

WHITEPAPER

Bringing Primary Care to the Factory Floor





The Situation

The COVID-19 pandemic has thrown open the gates for direct primary care providers to step in and grow their footprint as patients seek more accessibility and employer interest in partnering with local health systems grows as these payors are increasingly focused on reducing healthcare costs. By providing centralized services, value-based versus fee-for-service care in a simple pricing model, the opportunity for hospital leadership to move the primary care perimeter to the factory floor has never been greater. By emulating the business model of successful innovators, health systems can leverage their brand, service competency and community clout to establish a market dominance.

Paladina Health

One company offering direct primary care is Paladina Health. Paladina Health has taken advantage of the pandemic by providing on-site clinics to employers who are seeking clinical guidance on battling COVID-19 and ensuring employee safety as they return to the workplace. In a short period of time, Paladina Health has grown their client base to 140 employers that includes labor unions, school districts and government agencies.¹

Paladina Health targets consumers, employers and physicians with the promise to deliver the following:

- Employers: Improved employee health, a reduction in healthcare spend and an attractive PMPM cost structure built within the health benefit plan.
- Consumers: Increased access to care on-site, higher satisfaction scores and affordable, convenient care that is available 24/7.
- Physicians: A shift from fee-for-service that will allow a visit with a patient to average 30-45 minutes versus 7-10 minutes, and a less stressful practice with similar reimbursement.²

One Medical

Another direct primary care provider making headway is One Medical. One Medical operates in nine states and provides on-site clinics for employers. The company boasts a low membership fee and works with most major insurance plans. One Medical targets employers by offering to build customized clinics that meet the unique needs of each employer. The company says that their model has reduced cost-of-care by 8% for their clients.³

One Medical promises consumers 24/7 access, same day or next day appointments, and longer visits with their provider. The company filed an IPO in January 2020 with plans for rapid growth and now has over 7,000 employers on their client roster.

The Challenge

The Centers for Medicare and Medicaid Services (CMS) says that national healthcare spending will reach \$4.01 trillion by the end of 2020 and \$6.19 trillion by the end of 2028.

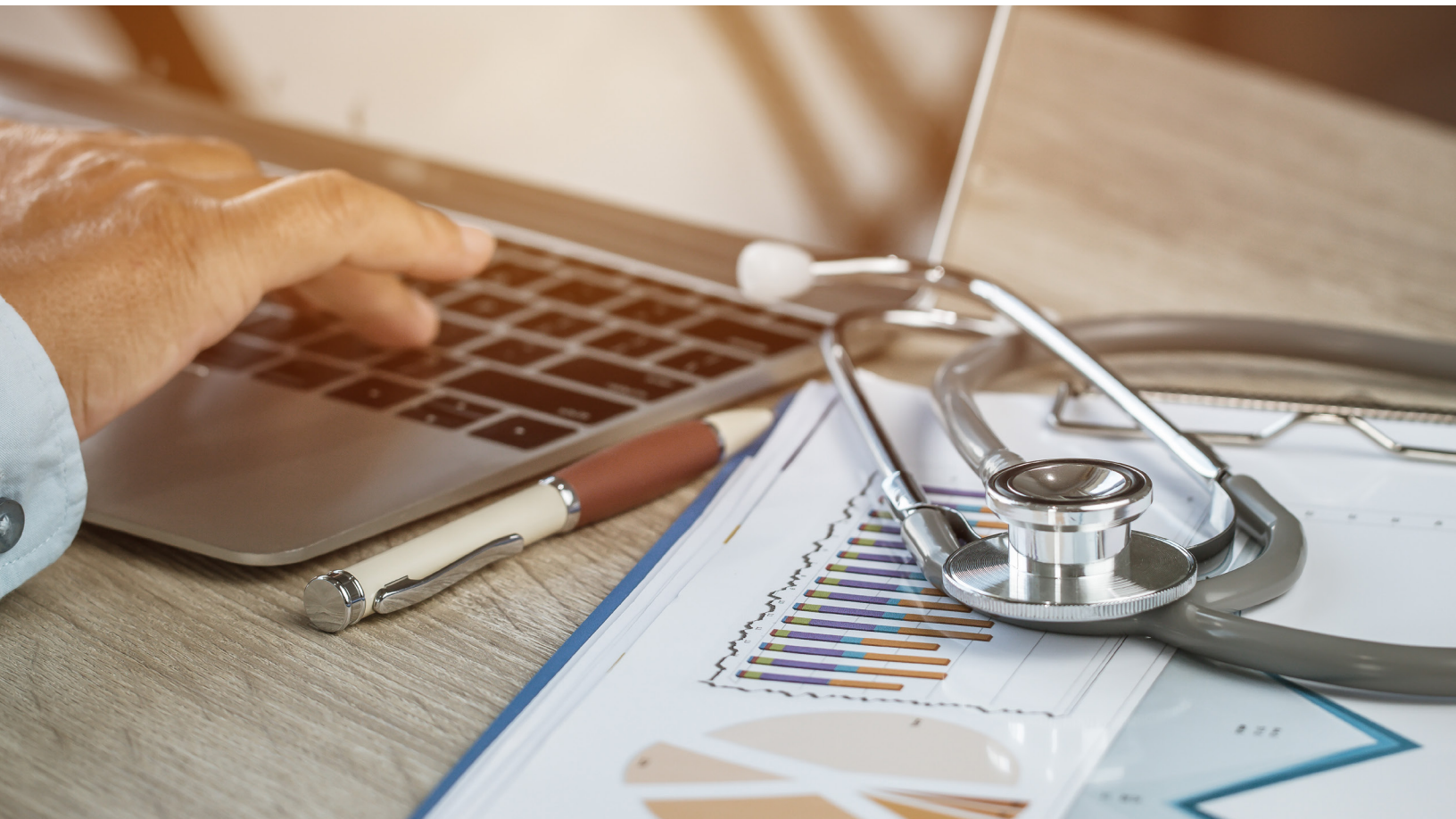
These numbers are why direct primary care companies are starting to expand and why new ones are jumping into the market. These savvy companies and their investors know that healthcare isn't going away, and the dollars spent will continue to increase annually, especially with an aging population. And, with \$1.6 trillion dollars in dry power sitting in the coffers of venture capital and private equity firms, business models like direct primary care are a target for investors looking for an expanding market and highly profitable business opportunity.

