

OUTSIDE LINES

PRIMARY CARE ACCESS POINTS: REDEFINED

My team at Strategy Advantage is in the middle of one of our strategic planning engagements, this one with a large physician group sorting through its past vs. its future and figuring out its path forward. So I'm thinking a lot about physicians, primary vs. specialty care, and the FFS vs. value-based balancing act. All of this reminded me of a [TIME Magazine article](#) last December that turns some of how we in healthcare have traditionally thought about our physician and health system strategies upside down. Where primary care offices are generally the typical "front doors" that provide access and downstream impact – and increasingly care management – relative to specialized services, the *TIME* article proposes that primary care and specialized care be disassembled into two distinctly different business lines.

According to the article, "Americans need more of the first (primary care) so they'll need less of the second (specialized care). And each requires a different business model. Primary care should be paid directly, because that's the easiest and most efficient way to purchase a service that everyone should be buying and using. By contrast, specialty care and hospitalizations – which would be covered by traditional insurance – are expenses we all prefer to



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avoid. Car insurance doesn't cover all oil changes, and homeowners' insurance doesn't cover house paint. So why should insurance pay for your annual checkup or your kids' strep swab?"

It's an intriguing concept, and one that is already starting to take shape amidst the concierge doctor / direct primary care movement (see more on this below) and with the large number of high-deductible insurance buyers who are experiencing and paying for primary vs. specialty care in different ways. Competitively, many of the innovators have clearly declared primary care as their arena, leaving the higher-cost and more complicated specialty care to hospitals and health systems. The innovators are the retail care winners, are dominating the virtual care race, and are shaping the big data, digital care future. So the strategic questions start with:

1. Do you fight for primary care and pre-primary care (i.e. what has now become "retail-ized" and virtualized) as key parts of your network of care?
2. Do you focus your core business on specialty care, and protect your primary care channels via strategic partnerships / relationships with others?
3. In either case, how should you expand your thinking about primary care to make sure you're ahead of – or at least in step with – the changes the innovators are churning?

These are interesting times in healthcare, calling for thinking that is a unique combination of the traditional and the completely unheard of.

Always look ahead,

A handwritten signature in black ink, appearing to read "Kevin Huang". The signature is written in a cursive, fluid style with some loops and flourishes.

NEWS ALERT! WHAT'S HAPPENED THIS WEEK

Many prominent health systems have made interesting primary care strategy moves in the last couple of years. For example, in 2012 Dignity Health acquired urgent care / occupational care firm U.S. HealthWorks, expanding its geographic reach into 21 states. Cedars-Sinai Health System in Los Angeles entered into an affiliation with One Medical Group, to expand its capture of healthcare consumers who are drawn to the more technology-driven, convenience-focused model. And just this past week, Providence Health and Walgreens announced a first-of-its-kind deal that will allow Providence to own and operate all of Walgreens' in-store healthcare clinics in Oregon and Washington. According to news accounts ([Modern Healthcare](#) and [Forbes](#) articles), this marks a twist in Walgreens' retail clinics strategy and advances a goal that is shared by both Providence and Walgreens to bring a more coordinated approach – along with one integrated EHR system – to healthcare services for people in the Pacific Northwest.

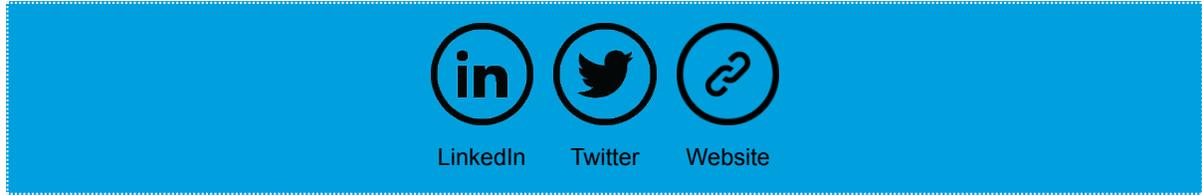
WHO WE'RE WATCHING

In the [TIME article](#) mentioned above, the authors featured one company in particular that has been leading primary care-focused business innovation since 2007. Qliance is a major player in the direct-primary-care (DPC) movement. Its founder, Dr. Garrison Bliss, invented the model, and he is chairman of the Direct Pay Primary Care Coalition (DPCC). According to the TIME article: “Dr. Garrison Bliss is shaking up how primary care medicine works ... There is a quiet experiment going on ... and the results are intriguing.” Recently, on August 15, Qliance announced a change in its strategy that will involve packaging its direct care model for employer-sponsored primary care. Qliance is one of dozens of companies profiled in ZIGZAG Healthcare, powered by Strategy Advantage. Our new online site is now live and open to new health system members. Check it out at www.zigzaghealthcare.com.

WHAT'S TRENDING

No doubt, you have heard about concierge care and are probably feeling the affects of this in your own communities as private physicians have added “concierge medicine” into their practices. Direct primary care (DPC) – like concierge medicine – is a form of healthcare in which patients pay monthly or annual membership fees in return for receiving ready access to, and more personalized services with, their physicians. Different from concierge medicine though – where patients pay a monthly or annual fee to the doctor and still bill their insurance for visits – DPC providers replace the need for insurance for primary care services. There are more than 5,000 direct primary care physicians nationwide (and growing), up from 750 in 2010 and 150 in 2005. Employers and patients who choose direct primary care also buy wrap-around catastrophic medical insurance that is typically less expensive than other policies because they cover only hospitalizations, surgeries, or other specialized care that are not provided by the direct primary care providers. Last year – in August 2014 – the Heritage Foundation [published a study](#) on the DPC movement, noting its early results and prospects for growth. This is a trend, we believe, that is worth

watching.



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