Growing Your Direct Primary Care Practice

Four Ways to Effectively Contract with Employer Groups for DPC Services

As a direct primary care (DPC) provider, you understand the value that DPC brings to patients, providers and employers. While the innovative healthcare model is quickly gaining traction in the market, it can be challenging to fill patient panels through traditional direct-to-consumer marketing. As a result, many DPC providers find partnering with employers to be the most cost-effective option for growing their businesses.

Working with employers can give your practice an easier path to growth, create more affordable healthcare and position your practice as a resource in the community. With the right strategies and tools in place, you'll be more likely to effectively reach, engage and close deals with key employer groups in your area.

In the following report, you'll learn:

- Why data is key to DPC and how to leverage insights for greater employer engagement.
- How businesses purchase insurance so you can market to them effectively.
- Tips for marketing your practice, including building relationships with insurance brokers.
- How cash-priced bundles can help strengthen DPC programs

Using Analytics For DPC

Many DPC providers are quickly realizing the value that data integration brings to their practices. Analytics can be used for monitoring population health, tracking cost savings and creating compelling stories to share with current and prospective patients. This in turn contributes to continued growth, improved quality of care and greater acceptance of DPC as a whole. As a DPC provider, it's important for you to recognize the value of data integration and how to use it as a tool for engaging with employers in your area.

Integrating Data

Data integration is key to allowing analytics to run in the background, with little to no impact on the doctor-patient relationship. DPC providers know what high quality, low-cost healthcare looks like. They deliver it every day. Data integration and analytics can "prove it" to employer CFOs, who write the checks for DPC and want assurance that they are getting a return on their investments. Without integration, data is scattered among disparate sources, making it difficult to decipher information or draw applicable conclusions.

Some of the core integrations to consider for your DPC practice include:

- Electronic medical records (EMRs)
- DPC membership billing platforms
- Virtual communication tools
- Claims data (if supporting self-insured employers)

Sources of advanced integrations to consider include:

- Health Information Exchanges (HIEs)
- Patient satisfaction surveys
- Biometrics
- Wearable devices
- Patient engagement platforms

These tools can help you paint a more comprehensive picture about your practice and providers as well as the patients you serve, which in turn better positions you as a resource for employers.

Tracking Insights

Utilizing dashboards and scorecards in creative ways also helps DPC organizations draw conclusions about operational, clinical and financial performance. Creating these data-driven stories can not only help your organization make better internal decisions, but it can also drive your conversations with employers. By incorporating solutions that seamlessly share data with each other, you'll be more likely to compete effectively in the market.

Making Data Actionable

For DPC providers to become data-driven organizations, it's important to make the data actionable. For example, data could reveal that a particular diabetic patient has been without a physical visit for the last six months or show a gap in the patient's prescription drug compliance. Leveraging this information empowers you to make more informed decisions about care, which in turn makes your practice and the DPC model more appealing to employer groups who are constantly looking for ways to tackle chronic diseases in the workforce.

"Leveraging this information empowers you to make more informed decisions about care, which in turn makes your practice and the DPC model more appealing to employer groups."

Using Predictive Analytics

Beyond descriptive analytics, DPC organizations who are looking to target employer groups can investigate advanced analytics that provide deep insights into concurrent and predictive population health trends. Most models analyze a population by a subset of diagnosis codes. Consider looking into models that evaluate the population at a patient-level through the clustering of morbidity, as they can be better indicators of cost and healthcare resources. Using markers and models can also help you support the diverse needs of employers through population health monitoring, clinical screenings for care management activities, profiling of groups and providers to compare performance and a variety of financial applications to name a few.

Understanding How Businesses Purchase Insurance

Today's employers have several options when it comes to insuring their employees. In order to close deals with employer groups, it's important to understand the options they have for purchasing insurance. The way an employer pays for its employees' health benefits will drastically affect how its management team perceives your practice's value.

Fully Insured Plans

Similar to standard insurance policies where the carrier assumes all the risk, fully insured plans place each organization in a pool with other businesses who share risk. Even if an organization doesn't have major claims or its workforce is relatively healthy, the employer may still experience higher-than-average cost increases due to the trends of other organizations in the pool.

The good thing about a fully insured plan is that employers automatically know the cost of their premiums, which makes budgeting easier. However, if a fully insured employer implements DPC for its workforce, the employer may not see a decrease in premiums the following year, even if the claim spend is less, since it's sharing the risk with other employers.

Under this type of model, brokers are paid a commission by insurance companies, and insurance companies are reluctant to share detailed claims data with fully insured employer groups, which can make it hard for employers to track employee health information.

