

2021 FMMA Annual Conference

Direct Primary Care: the cornerstone of a new health care system

Adam Wheeler MD MBA, Co-founder and CEO Big Tree Medical



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Disclosures:

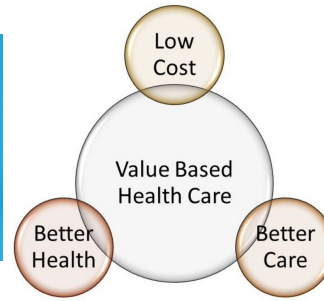
- Dr. Wheeler is a Co-founder of Big Tree Medical, a DPC clinic with physical clinics and virtual clinics in 36 states.
- Dr. Wheeler is a Co-founder of Maverick Health Benefits, an insurance agency, which also promotes health sharing communities like Sedera.
- Dr. Wheeler is a Co-founder of Renovation Health, a company that creates health care solutions for groups of all sizes.
- I over generalize.



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MEET TRACY AND A RURAL SCHOOL DISTRICT WITH BIG TREE

After-housing income spent on health care:

With health insurance alone: 32%

With Big Tree: 0%



	Contractual prices without Big Tree		
Endocrine	\$335 every 3 months	\$75—>\$0	\$16.67—>\$0
Cardiology	\$335 every 3 months	\$75—>\$0	\$16.67—>\$0
Primary Care	\$125 once a year	\$0	\$10.40—> \$52
Urgent Care	\$250 twice a year	\$40—>\$0	\$1.67—>\$0
Lab draws, diabetic supplies	\$115 every 3 months	\$18—>\$0	\$20.33—>\$7
3 oral blood pressure meds	\$145/month	\$50—>\$0	\$0.00
Oral diabetes and chol meds	\$47/month	\$20—>\$0	\$0.00
Jardiance	\$330/month	\$110—>\$0	\$220—>\$0
Total		\$388—>\$0	\$285—>\$59

APM FRAMEWORK

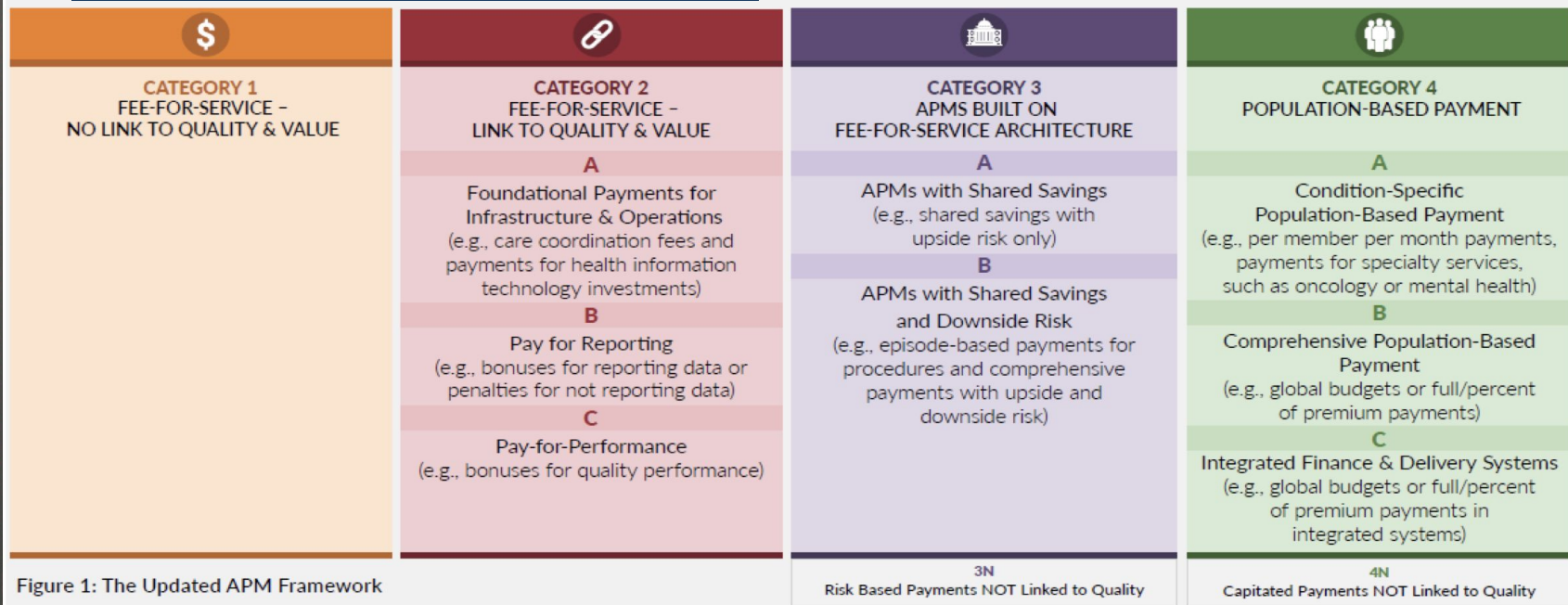
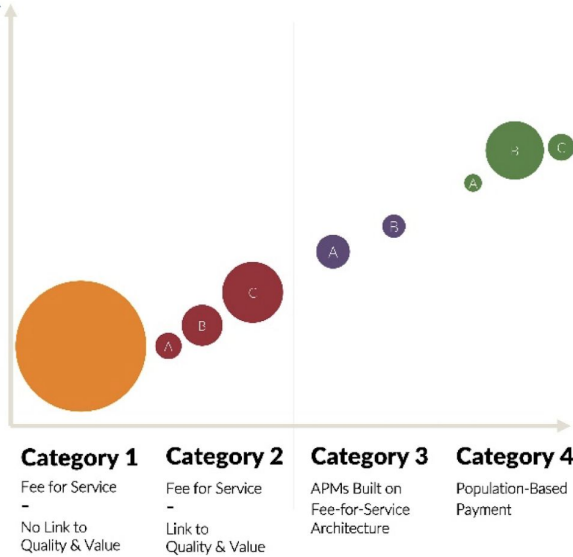


