



POLICY BRIEF

ALASKA
POLICY FORUM

Protect Direct Primary Care

To Increase Access to and Quality of Health Care while Reducing Costs

It's well known that Alaska has very high health-care costs that don't respond to normal market pressures.¹ One primary reason is because most health care in Alaska, as well as the rest of the nation, does not exist within a free-market system. Rather than a direct doctor-to-patient relationship, health care is a confusing mess of third parties such as insurance companies, the government, and pharmaceutical companies. As a result, not only is the true cost of health care disguised, but trusting relationships between providers and patients are practically nonexistent. Our current healthcare system is a vast machine of third-party payers, pre-approvals, government regulations, networks, and reimbursements. One solution to remove the mess of third parties from healthcare, which ultimately lowers costs, is direct primary care (DPC).

DPC is an exception to the current healthcare system—as a relatively new and fast-growing model that could address high health-care costs, it does not adhere to the fee-for-service model of health care and insurance to which most Alaskans are accustomed. With DPC, patients pay a recurring, reasonable, fixed monthly fee directly to the provider for all or most primary care services, including extended visits, clinical and laboratory services, consultative services, care coordination with other doctors, and comprehensive health management. The monthly amount for adults is usually about the price of the average cell phone bill depending on the doctor, the area, and sometimes the patient's age (often less for children, and some have family pricing).² There are no deductibles and usually no co-pays. It's not insurance however, and patients are usually encouraged to have some sort of catastrophic insurance coverage for emergencies.

Doing away with transaction-based health services and third parties can have a tremendous impact on overall costs. The Heritage Foundation notes that 40 cents of every dollar of traditional primary care spending goes to insurance-related costs rather than to patient benefits.³ In hospitals, the “mark-up” because of middlemen can be even higher. In today’s system, the true cost of health care services is inflated by administrative costs, paperwork, and regulation.

For patients, DPC is a great alternative to one-size-fits-all insurance plans because it saves money, offers transparent pricing, increases provider access (often includes unlimited visits), and improves health outcomes.⁴ DPC is often a more affordable option because it cuts out the middlemen, allowing patients to pay their physicians directly. DPC also enhances patients’ experiences, as they normally have unrestricted access to their doctors, have short or no wait times for appointments, and have longer appointments to truly build relationships with their providers. Often, doctors even provide their cell phone numbers, so patients can call and text them directly. All of these factors lead to better health overall, as patients are able to have

long-term, preventative care rather than reactive care only when health problems occur.

Providers like DPC because they can deliver much more thorough medical care—no longer must they spend their working hours dealing with insurance billing administration and paperwork.⁵ Because providers are not operating under the dictates of what insurance will or won’t cover, doctor-patient relationships often become much more personalized. Additionally, since DPC patients generally have full and direct access to their providers, doctors are incentivized to keep their patients healthy. DPC restores the heart of the physician-patient relationship, without involvement of the government or insurance companies.

Another benefit is that DPC does not have to be paid entirely out of pocket by patients. In some states, employers and unions pay for employee DPC access rather than fee-for-service insurance.⁶ This is particularly beneficial for small businesses that cannot afford to offer traditional group insurance. New models are also being discussed whereby Medicaid would provide vouchers for DPC monthly fees, rather than reimbursing providers per service.⁷

¹ Benedic Ippolito, *Controlling Health Care Costs in Alaska*, Alaska Policy Forum, June 30, 2020, <http://alaskapolicyforum.org/wp-content/uploads/2020-06-30-APF-Health-Care-Costs-in-AK.pdf>.

² “What is Direct Primary Care?” DPC Nation, accessed September 15, 2020, <https://dpcnation.org/>.

³ Daniel McCorry, “Direct Primary Care: An Innovative Alternative to Conventional Health Insurance,” Heritage Foundation, August 6, 2014, <https://www.heritage.org/health-care-reform/report/direct-primary-care-innovative-alternative-conventional-health-insurance>.

⁴ “What is Direct Primary Care?” DPC Nation, accessed September 15, 2020, <https://dpcnation.org/>.

⁵ “Direct Primary Care,” American Academy of Family Physicians (AAFP), accessed September 15, 2020, <https://www.aafp.org/family-physician/practice-and-career/delivery-payment-models/direct-primary-care.html>.

⁶ Garrison Bliss, “An Open Letter to Congress,” Direct Primary Care Coalition (DPCC), October 20, 2019, <https://www.dpcare.org/>.

⁷ “Direct Primary Care,” Texas Public Policy Foundation, September 17, 2020, <https://www.texaspolicy.com/legedpc/>.

In 28 states, DPC is protected “as a medical service outside of state insurance regulation,” which saves money in a variety of ways.⁸ For example, protecting the DPC model in a state decreases the frequency of hospitalizations, cuts administrative costs because people aren’t filing “claims” to get care, and employers’ costs of providing health care to employees drops by

up to 20 percent.⁹ Alaska is one of the states which has not yet defined DPC as “not being insurance,” so it’s risky for providers. Alaska policymakers should be using all the tools in their toolbox to drive down costs and increase access and quality of care. By protecting DPC, Alaska can do all of these things.

About Alaska Policy Forum

Alaska Policy Forum (APF) is a 501(c)(3) nonprofit, nonpartisan think tank dedicated to empowering and educating Alaskans and policymakers by promoting policies that grow freedom for all. Our vision is an Alaska that continuously grows prosperity by maximizing individual opportunities and freedom. APF does not accept any form of government funding.

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⁸ “Direct Primary Care,” Texas Public Policy Foundation, September 17, 2020, <https://www.texaspolicy.com/legedpc/>.

⁹ Ibid.