Self-funded Plans

If an employer group is large enough and the population is relatively healthy, there may be savings available through self-funding. With self-funding, an employer group hires an insurance company or a third-party administrator (TPA) to do all of the back-end work of insurance. The group sets up a bank account and deposits the money that it anticipates will be the claim spend. When a claim is received, the insurance company or TPA pays it and then deducts that amount from the employer's bank account.

To avoid the risk of catastrophic claims, many groups opt to purchase a re-insurance policy. If the employer is able to keep costs low through a healthy workforce that seeks regular preventive care and avoids high cost services, it can save money. DPC, which strongly promotes these behaviors, can in turn reduce these costs for the employer.

Under this model, insurance companies are required to share claims data with self-funded employers, and brokers are also typically paid a commission on these plans.

Level-funded Plans

Level-funded plans are similar to self-funded plans but on a much smaller level. Typically, level-funding is a self-funded product offered by an insurance carrier who shares a portion of savings with the employer. This is a great solution for a company with 50-200 employees that is looking to move closer to a self-funded plan. However, it may not be suitable for organizations with unhealthy workforces or high claims that can increase costs. As with self-funded plans, DPC can provide significant savings. Many insurers realize the potential savings DPC provides and therefore offer lower premiums for employers participating in DPC.

Cost Containment Programs

In addition to funding mechanisms, there are several cost containment programs offered by insurance companies, TPAs and vendors, including:

- **Reference-based pricing** - With reference-based pricing, a patient contacts his or her TPA before seeking medical services like imaging, surgeries or hospitalizations. The TPA then contacts the healthcare provider and attempts to proactively negotiate a rate for the service, which is typically a set percentage of Medicare pricing. If the amount is not acceptable or if the patient fails to contact the TPA to negotiate pricing before the service is rendered, the patient may be caught in the middle until all parties have agreed on an acceptable reimbursement amount.
- **Direct contracting** - In direct contracting, a TPA or broker assists the employer in negotiating rates directly with a healthcare system. If the employer is large enough, the healthcare system may be willing to offer a discount to ensure all care is rendered by providers in its healthcare system. The payer, either an insurance company or a TPA, then pays the claims according to the direct agreement made between the employer and the healthcare organization.
- **Narrow networks** - In a narrow network, there is an out-of-pocket cost incentive for patients to select providers on the top tier. Healthcare providers in the next tier are also considered in network, but patients are required to pay more out-of-pocket expenses. The bottom tier includes providers who are out-of-network and are therefore the least affordable for patients.
- **Care coordination programs** - Some brokers employ third-party care coordination programs to help reduce costs. The mechanics vary among programs, but the overall goal is to have a third party intervene before a patient receives a healthcare service. The third party works with the patient to determine if the service is truly necessary and where it can be performed at the lowest cost.

Whether a company's health benefits program is "self-funded" or "fully insured" will often be the most important factor in determining your ability to attract its leadership, so it's critical to understand the difference. Self-funded companies typically see value more easily in the DPC model than fully insured organizations do. Therefore, your sales pitch to a business that is paying premiums for the insurance company to hold the risk will be completely different than a sales pitch to a business that holds the risk where claims are paid out of the company's own account. By understanding these variances, you'll be more equipped to tailor your approach and close deals with employer groups.

Marketing Your DPC Practice

Once you've identified the best employer targets for your practice and understand how they purchase insurance for their employees, the next step is to engage with them. Finding all the employers in the world won't help if you can't get in front of their decision-makers and pitch your plan effectively.

The following strategies can help you market your DPC practice:

- **Focus on nurturing long-term relationships –** There are many decisions-makers involved in determining benefits for a specific employer. As a result, the sales cycle can be long and tedious. It can take up to 18 months to close a deal, but it's important to remain patient. It may take time for an employer to understand the value that your DPC practice can bring to its organization. While some employers may say "yes" right away, others may require long-term nurturing, and you may even get denied along the way.
- **Don't just wing it –** Make sure you're prepared for a sales meeting by preparing an outline ahead of time. Knowing what you're going to say can help you sound more polished and professional as well as ensure you cover all key points to close a deal. It's also important to tailor your sales pitch to the type of employer you're speaking with in order to engage effectively and increase your chances of success. (Refer to the section, "Understanding How Businesses Purchase Insurance," for more information.)
- **Narrow your focus –** Consider focusing on two or three services that your DPC practice does really well and then highlight them. Establishing verticals early on is an effective way to grow your practice and makes it easier to present case studies to potential employers, especially if they're similar to existing clients.
- **Leverage the power of data –** Data is key to building a comprehensive analytics infrastructure and helps your DPC practice tell its story. Track as much data as possible and compile case studies, white papers and other detailed pieces to help communicate your value. These resources can lend credibility to brokers and CFOs, who look to data to support decision-making.