Figure 1: The Updated APM Framework

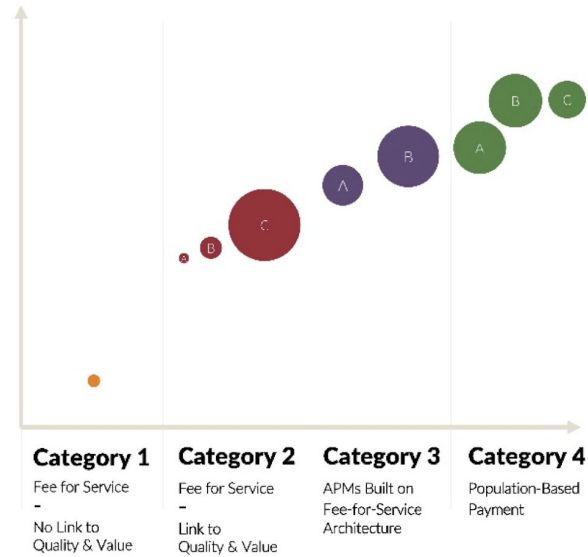
The Health Care Payment Learning & Action Network (LAN), Alternative Payment Model (APM) Framework, Updated July 2017



Current State



Future State



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HCP LAN
Health Care Payment Learning & Action Network

APM FRAMEWORK

Why move Right?

