

Company touts monthly-fee primary care

On Stage Health seeks to entice practices to join direct-care delivery model

**By Kim Crompton
Of the Journal of Business**

Former physician group administrator and health-care consultant Brad Davis has started a company here to promote what are called "direct-care" arrangements between individuals and primary-care physicians, including general practitioners and internal-medicine doctors.

"This is not insurance, but rather a membership plan," Davis says.

He says he started his company, On Stage Health LLC, to capitalize on Washington state legislation enacted in 2007 that sets standards for direct-care delivery and creates what essentially is a "five-year experiment" to evaluate its effectiveness. For now, he is operating the company out of his home and is its only employee, but he hopes to grow it to the point that it needs its own leased office space and staff.

Under direct care, so named because it involves a direct relationship between a patient and a physician group, the patient—or an employer, on behalf of the patient—pays a flat, monthly fee for unlimited primary-care services. So far, four physician groups here have agreed to work with On Stage to offer direct care, with their fees currently ranging from \$29 to \$99 a month, Davis says, adding that he is negotiating with other practices. He's marketing the alternative health-care delivery method through his company's Web site, at www.OnStageHealth.com.

Patients don't pay co-payments or deductibles, aren't excluded from care due to pre-existing conditions or subjected to waiting periods, and can cancel their membership at any time, he says. No insurance plan is involved, although patients need to obtain separate insurance on their own if they want coverage for more costly or specialty medical services, he says.

Even with that separate additional coverage, for which deductibles and premiums vary widely, the combined cost still could be less than that for a conventional health plan, Davis says. A direct-care membership plan also can blend with a person's established health plan, such as to provide basic health services to an insured worker's dependents, he says. One of the advantages for employers who might want to pay employees' monthly direct-care fees is that there's no minimum number of employees who must agree to participate, he says.

"If they don't offer insurance now, this might be a consideration for them," Davis says. "This would give their employees access to the full array of primary care."

He says, "Physician groups like this because there's no claim forms, no coding, no billing for services," so a lot of the insurance-related cost drivers are removed. He adds, though, that he also is working with a number of insurance brokerages here and is offering to pay them a commission to help promote direct care as an option to their clients.

"I wanted to do something that would interact with the broker community, the physician community, and the business community," he says. "I want the insurance companies to have the overlay product. I want to fold them in. They very much are a part of this."

Davis says his company handles billings and collections, pays the brokers, and coordinates with the state Office of the Insurance Commissioner.

"I work for the (physician) groups. The groups offer this. That's how it works mechanically," he says.

The physician groups here that so far have agreed to participate in the direct-care membership arrangement are The Physicians Clinic of Spokane, The Doc-tors' Clinic, Spokane Internal Medicine, and Columbia Medical Associates, which collectively include more than 70 doctors, Davis says.

"What I like about the model we're developing is it doesn't require a physician group to give up all of the insured relationships," he says. "This strengthens primary care. This gives primary-care physicians a little more money. They're not going to become mega-rich on this, but it's a little more."

A recent report to the Legislature about direct-care services that the Insurance Commissioner's office issued says Washington state was "the birthplace of this health-care delivery approach," and that it still is a tiny part of the health-care scene, but is growing rapidly.

As of earlier this year, it says, there were just over 8,000 patients statewide enrolled in such arrangements, representing less than 0.1 percent of the overall population. It notes, though, that patient participation has nearly doubled from 4,700 patients in 2007.

In Spokane, Davis says Columbia Medical Associates separately has been offering similar direct care for some time. Also, a new Spokane Valley health-care clinic named Freedom Health Group Corp. is targeting uninsured and underinsured consumers who are willing to pay an annual membership fee of about \$700 in return for getting discounted services for primary and urgent care. Members have access to the clinic's nurse practitioners, who are able to write prescriptions, diagnose and treat illnesses, and provide preventive, primary, and urgent health-care services, said owner Rick Hansen.