Written by **Bob Adelmann** on November 18, 2013

ObamaCare Driving Doctors and Patients to Direct Pay

UnitedHealth Group has dropped thousands of doctors from its networks due to falling reimbursements, leaving patients wondering what their options are. So are those physicians.

One of those physicians, Dr. Josh Umbehr in Wichita, Kansas, has opened his own "direct pay" practice as an answer to both. On his website he notes the following benefits for patients who are looking for alternatives to ObamaCare. For a small monthly fee, ranging from $10 a month (for children under 20) to $100 (for adults over 65), one becomes a member of his Atlas MD, and enjoys these benefits:

- Personalized care tailored to your comfort level.
- A physician who knows your story inside and out.
- The choice to be seen at our office or at your home (house calls….yep, we do that too!)
- The knowledge that you are one of only about 500 patients each physician is giving their attention to.
- Same-day scheduling with absolutely no wait and extended visits of an hour or more if you'd like.
- Quality time with your doctor; ask all the questions you want…we actually *want* you to!
- Your doctor's cell phone number. That's what we call around-the-clock service.
- Inexpensive and direct service. We work directly with you instead of hassling with insurance.

What's driving people to Dr. Umbehr's office is not only the increasing pressure on physicians to perform more duties in addition to practicing medicine and the resulting increasing declines to patient access, but also a little known provision in the Affordable Care Act (ACA): Section 1301 and amendment Section 10104. This allows practices such as Dr. Umbehr's to compete with traditional health insurance options under ObamaCare when they are combined with a high-deductible, lower premium plan designed to cover catastrophic medical costs.

What's invisible to Dr. Umbehr's patients, and others who use direct pay or direct primary care (DPC) practices, is that each of them is one of only about 500 or fewer patients the doctor is seeing, instead of being just one of 3,000 to 4,000 or more in the usual medical practice. It's win-win all around: The doctor can spend much more of his time seeing patients, and taking more time with each one, while the patient is able to get much quicker access to him and also closer personal attention from him.

Dr. Samir Qamar had a "concierge" practice in Monterey, California, where he charged a few very wealthy patients as much as $30,000 a month to keep him on retainer. But last year he changed his business model drastically, taking advantage of what he saw happening to healthcare in the United States. In an interview with Mary Pat Whaley, Qamar explained:

> I became obsessed with finding other models that would not necessitate daily high-volume traffic which, in my opinion, led to poorer quality care….
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> I wanted to design an affordable membership model for those [patients] with little or no health insurance…. I realized that this model [also] appealed to employers as well, and our company began to grown.

His company, MedLion, now has 16 offices located in five states, and is negotiating a contract with a large employer with 9,000 employees to open a facility close by to serve as its primary care physician. Qamar explained his "model":

> "Direct Primary Care" is when individuals or employers pay "directly" for "primary care." Because of this "direct" care, excessive overhead, such as insurance claim processing costs, prior authorizations, billing and coding, extra office space, and unnecessary staff is removed from the business equation.
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> The savings attained are passed on to the patients in the form of lower fees. Doctors are less dependent on third party payers, and end up working in the best interests of patients, not insurance companies…
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> Direct Primary Care is able to make primary care relatively affordable, and thus eliminate the need for costly insurance. Health insurance is reserved for rare, expensive events, like in all other industries…. [As a result] costs are driven down.

Just the costs of managing the paperwork involved in insurance claims, billing and obtaining approval for procedures can run up to 40 percent of a practice's revenues. It's a treadmill that the traditional physician finds himself on: running harder and harder just to stay in place. With ObamaCare, the treadmill is speeding up and many physicians are falling behind, leaving patients with more delays, poorer care, and a lower overall quality of medical care.

Business is so good for Scott Borden's Direct Pay Consulting business which helps doctors make the transition from traditional treadmill practices to direct pay that he is limiting himself to helping just 20 practices at a time. He is on the cutting edge of dissatisfaction with medical care in the United States, driven by at least three forces: decreasing reimbursements, more and more time spent writing letters and filing claims rather than practicing medicine, and increasing demand from more and more patients. What Borden is finding is that more and more people are willing to pay a little extra to get a lot more.

The potential market is large and could be immense. As ObamaCare falters and ultimately fails to cover the millions originally promised back in 2009, citizens will be more and more willing to pay a little more for direct access to a doctor who can now spend more time with them. When they are forced to buy insurance through one of the ObamaCare exchanges, the low-premium high-deductible plans will likely make the most sense. With a $5,000 annual deductible that most citizens might face, they will promptly discover that rather than paying that deductible out of pocket, it makes more economic sense to pay $100 a month or so to cover ordinary medical costs such as office visits, blood tests, urinalysis, and the like.

Last year there were an estimated 4,400 physicians who had already made that jump to direct pay, while current estimates place that number at more than 5,500 — an increase of 25 percent in just one year. But making that jump can be unnerving for the doctor, who could face a serious, although temporary, decline in his income. As Mary Pat Whaley asked Borden:

> Is it scary for physicians to take the "leap of faith" necessary to make the switchover from fee-for-service to Direct Payment Care?
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> **Borden**: Actually I think the scary option would be to remain in the current system allowing insurance companies and government bureaucrats to take over virtually every business and patient decision!
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> The primary expenses that go away are those related to coding and filing for payment from insurance providers and government agencies. Rarely are there any new expenses. For many practices, this can eliminate one or two clerical positions.

The largest market could be those already covered under Medicare. As fewer and fewer doctors are willing to take on new patients covered by Medicare, those eligible but unable to find a doctor might just be willing to go direct. In 2010 those enrolled in Medicare numbered 47.5 million.

Sean Parnell, the author of the soon-be-released *The Self-Pay Patient*, said:

> There's a very substantial free market in health care. Pretty much anything somebody might need in health care can be found in the free market.
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> It's not just about Lasik and plastic surgeries. The free market is functioning quite well and there is plenty of affordable health care.

Not only is the free market responding to the interventions of ObamaCare into the delivery of healthcare services in the country, it may also cause ObamaCare's demise. If enough of those forced to buy insurance through exchanges decide to opt out and "go direct," then all the actuarial assumptions insurance companies have been making to calculate their premiums go out the window. Insurance premiums will continue to increase, as will pressure to end ObamaCare.

Wouldn't it be the height of irony if history records that it was the free market in healthcare known as direct pay that ended socialized medicine in the United States?

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