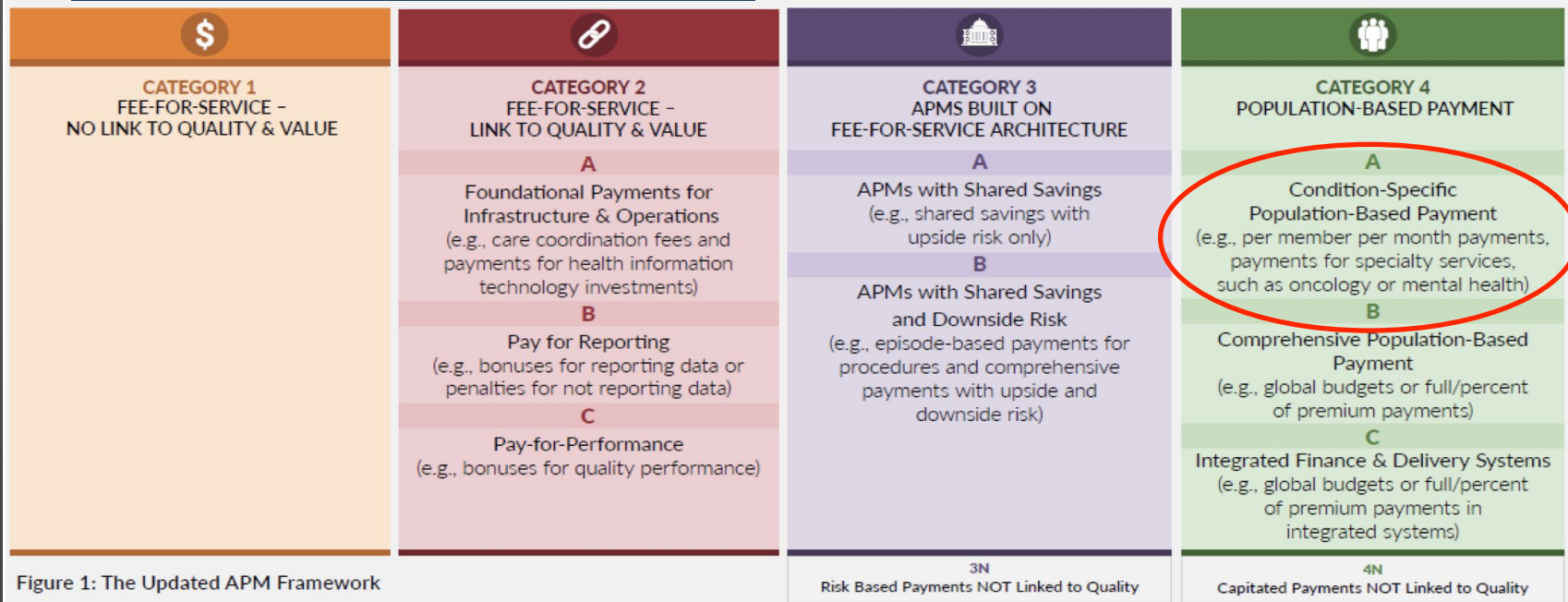


Figure 1: The Updated APM Framework

The Health Care Payment Learning & Action Network (LAN), Alternative Payment Model (APM) Framework, Updated July 2017

How DPC properly aligns incentives

- Paying for “visits” leads to:
 - Up coding
 - Increasing number of visits
 - Urgent care / Emergency Room dumping
 - Decreased quality of visits
 - “We can only address one problem today.”
 - Shorter visits
 - Market consolidation
- Paying for “relationships” leads to:
 - More time with patients
 - More continuity of care
 - Increased adoption of technology
 - Less travel time and waiting room time
 - Less clinician burnout
 - More conditions treated within primary care



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How do we create accountability?

Process Metric:

84% of diabetics
have had a
HgbA1c test in
the last 6 months.

Outcome Metric:

72% of diabetics
have a HgbA1c <
8.5%.

Patient-oriented Metric:

92% of diabetics
are happy with
their care.



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DPC as facilitator of specialized payment structures

Bundled payments for procedures

Direct Radiology contracts



Global pharmacy payments

Special programs for branded drugs

How?

Local DPC provider

Corporate DPC (Big Tree Medical, others)

Virtual DPC (Big Tree National, others?)

DPC aggregators

For more information, visit our booth in the exhibit area (note the free beer)

Or email adam@bigtreemedicalhome.com



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Free Market Innovation to the Rescue!

How entrepreneurial doctors are modernizing healthcare



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Is today's mess really a failure of the free market?

FREE MARKET HEALTHCARE

Thriving marketplace of clearly-priced care options, backed by wide variety of decentralized "insurance" options, personalized to each consumer

SINGLE GOVT PAYER

(Today)

*Highly regulated
3rd-party payer
system dominated
by govt & few
large corp's*

US Postal
Service of
Medicine



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Today's Takeaways

- Healthcare is a consumer service business. It must borrow successful innovation from other industries that deliver better value.
- Direct to consumer care delivers higher value at lower cost to consumers.
- Innovative business platforms are helping independent physician entrepreneurs thrive in direct care.
- A higher-value, free market healthcare system is emerging as an alternative, featuring lower prices, increased access and better quality.



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Healthcare is a consumer service business. What drives success in this space?

