Health Affairs* 34, no. 12 (2015): 2016-19.

2. "Employees and Providers Share Their Top 5 Reasons to Enroll in Direct Primary Care in 2020," Johns Hopkins Medicine, October 1, 2019, <https://www.hopkinsmedicine.org/news/articles/employees-and-providers-share-their-top-5-reasons-to-enroll-in-direct-primary-care-in-2020>.

## DIRECT PRIMARY CARE EMPOWERS CAREGIVERS

Under the DPC model, caregivers are not beholden to the administrative processes, paperwork, and preferences of third parties. DPC caregivers can design their practice how they wish, which includes choosing the services they offer, the number patients they see in a day, the technologies they use, and the membership fee they charge. DPC caregivers do not have to call an insurance company for prior authorization before offering a test or procedure to a patient; they can simply offer the test or procedure. Empowered by the DPC model, many caregivers report greater job satisfaction and less physician burnout, helping to keep them in practice and reducing the likelihood that they leave medicine.<sup>3</sup>

## DIRECT PRIMARY CARE, COMBINED WITH CATASTROPHIC COVERAGE, PROVIDES A CONSUMER-FRIENDLY, COST-EFFECTIVE OPTION WITH IMPROVED PORTABILITY

Just as it would be wasteful and expensive for car owners to pay for every oil change and tire rotation through auto insurance, it is wasteful and expensive for patients to pay for every medical service through their health insurance.<sup>4</sup> Yet that is precisely the model in which many states are stuck, in part owing to the lack of clarity over existing regulations.<sup>5</sup> DPC helps disaggregate primary care and insurance for patients and caregivers who see the wisdom of not combining those two things.

Some defenders of the status quo worry that patients will sign up with a DPC practice and then be inadequately covered for a major unexpected acute event. But as its own name makes clear, DPC is for primary care; it is not insurance. For many consumers, the best use of a DPC membership is to combine it with an inexpensive high-deductible health plan. There is no evidence to suggest that there is widespread consumer confusion or misunderstanding about what DPC is or how best to use it. Indeed, unlike the terms and conditions of most insurance plans, which are written in dense legalese and which few people read and understand, many DPC practices spell out exactly what they provide—in plain English—in their printed materials and on their websites.<sup>6</sup>

The combination of DPC membership and high-deductible health insurance coverage has another benefit: it is more portable than conventional health insurance because it is not tied to the patient's employer or employment status. Patients can keep their DPC membership if they change or lose their job. The same cannot be said of ordinary employer-sponsored health insurance.

## CONCLUSION

DPC is a sound model that deserves a place on the menu of ways to procure and provide healthcare. With DPC, the kind of doctor-patient primary care relationship that was once only available under the name of “concierge care” to Hollywood celebrities, professional athletes, and corporate executives is within reach for regular people. The state insurance regulations that were passed before the emergence of the DPC model were never intended to apply to or restrict DPC. The state's 2017 advisory memo was a step in the right direction. SB 101 will make it possible for DPC to continue to grow and flourish in Montana.

That concludes my testimony. Thank you for your time.

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3. Kimberly Legg Corba and Michael Watson, “Direct Primary Care May Be the Link to the ‘Fourth Aim’ of Healthcare,” *Medical Economics*, July 10, 2018.

4. D. Eric Schansberg, “The Economics of Health Care and Health Insurance,” *Independent Review* 18, no. 3 (2013/2014): 401–20; Philip M. Eskew and Kathleen Klink, “Direct Primary Care: Practice Distribution and Cost across the Nation,” *Journal of the American Board of Family Medicine* 28, no. 6 (2015): 793–801.

5. “2020 DPC Laws + Pilots,” DPC Frontier, accessed February 8, 2021, <https://dpcfrontier.com/states/>.

6. For an example of this from a direct primary care practice in the state of Montana, see Fountainhead Family Med (website), accessed February 8, 2021, <https://fountainhead.md/services/>.