



## **SIERRA NEVADA HOLISTIC SERVICES, LLC**

### **EMPLOYER-PAID DIRECT PRIMARY**

### **CARE EXPLAINED**

#### **What is Direct Primary Care?**

**Direct Primary Care (DPC)** is a different way of paying for primary medical care services. It involves paying the medical provider on a flat-fee, recurring basis. By moving away from the fee-for-service or insurance model, DPC providers have more flexibility to take care of patients in ways that are more convenient, more thorough, and more gratifying for all. **Sierra Nevada Holistic Services (SNVHS)**

offers a DPC program designed for employers to ensure their employees have access to enhanced primary care services.

#### **Why DPC?**

SNVHS offers a simple method of providing primary healthcare services using the DPC model of reimbursement that eliminates the cost of insurance processing and passes the savings along to the employer. Like traditional fee-for-service primary care, SNVHS provides for physicals, acute and chronic illness care, injuries as well as most other services sought from a regular doctor/provider. SNVHS works well for smaller companies and is particularly effective in lowering health care coverage cost for self-insured companies and/or those that pair DPC with high deductible or catastrophic health coverage plans. You may have heard of this model referred to as an on-site clinic or near-site clinic for employers.

#### **Direct Primary Care is not Concierge Medicine**

DPC and concierge medicine are rapidly growing models of primary care. Though the terms are used interchangeably, both are not the same. Concierge medicine is a paid subscription to access select primary care physicians 24-7. This access consists of same-day appointments, round-the-clock cell phone coverage, email and telemedicine service, and sometimes, house calls. Concierge doctors also bill insurance or Medicare for actual medical visits, as the monthly “access fee” is only for “non-covered” services. This results in two subscriptions paid by patients — the concierge medicine fee and the insurance premium.

DPC was created as an insurance-free model to serve a new patient population: the uninsured and under-insured. In DPC, patients and/or their employers are charged a monthly fee which covers specific services provided in the medical office, and there is typically no third-party payer (insurance) involvement. Consumers/employers pay the physician/provider directly (hence, DPC), and because the insurance “middle man” is removed from the equation, all the overhead costs associated with claims, coding, claim refiling, write-offs, billing staff, and claims-centric electronic medical record systems disappears. Thus, generating saving to the provider(s) and consumer/employers.

Confusion arises from the similarities that exist in both models, such as decreased patient panels, monthly subscriptions, and more time spent with patients. However, the distinction is important because DPC is explicitly mentioned in the Affordable Care Act (ACA), while concierge medicine is not, and therefore may qualify for tax and/or insurance deductible benefits.

### **It less expensive than insurance-based care**

Employers and groups save 20% to 40% on their overall benefit costs AND receive exceptional care. Employer direct care agreements are negotiated on an annual basis and costs are all specifically outlined up front.

Not only does DPC save money, but it allows your employees and their families to have convenient and generous access to a primary care provider. Employees enjoy prompt appointments, exceptional care, and easy utilization at SNVHS.

### **Fulfills health coverage requirements**

DPC does fulfill the health coverage requirement IF it is paired with major medical coverage for catastrophic situations. Health and Human Services Act 1301, number 3, governs qualified healthcare plans. Local insurance and benefit consultants can work with you to create a compliant plan which includes direct pay primary care. However, DPC is NOT insurance and should not be represented as such.

### **Key Requirements for Businesses in the Affordable Care Act?**

The Affordable Care Act (ACA also known as Obama Care) is a set of health insurance reforms that started in 2010. The ACA includes a variety of provisions that reform the insurance market to encourage small businesses to offer health insurance. Depending on whether you are self-employed, an employer with fewer than 25 employees, an employer with fewer than 50 employees, or an employer with 50 or more employees, different requirements of the ACA may apply to you.

Businesses with fewer than 50 full time equivalent employees are exempt from penalties (also known as the Employer Shared Responsibility Payment or "Play or Pay" penalty) faced by larger employers that do not offer coverage. However, employers who are close to reaching 50 full time equivalents are encouraged to closely monitor their workforce, as reaching the threshold and not offering health care coverage can result in steep penalties. If you're self-employed with no employees, you're not considered an employer.