1. Key attributes

- a. Pricing clarity (and recurring revenue)
- b. Convenience of on-demand services
- c. Fully-focused on core deliverables

1. Key omissions

- a. No third-party payment
 - b. No hidden charges, surprise bills
 - c. No waiting (i.e. for an appointment or prior authorization)
 - d. No misalignment of interests
-



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Direct Care: what the free market demands

Consumers: on-demand care, advice, advocacy and medical guidance from a trusted expert for a clear price.

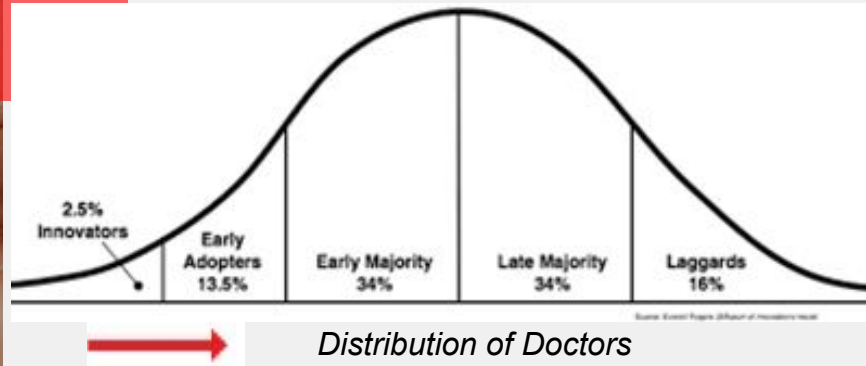
Doctors

- Unshackled from “practice by billing code”
- Time for follow-up activities outside the office (advocacy, advisory)
- Predictable revenue stream
- Manageable patient load
- Return to independent practice
- Complete alignment of interests



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So why the sluggish adoption, doctors?



Risk

1. Launch/Conversion risk
2. Business operational risk
3. Economic risk

Result?

Only the 'innovators' move

Need: innovation that defrays risk for entrepreneurial doctors, and illuminates a clear path to success.



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Solution: launchpad platform for physician entrepreneurs

Mitigates Launch/Conversion, Operational and Economic Risk

- 1.Choreographed, guided (and low stress!) 90-day launch sequence
- 2.Full-service operational support to help run the business on Day 1
- 3.Capital funding to support practice growth and provide minimum physician income
- 4.Marketing platform to drive predictable patient revenue growth
- 5.Expansion and succession assistance
- 6.Inclusion in community of like-minded independent doctors for mutual support



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FreedomDocSM Platform

1. Launch your dream, insurance-free practice in 90 days
 - Follow a choreographed launch sequence
 - Assistance at every step
 - Avoid the pitfalls and surprises which have plagued many practices who launched “DIY” on a checklist and a prayer
2. Full-service operational support to help run your business
 - Day 1 assistance with non-clinical elements of owning/running a business
 - Utilize best practices from successful consumer service businesses outside of healthcare



FreedomDoc Platform

3. Capital for launch expenses, overhead and physician income
 - Non-bank funding facility tailored to DPC practices' needs
 - Monthly draws on a pre-scripted schedule to grow your business and fully fund marketing/advertising
 - Provide steady physician income in the early “lean” months
 - Full repayment and exit in 24-36 months. Physician retains 100% ownership
4. Predictable revenue growth from proven marketing platform
 - Drive 15-30 new patient enrollments per month until panel is full
 - Diversify patient recruitment by drawing from both local consumer markets and employers
 - Professionally-staffed “sales” desk for inbound leads



FreedomDoc Platform

5. Assistance with expansion and succession planning

- Adding new partners
- Selling your practice

6. Security and inclusion in a widespread, mutually-supportive community of like-minded independent physicians

- Peer-to-peer support
- Strength in numbers
- Beyond primary care



Emergence of a free market alternative

Traditional insurance-driven system

1. Doctors must serve their hospital employers
a. PCP's are a feeder system for hospital referrals

1. Insurance is the primary currency used to purchase care
a. Doctors constrained by insurance-approved billing codes
b. Familiar barriers to care
i. Unknown pricing
ii. Narrow networks
iii. Inconvenient access

Alternative direct care system:

