

# Direct Primary Care

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Americans for Prosperity empowers people to earn success, contribute to their communities, and live meaningful lives. This requires a health care system that helps more people access better care at a lower cost—where health care providers compete to offer the best health care products and services at the best prices that meet the needs of patients. Unfortunately, many state and federal laws act as barriers to access and innovation.

One way to help providers effectively meet the needs of patients is to reform state regulations that prevent physicians and other health care providers from practicing direct primary care.

## WHAT IS DIRECT PRIMARY CARE?

Direct Care (DPC) is a new and innovative arrangement that growing numbers of physicians are offering to provide better and more affordable primary care for patients. Unlike traditional doctors who bill on a fee-for-service basis, DPC doctors provide patients unlimited access to high-quality medical services, including chronic disease treatment, clinical and laboratory services, and comprehensive care management in exchange for a flat monthly membership fee.

## EXPANDING DIRECT PRIMARY CARE RESULTS IN BETTER CARE AT LOWER COST

The current third-party fee-for-service system delivers poorer quality care at higher costs to patients. The compliance costs involved with billing and negotiating with insurance companies account for 40 percent of the average doctor's overhead expenses and consume half of their workday, leaving less time to care for patients.

As a result of America's cumbersome third-party reimbursement system, growing numbers of physicians are considering leaving the practice of medicine, exacerbating state physician shortages. According to the U.S. Department of Health and Human Services, nearly 80 million Americans live in communities that face a physician shortage.

These primary care shortages impose long-lasting and even fatal harm on America's most vulnerable patients. Individuals who lack a reliable source of primary care experience delays in diagnosis, pay higher health care costs, and die earlier than patients who can regularly access basic medical care.

## WHY STATES NEED DIRECT PRIMARY CARE

Empowering health care providers to deliver DPC is a crucial element of comprehensive health care reforms that will improve patient access to high-quality health care. Since DPC practices spend significantly less on overhead expenses, they can afford to work with smaller patient panels and spend more time with each patient. DPC physicians on average spend more than four times as much time with their patients as traditional fee-for-service physicians. This allows physicians to develop strong relationships with their patients.

Under DPC's enhanced doctor-patient relationship, physicians can more effectively evaluate patients on a long-term basis and improve health outcomes. A 2018 study of a Colorado-based pilot program found that patients who enter DPC arrangements visit emergency rooms 31 percent less often than individuals who rely on fee-for-service physicians.

Increasing access to DPC will also lower health care costs. A DPC program offered to public employees in North Carolina reduced out-of-pocket costs by 46 percent and reduced

prescription drug spending by 36 percent compared to workers with traditional physicians. Overall, this translated into a 23 percent reduction in overall health care spending, or an annual savings of \$3,120 for each patient.

As lawmakers consider their options to remove barriers on direct primary care, they should pursue the following reforms to make their efforts most impactful:

**1. Insurance Regulations:**

States should define DPC as a non-insurance financial contract in order to exempt these doctor-patient agreements from insurance regulations.

**2. Medication Dispensing:**

States should authorize DPC providers to dispense medications directly to patients.

**3. Health Savings Accounts:**

Federal lawmakers should allow individuals with HSAs to enroll in DPC agreements and pay periodic DPC fees with HSA dollars.

**4. Direct Health Care Agreements:**

States should allow medical practices to deliver any type of health care service through DPC's direct pay model.