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### **How does DPC benefit employers?**

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- Enhanced and increased employee access to personalized primary medical care
- Reduced absenteeism and increased presenteeism
- Increased morale and productivity; employees love personalized medical care and unhurried time with their provider
- Hiring benefit and reduced turnover costs

- Reduction in claims processing; eventual cost savings from over-utilization of diagnostics and facilities
- Proven to cut employer group health plan costs by 20 percent\*

### **How does DPC benefit employees?**

- Enhanced and increased access to primary care services
- Generally, 80 percent of needs can be covered by a primary care provider
- Emphasis on wellness and staying healthy
- Decreased number of hospitalizations
- Decreased total number of sick days
- Decreased number of ER visits
- Decreased number of hospital days
- Decreased specialty visits
- Increased productivity
- Decreased absenteeism

### **Company benefits with utilization of Sierra Nevada Holistic Services DPC?**

Whether insuring through a third-party health insurance company (by paying a flat insurance premium) or self-insuring (by paying employee medical charges directly and insuring for catastrophic expenses with stop-loss insurance), all employers want: 1) easy and quick access to healthcare for their employees to reduce employee dissatisfaction, 2) quality healthcare for their employees to reduce absenteeism and improve productivity, and 3) lower cost healthcare to reduce employer expense. The DPC model is uniquely suited to provide all three benefits. We can assist small and mid-sized businesses whom would like to offer health benefits to their employees despite not having large reserves. DPC helps to cut healthcare expenses and circumvent many of the stringent requirements of the ACA. We help employers offer a minimum of affordable primary care benefits to part-time employees, dependents, opted-out full-time employees, early retirees, and independent contractors, all of which keep the entire workforce healthy. We also offer Mindfulness, Wellness and Health Screening Programs (i.e., Metabolic Syndrome, Blood Pressure etc.) to employers of all sizes. Contact us directly to inquire about the offered Programs.

### **Creative way to finance the monthly fees**

- You could choose to pay our monthly fees for your employees. If you happen to be switching from a low-deductible plan to a high-deductible plan to reduce premiums, you could fund the DPC payments from premium savings.
- If you offer an HSA or HRA, you could redirect a portion of those funds to pay the monthly fees. The insurance and tax laws regarding the use of FSA and HSA funds are evolving in regard to DPC. Prior to the ACA, the monthly fee in a DPC practice was viewed in a similar way as an insurance premium. Since ACA specified that DPC providers are not insurance companies, individual State tax and insurance laws are evolving more slowly to clarify DPC. The Internal Revenue Service also has specifications regarding monthly fees and HSA funds. Consult with your accountant, insurance and/or tax professional about how to utilize

HSA/HRA/FSA funds for DPC services. It is your responsibility to make sure you are using these tax-advantaged accounts appropriately.

- You could choose to deduct the entire cost of our monthly fees from your employees' paychecks (pre-tax dollars for them).
  - You could choose to cost share the monthly fees with your employees by deducting their portion from their paychecks (still pre-tax dollars for them).
  - You could introduce our providers to your employees to allow them to sign up on their own individually, paying for our services out of their taxable income.
  - If you're currently self-insured, the DPC savings are generally greater than our monthly fees\*.
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#### REFERENCES (\*)

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## SIERRA NEVADA HOLISTIC SERVICES, LLC

### EMPLOYEE/CONSUMER DIRECT PRIMARY CARE EXPLAINED

Direct primary care is patient-centric healthcare that saves you time and money while improving your health. Direct primary care (DPC) providers have fewer patients, which means they're able to take the time to get to know you and your medical history. This results in more personalized care that focuses on:

- Quick resolution of acute problems**
- Effective management of chronic illnesses**
- Education and coaching around preventative health measures**

The unique nature of DPC does frequently presents many questions. In fact, the healthcare system has become so complex that the very simplicity of the DPC model is what makes it hard to understand. The following are some of the most common questions about DPC:

**I usually only see the doctor once or twice a year. Why can't I just pay cash when a visit is needed?**

You can pay cash fee-for-service just like traditional practice that does not accept insurance. However, the DPC model works to keep the costs down for everyone because everyone is paying every month. This allows the total membership to stay relatively low, which allows for the improved accessibility, enhanced appointments, and a provider who works with you.

**I have insurance. Why should I pay you a monthly membership fee?**

That is one of our favorite questions. As more and more people are discovering each year, especially under Obamacare and ACA plans, having insurance and having access to care are completely different. You are paying for the personalized service that is not available in regular fee-for-service practices, at a fraction of the cost of concierge practices. If your insurance has a high deductible (> \$10,000.00) plus co-pays, the fees you will have to pay out-of-pocket prior to the insurance kicking in can go towards getting access to a prescribing provider for your basic healthcare needs. SNVHS' DPC annual fees are generally less than the deductible of insurance plans.

**What happens when I need labs or x-rays, or if I need to go to an ER, specialist or hospital?**

Since DPC is NOT an insurance plan, you still need to carry insurance that covers you if you have a high-cost health event or need expensive tests. Whenever you need labs or x-rays, or if you have to go to an ER, specialist or hospital, you would use your insurance for those items. If you don't have insurance, I can help guide you to the providers/services that are least expensive; there are very affordable options for labs and x-rays for those who have no insurance. And your access to me can help ensure that you do not need costly urgent care

visits. I also have the time to discuss your care with specialists, and sometimes this can preclude the need to visit the specialist or have an expensive imaging study.