1. Doctors serve customers (patients)
a. PCP's act as patient advocates to navigate hospital/specialist care

2. Transparent pricing for everything (procedures, surgeries, medications, etc.)
a. No barriers to care: consumers free to shop around for best value
b. No limitations on care: innovation is welcomed

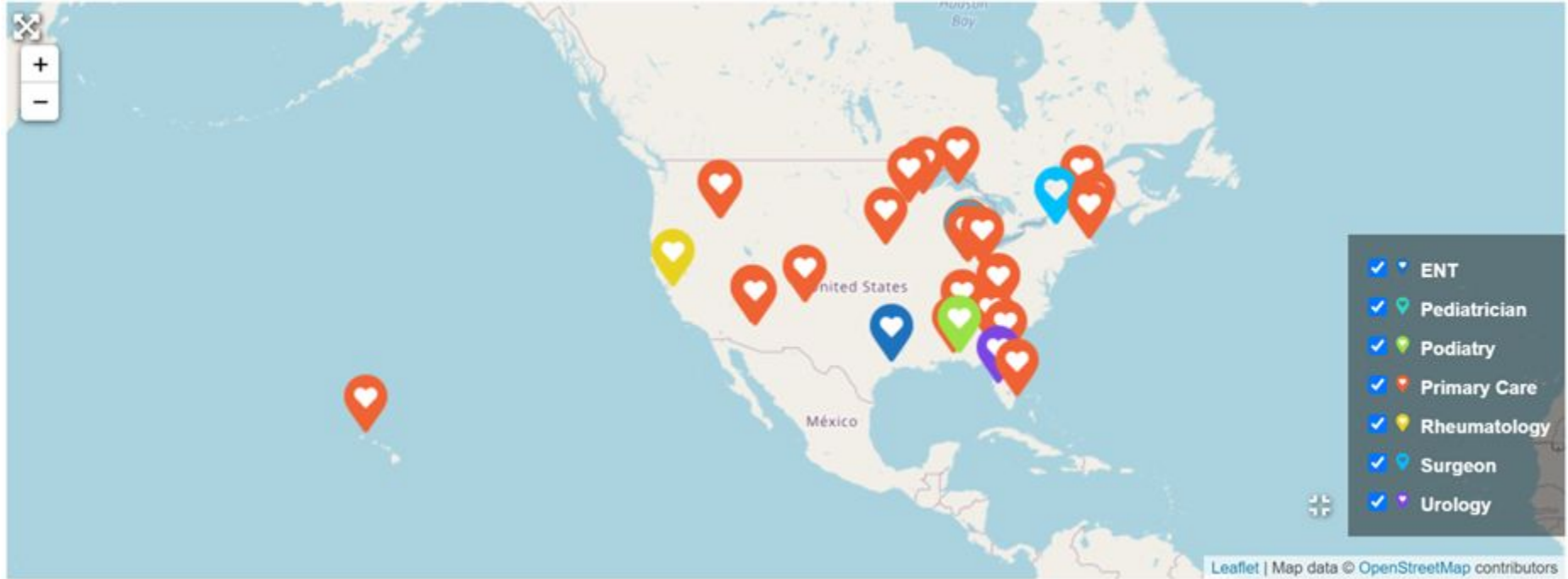
3. Insurance is a safeguard against expensive, catastrophic events

The Future



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FreedomDoc map: end-to-end free market ecosystem is becoming a reality



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**“You can always count on Americans
to do the right thing - after they’ve tried
everything else.”**

**Let’s give the free market a chance.
Entrepreneurial, direct care doctors are leading the
way.**



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Contact Information



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Lee S. Gross, MD

Case Study: DeSoto Memorial Hospital



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DMH

- DeSoto County, FL
- 49-bed rural hospital
- 4-star CMS hospital
- 2nd lowest median family income in FL
- 338 member self-funded plan