According to the Direct Primary Care Coalition, close to 1,200 direct primary care practices have entered the market since 2009 and are relied on by employers, unions and health plans who are looking to improve overall health and reduce costs. In fact, employers have reported reductions in healthcare costs of 20% by engaging direct primary care providers.⁵

Direct primary care models are attracting employers with promises of providing the following:

- Less unnecessary care, resulting in reduced healthcare spend.
- Less employee absenteeism.
- A healthier employee population.
- A more robust healthcare benefit resulting in reduced turnover.
- Decreased utilization among perceived higher cost of care locations like hospitals.

Direct primary care targets the commercial market by providing more personalized care and increased access to providers. Healthcare claims are reduced as employees receive the primary and preventive care that they need, thereby reducing healthcare costs for the employer. They also spend less time away from work with health issues and provider visits. Direct primary care encourages employees to address health problems before they become chronic issues. Additionally, the direct primary care model is an attractive health benefit for potential talent and serves as recruiting tools for employers.



The Opportunity

Hospitals and health systems have the services, products, partnerships and physicians that would allow them to easily pivot to a direct primary care model. These entities can remodel primary care offerings to reflect the convenience, accessibility and personalized care that is being offered by companies such as Paladina Health and One Medical.

Employers are seeking ways to improve the health of their workforce while also keeping a close eye on costs. Hospitals and health systems that deploy a direct primary care model can keep employees healthier by offering better access to care and incentivizing them to address health issues more efficiently. Direct primary care also provides a clearer picture into healthcare costs and where cost savings can occur. Employers may also be drawn to a health system that sends a provider to staff an on-site clinic, further increasing accessibility, reducing employee absenteeism and reducing delays in care. On-site clinics are also beneficial to employers who are seeking clinical guidance on handling COVID-19 and keeping employees safe.

- **Preventive Care:** Because of the pandemic, preventive care declined rapidly, including a 60% drop in vaccinations and a reduction in invasive preventive procedures. Colonoscopies are down 33% and mammograms are down 23%.⁶ While provider visits are continuing to increase, they are nowhere near the levels they have been in recent years. This presents an opportunity to provide preventive services to those who have been delaying care by utilizing a direct primary care strategy. Hospitals and health systems can provide preventive care by making services more accessible and meeting employees where they are. This is also beneficial to employers who have their eye on healthcare costs as it is estimated that preventive care can save employers between \$89 and \$111 billion annually.⁷
- **Caring for Chronic Conditions:** Chronic conditions affect a significant portion of the population and thereby are the biggest factor in driving up healthcare costs for employers. According to the United Health Foundation's annual rankings report, long-term challenges in obesity, diabetes and cardiovascular disease are having a significant impact on the population. More than 30% of adults in the U.S. are obese and diabetes is at the highest level in the report's history, affecting 10.9% of the population.⁸

As direct primary care is focused on interventions for patients with chronic conditions, hospitals and health systems that roll out a direct primary care model can help ensure these high-risk employees receive consistent and effective medical attention. Providing interventions to those with chronic conditions will allow providers to address medical issues before they require elevated levels of care, such as hospitalization.