**I have Medicare. How can my membership actually save me money?**

Many Medicare patients may save more than the monthly fee to be a member in the practice, particularly if they are healthy and do not typically have to see specialists. Consider the following. Only Part A is required and covers you if you are hospitalized. Medicare Part B is voluntary, not required. Considering most supplements cost \$2400 to \$3600 per year, you will likely come out ahead. You can keep the amount you pay each month for your supplement, see me for most of your healthcare needs, and if you need to see a specialist or have diagnostic studies, you just pay the 20% out of pocket. For those who feel better having a supplement, you can choose a Plan F high deductible supplement. The premium is often less than \$100 per month, and you pay the deductible if you have to use it. If you have a good health year, you saved to be a member. If you have a bad health year, you just pay the Plan F deductible that you would have paid for the higher premium supplement anyway. The fees paid for DPC are NOT reimbursable by Medicare as our provider has opted-out of Medicare.

**What if I have Medicare? Since SNVHS is "opted out" of Medicare, how does that affect when I need to use my Medicare for other services?**

Our opting-out of Medicare has no effect on your Medicare coverage for all other providers who accept Medicare reimbursement. It is necessary for SNVHS to opt-out of Medicare so a private, monthly fee-based arrangement can be made with you. In fact, Medicare is the ideal complement to a DPC practice because you are covered for everything else outside of our services. SNVHS is approved to order labs, x-rays, home health services, DME, etc. for all Medicare patients; we just don't bill Medicare nor will they reimburse you for the DPC fees or services.

**What if I have a flexible spending account (FSA) or a healthcare spending account (HSA)? Can I use it to pay the monthly fee?**

If you offer an HSA or HRA, you could redirect a portion of those funds to pay the monthly fees. The insurance and tax laws regarding the use of FSA and HSA funds are evolving in regard to DPC. Prior to the ACA, the monthly fee in a DPC practice was viewed in a similar way as an insurance premium. Since ACA specified that DPC providers are not insurance companies, individual State tax and insurance laws are evolving more slowly to clarify DPC. The Internal Revenue Service also has specifications regarding monthly fees and HSA funds. Consult with your accountant, insurance and/or tax professional about how to utilize HSA/HRA/FSA funds for DPC services. It is your responsibility to make sure you are using these tax-advantaged accounts appropriately.

**If I already have a comprehensive insurance plan (PPO/HMO), what happens if I need to get prior approval for medications, x-rays, or specialty services?**

We are happy to get prior approval for any medications or diagnostic studies your insurance requires. However, as SNVHS is not an in-network physician/provider on any insurance plans. Thus, if your plan is an HMO that requires authorizations to be done only by in-network physicians, I would not be able to do this and you would need to see the primary care provider to whom you were assigned, and pay the office visit copay, in order to get an authorization.

SNVHS is not aware of any insurance plans that require medications to be prescribed by an in-network provider in order to be covered. If you have an HMO you should be sure to verify that. Plan requirements change every year.

We are happy to provide detailed superbills for you to work with your insurance company for reimbursement of fees/services. Keep in mind, that most often, reimbursement of this type is based on the out-of-network requirements of your insurance policy.

**What happens with immunizations? Especially for my children?**

Immunizations are not included as part of the monthly fee. All of the common adult immunizations are now offered at most local pharmacies and I would provide a prescription in order to have that done at the pharmacy. Some pediatric immunizations are now given at the pharmacy; the remainder are given at the local health department.

**Can the SNVHS providers still order tests and medications?**

Yes, laboratory tests, X-rays and other imaging studies can be ordered. The fees associated with the tests/imaging are generated by the hospitals or private facilities, which will bill your insurance directly. Prescriptions can still be written. Medication charges are billed to insurance by the pharmacy itself.

**Why are you offering DPC?**

We are looking for greater freedom in how we practice medicine and have been dissatisfied with the current insurance pay for service model. Time spent working with insurance companies can now be time spent focusing on patients. Due to our provider's holistic training and theories, our provider enjoys the benefit of being able to provide knowledge in the areas of prevention, herbal medicine, homeopathy, and nutrition.

**What should I do with my current insurance plan?**

DPC is not an insurance plan. You definitely need to have an Affordable Care Act certified insurance plan in place just in case there is a medical emergency. Financially, DPC is best paired with a catastrophic or high-deductible health care plan or a low-cost medical sharing plan. Always consult your insurance company or the Nevada State Insurance Commissioner for questions about insurance and DPC.