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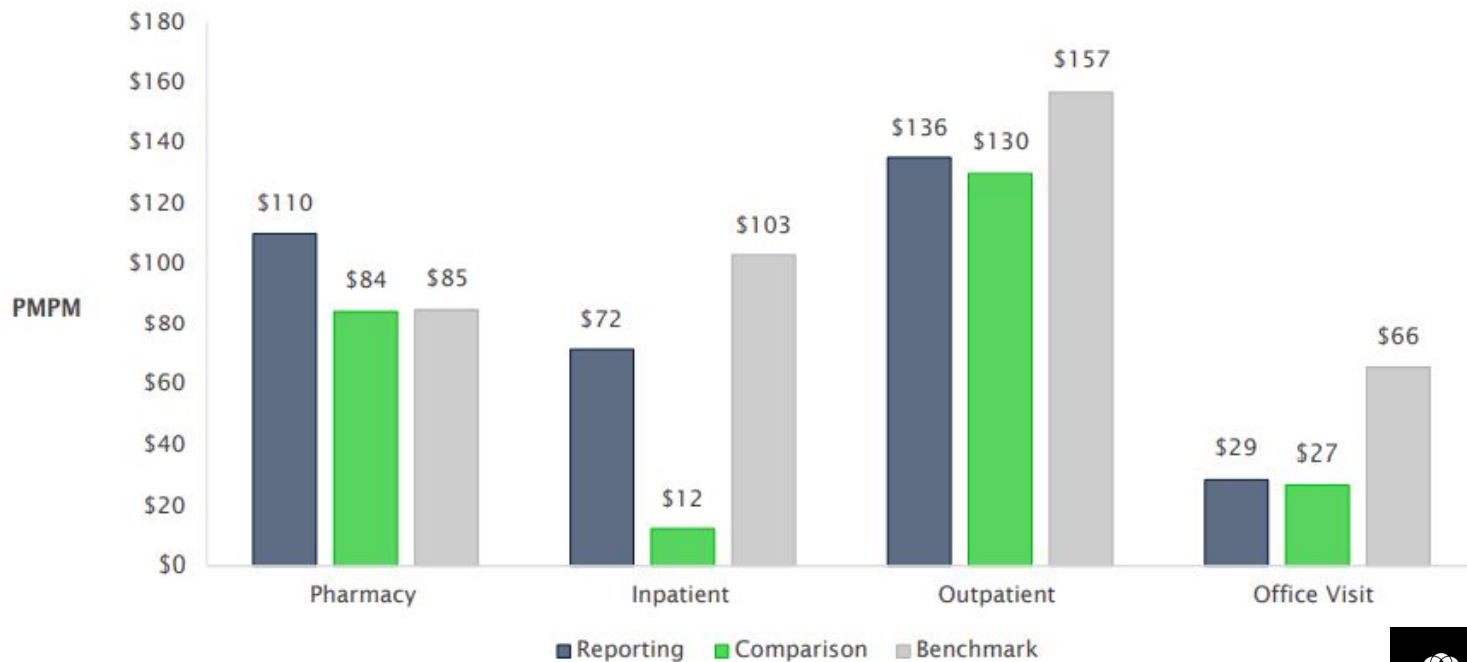
Direct Primary Care Plan (DPC)	019 – 020 Employee Per Pay Period Contribution	DMH Annual Contribution
Employee Only	\$40.00	\$9,736
Employee + Spouse	\$100.00	\$17,488
Employee + Child(ren)	\$120.00	\$14,640
Family	\$175.00	\$24,562
Wellness Plan	019 – 020 Employee Per Pay Period Contribution	DMH Annual Contribution
Employee Only	\$50.00	\$8,656
Employee + Spouse	\$220.00	\$12,770
Employee + Child(ren)	\$150.00	\$12,620
Family	\$190.00	\$22,192
Non-Wellness Plan	019 – 020 Employee Per Pay Period Contributions	DMH Annual Contribution
Employee Only	\$90.00	