Direct primary care can also help reduce costs for employers as an employee with multiple chronic conditions can cost \$10,380 annually.⁹ Employees receive the care they need when and where they need it, and employers see reduced healthcare claims and absenteeism due to early interventions.

- **Value-Based Care:** A shift to value-based care plays a big role in improving patient outcomes. A recent study has shown that providers deliver higher quality care in value-based models versus fee-for-service models. Patients that were treated by providers in a value-based care model were screened at higher rates for cancer, demonstrated higher control levels of blood sugar, were given more eye exams for diabetes and received medication reviews more frequently.¹⁰ By providing value-based care, these patients not only achieved better outcomes, but they were provided preventive care that kept them from more costly medical treatments, such as hospitalization.

Hospitals and health systems can achieve this by offering some of the benefits of the direct primary care model, including:

- o Reducing administrative tasks that are time consuming and burdensome to providers and their staff.
- o Allowing more time to be spent with patients in order to provide better care coordination and an improved provider-patient relationship.
- o Providing access to advanced technologies that reduce tasks and improve patient health, especially telehealth technology.
- o Direct primary care supports productive referral patterns and more efficiently guides favorably insured consumers to the practices of aligned physicians.

Adopting a direct primary care model will allow hospitals and health systems to deliver care where it is needed the most: preventive and chronic condition care. This will not only improve employee health, it will also reduce healthcare costs for employers.

The Solution

Employers who work directly with a hospital or health system will better understand the health of their employees using technology and resources that can help identify high-risk populations. Employers will be able to utilize analytics to determine which employees are delaying care and not taking medications, allowing them to deploy health system interventions earlier. A focus on primary care interventions is especially important to employers as they look to reduce escalating healthcare costs and maintain employee health. It also helps drive revenue for hospitals and enhance their payor mix.

- **Strategy Development:** Applied Health Analytics personnel audit existing commercial market initiatives and provide a thorough internal and external review. The team provides system-specific recommendations for the structure, resources, budgets and tools needed to implement a strategy that fulfills the population health demands of local employers and supports the revenue interests of the hospital or health system.
- **Care Coordination:** The risk-stratification engine identifies individuals by health risks, behavior change needs, health history or gaps in care and targets these individuals to promote health system services, products, partnerships and PCPs. Key to any successful strategy is the ability to mitigate health risk by aligning such risk with the resources of providers and hospitals. And, an effective care coordination strategy is key to delivering direct primary care.
- **Technology:** Applied Health Analytics' offers a proprietary suite of software applications that provide robust data analytics, member engagement, program management, care coordination, incentive management, outcome reporting and data interoperability, all within a single platform. Applied Health Analytics' technology optimizes the collection and analysis of data to identify risk, manage wellbeing initiatives, optimize workflow and mitigate risk while driving health system revenue and enhancing payor mix. This will allow hospitals and health systems to effectively capture, measure and interpret data from patients utilizing direct primary care.
- **Early Detection:** Two of the easiest ways to uncover underlying health conditions are through biometric screenings and health risk assessments (HRAs). These methods provide test results, uncover family histories and identify behaviors that are indicative of a chronic condition. There are tools that can help in the assessment of this data, including bMetrix™, a screening application that allows for the seamless collection and recording of biometric data. Screenings can detect the presence and onset of chronic conditions such as diabetes, heart disease and other issues that have a significant impact on employee health and employer healthcare costs. These tactics allow employers to identify high-risk individuals who could benefit from direct primary care.

About Applied Health Analytics

Founded in 2009, Nashville-based Applied Health Analytics, LLC provides a range of analytics, technology and services to hospitals and health systems that support population health, value-based care arrangements, employer-centric strategies and risk-based contracting. Applied Health Analytics, a joint-venture partner with Vanderbilt University Medical Center and Charlotte, North Carolina-based Atrium Health, empowers hospitals and health systems to administer programs that influence a positive payor mix, reduce health benefit costs, improve quality outcomes and manage patient health.

For more information, visit appliedhealth.net.

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