- **Automate repetitive tasks –** Because the sales cycle can be long, it's a good idea to automate tasks when possible. Consider using LinkedIn's advanced search tools and Google alerts to notify your team of potential leads. You may also want to batch email sequences for prospects so you don't have to write separate emails for each contact.

- **Invest in a good CRM system –** Building relationships with employers doesn't have to be a manual and time-consuming process. By investing in a customer relationship management (CRM) system, you can also automate, streamline and reduce the amount of daily work you have on your plate.

- **Establish relationships with brokers –** In today's world insurance brokers have strong influence on the way employers purchase healthcare coverage. In order to effectively implement DPC with employer plans, it's important to foster good relationships with brokers and advisors. Try to find a DPC champion at all the major broker shops in your area and attend as many enrollment meetings as possible, regardless of how DPC is being rolled out.

> ***A successful enrollment is 20-30% in Year One. A poor enrollment is 1-5% in Year One. If employees are expected to pay for DPC on top of existing insurance premiums, you can expect very few enrollees. Brokers need to build DPC into their plan designs in order to get the most people to sign up.***

As a DPC provider, you know why the innovative healthcare model is attractive, but many employers do not. As a result, it's important to articulate the ways in which your practice can provide value to a patient population and how that value varies with the employer's health insurance funding mechanism. By utilizing the strategies above, you'll be more likely to get in front of the right employers and close deals.

Incorporating Discounted Cash Pricing

Frequently, DPC is offered alongside high deductible health plans (HDHPs). With a HDHP, the patient is responsible for first dollar healthcare coverage up to the deductible. DPC attempts to provide as many services as possible as part of the membership fee, lowering out-of-pocket costs for patients.

Options for discounted cash pricing include:

- **Best in Class Care** – This platform enables employers and individuals to find services and procedures at bundled pricing. For example, instead of receiving three different bills from a surgeon, hospital and anesthesiologist for a procedure for an unforeseen amount, the price is communicated upfront and paid to one entity. This type of transparency offers tremendous savings for patients and employers.
- **Imaging** – Free-standing imaging centers often offer cash prices for imaging studies. The images are taken on the same machines and read by the same radiologists as those paid through insurance. The prices are typically much lower than what is billed to insurance and subsequently the patient's responsibility under a high deductible health plan.
- **Chiropractic Care, Physical Therapy, Optometry, Dentistry and Durable Medical Equipment** – Typically, submitting claims to insurance companies for specialty services requires an extraordinary amount of time and resources. If a patient pays in full with cash at the time of service, a provider can drastically reduce its overhead expenses and administrative fees. Therefore, many specialty providers are willing to offer cash pricing at the time of service in order to spend more time caring for patients and less time dealing with paperwork.

Bundling cash pricing with DPC is a viable option for cost-conscious employers. Strada Healthcare recognizes the value of affordable healthcare and offers cash pricing for popular services, such imaging, chiropractic care, physical therapy and more. Although these services are typically outside the scope of DPC, they play an important role in keeping patients healthy.

Positioning Your DPC Practice for Success

Most small businesses today spend approximately 8-18% more than large companies for the same health insurance plans. As healthcare costs continue to rise and employers increasingly seek more cost-effective options, you have an opportunity to position your practice as a resource in your community. By understanding how businesses purchase insurance, clearly communicating your value through data analytics and strategic marketing tactics, as well as incorporating discounted cash pricing, you'll be better positioned for success.

About Strada Healthcare

In 2016, a physician in Nebraska got sick of dealing with insurance paperwork every time he saw a patient. He thought, "Healthcare shouldn't be this confusing; why can't patients just pay me directly when I see them?" Turns out, that model wasn't legal at the time. So he contacted his State Senator and said, "I want to change a law so people can pay me directly and not worry about copays or insurance. This way, doctors can practice preventative medicine instead of spending their time billing insurance." In a few months, the law was changed. Eureka! Strada Healthcare was born.

About KPI Ninja

KPI Ninja is a data analytics company that helps healthcare organizations accelerate their quality, safety, and financial goals with a unique combination of software and service. We are differentiated by our signature mix of technology, performance management consulting and healthcare expertise. We don't merely offer software solutions but work shoulder to shoulder with clients to help them draw on the power of analytics and continuous improvement methodologies to become more efficient. In harmony with our data-centered ethos, we truly believe that our success is strongly co-related with yours.

www.kpininja.com | +1 (402) 419-0906
stradahealthcare.com | +1 (402) 401-4404