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Total Plan

Plan Paid Amount by Service Category



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Non-DPC Plan

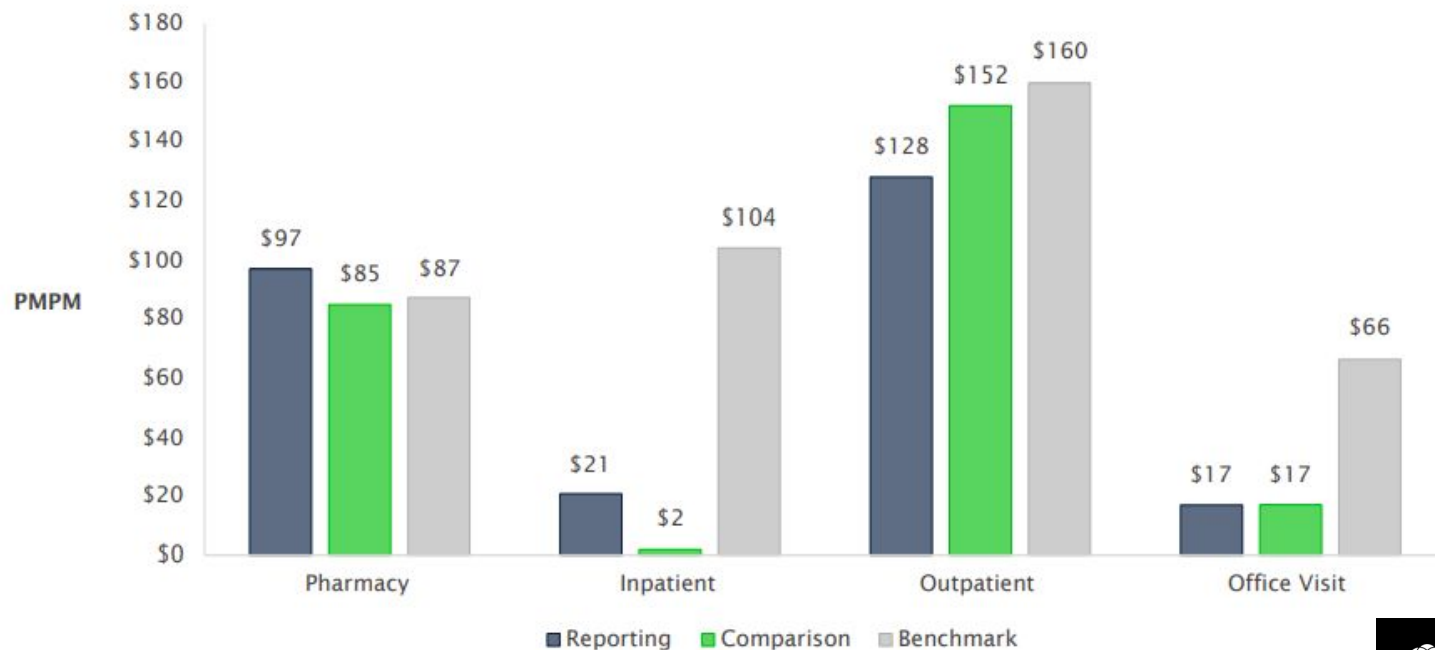
Plan Paid Amount by Service Category



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DPC Plan

Plan Paid Amount by Service Category



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Results - 2020

	DPC	Non-DPC	% Difference
Paid by plan PMPM	\$262.98	\$507.51	48.2%
Total Out Of Pocket PMPM (Copay, Coinsurance, deductible)	\$41.94	\$76.69	45.3%
ER visits per 1,000 members	237	494	52.0%
Specialist spend PMPM	\$5.28	\$12.55	57.9%
PCP spend per visit	\$66.28	\$88.31	24.9%



DPC Plan – Chronic conditions

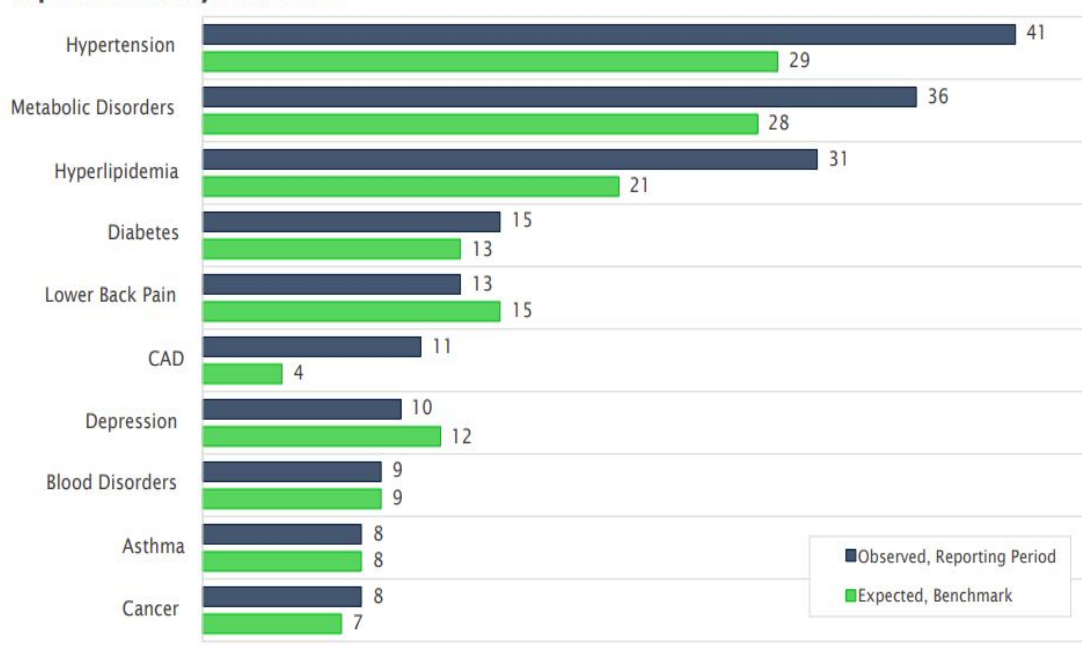
21% more chronic disease per 1,000 members compared to non-DPC

1,152/1,000 vs 951/1,000

Compared to benchmarks
30%-50% higher metabolic
> 100% CAD

Cancer cost driver

Top Conditions by Prevalence



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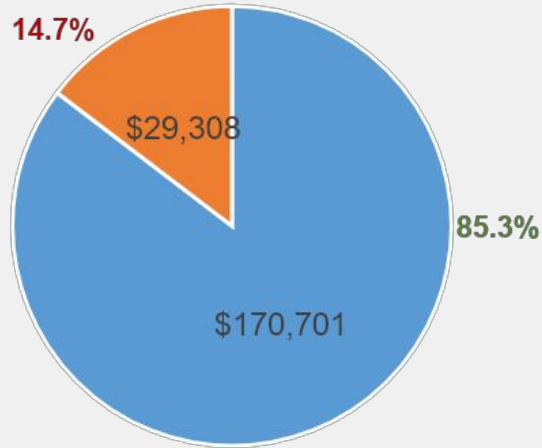
Management costs by category

PMPM	DPC	Benchmark	% Difference
Diabetes	\$0.72	\$4.04	82.1%
Endocrine / Metabolic disorders	\$1.37	\$6.59	79.2%
Cardiac disorders	\$12.22	\$24.47	50.1%
Infections	\$1.22	\$8.81	86.2%
Dermatology	\$0.65	\$4.15	84.3%



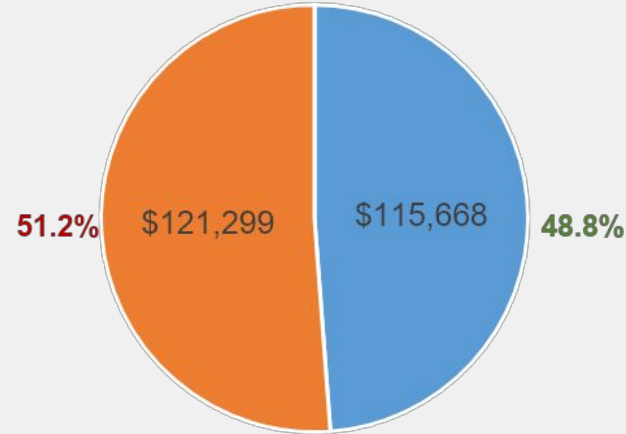
Foreign vs. Domestic spend

DPC



■ Domestic ■ Foreign

Non-DPC



■ Domestic ■ Foreign



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Results

- 28% year over year DPC growth
- 20% reduction in employee premiums
- \$0 premium increase in year 2
- Stop loss premium reduction in year 2



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Results

- 2018 spend \$1,981,000.00
- 2019 spend \$1,163,000.00

Savings: \$818,000
41.3% savings



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Results

- In 2019 Rural ACOs generated **\$64 per beneficiary** savings



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Results

- In 2019 Rural ACOs generated **\$64 per beneficiary** savings
- In 2019, DMH's plan generated **\$2,420 per beneficiary** savings!!



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