Concierge Medicine: The Benefits and Drawbacks of Personal Health Care

Welcome to the second module in the New Business of Medicine Series,
Concierge Medicine: The Benefits and Drawbacks of Personal Health Care
Pre-Test Question 1

Which of the following is not a term used to refer to the concierge practice model?

a. Fee for Non-Covered Services
b. Fee for service
c. Fee for care

Pre-Test Question 2

Which of the following is the most effective means of advertising a concierge patient?

a. Website
b. Word of mouth
c. Billboard
d. Brochure
Pre-Test Question 3

Which of the following is not a true statement about concierge care?

a. Annual fees to patients range from $500 to $15,000 per patient
b. The legality of concierge medicine is legislated at the state level

c. Concierge practices never accept Medicare
d. Physicians are typically available 24x7

Pre-Test Question 4

What is the most significant ethical issue with concierge medicine?

a. It exacerbates a growing physician shortage on a societal level
b. Physicians have a greater potential for income
c. Physicians can spend more time with individual patients
Pre-Test Question 5

Which of the following is not a potential pitfall in setting up a concierge practice from a business perspective?

a. Inability to achieve an adequate patient base
b. Poor bedside manner and inability to satisfy patient expectations
c. State and federal laws may not support concierge practices in the future
d. Inability to weather a short-term decrease in revenue
e. A well researched business plan

Pre-Test Question 6

Which of the following is not a business decision or task that will need to be performed if transitioning to a concierge practice?

a. Author a service contract for patients including termination clause
b. Decide how to market your practice
c. Re-evaluate malpractice insurance
d. Opt-out of Medicare
Concierge Medicine: The Benefits and Drawbacks of Personal Health Care

Dr. Ronald Barg
Executive Director
Clinical Care Associates

Concierge Overview: Definition

- This form of medical practice is known by various names, most commonly “concierge medicine,” “concierge care,” “boutique medicine,” “access fee practice,” or “retainer practice.”
- Basic business model: physicians charge patients an initial fee, varying from a few hundred to over a thousand dollars a month, for access to the services of their personal “concierge” physician.
- Upon payment of the access fee, patients receive a varying array of services that are not typically covered by insurance.
- In addition to the access fee, patients (or their insurers) are responsible for the cost of all office visits and medical services provided by the physician.

Source: Carnahan, Susan. Law, Medicine and Wealth: Does concierge medicine promote health care choice, or is it barrier to access? Stanford Law and Policy Review. 2006
Concierge Overview: Services Provided / Examples

- Access to their personal physician 24 hrs a day, 7 days a week
- Immediate or same-day appointments
- Physician’s personal cell phone number and e-mail address
- House calls (will even fly to meet patient if patient is away from home)
- Extensive executive-type annual physicals
- Coordination of care with specialists (including visits to the ER)
- Preventive and wellness care services
- Telephone and e-mail consultations
- Un-crowded waiting rooms with upscale decor
- Spa-like amenities such as robes, slippers, and refreshments

Source: Carnahan, Susan. Law, Medicine and Wealth: Does concierge medicine promote health care choice, or is it barrier to access? Stanford Law and Policy Review. 2006

Concierge Overview Model 1: Fee for Non-Covered Services

- Most common model
- Flat monthly or yearly fee--the access fee, or retainer fee--that allows the patient access to medical services covered by their insurance plan, plus both medical and non-medical services
- Retainer fees vary, as do the number of patients per physician and the services provided
- Accept various forms of insurance for covered care and co-payments for office visits, and participate in preferred provider organizations and private insurance networks

Concierge Overview
Model 2: Fee for Care

• Fees, on average, are considerably higher than model one
• Practice accepts a set fee for providing all primary medical care as needed, as well as preventive services and counseling
• Physicians typically do not bill insurance
• Those with smaller retainer fees may accept cash in addition to the retainer for medical services not covered by the retainer
• For patients with insurance, practices typically assist patients to submit their own claims to their insurers for reimbursement
• Physicians also provide an array of additional services (executive-type physical examinations, certain preventive care, 24-hour physician availability, or expedited appointments).
• Most physicians using this model have opted out of Medicare.

Carnahan, Susan. Law, Medicine and Wealth: Does concierge medicine promote health care choice, or is it barrier to access? Stanford Law and Policy Review. 2006

Concierge Overview - Statistics

• Annual fees range from $500 to $15,000 per patient
  • Family discounts common
• No precise count but estimated that as many as 5,000 physicians and one million patients are involved in concierge care

http://online.wsj.com/article/SB123445381743877781.html accessed 5/10/09
Why Concierge?:
Decreased Satisfaction with Medicine

7. In the past five years the practice of medicine has become:


Why Concierge?:
Decreased Patient Time

5. In the past three years, has a growing volume of non-clinical duties caused you to spend less time per patient?

Why Concierge?: Decreased Patient Time

- Primary care physicians frequently carry patient loads in excess of 3000.
- Family physicians average 20 to 30 visits per day, with a weekly average of 127.7 patient contacts in various settings, including office, hospital, and nursing home visits, and supervision of home health, nursing home, and hospice patients.
- They spend an average of 40.2 hours per week in patient care, leaving little time for administrative duties or personal needs.
- According to 2001 research from the Center for Studying Health System Change, 34% of physicians reported that they have inadequate time to spend with their patients, up from 28% in 1997.


Why Concierge? Declining Income

[Graph showing financial health of practices]

Why Concierge?
Declining Income

• A significant source of continuing dissatisfaction is the decline in income experienced by primary care physicians.
• Annual income before taxes of family physicians decreased 12.4%, or $20,000, between 1995 and 2003.
• Income decreases are due to:
  • Managed care
  • Decreased reimbursement rates
  • Rising overhead
  • Rising malpractice costs


Why Concierge?
Less Time for Preventive Care

A Duke University research study showed that if primary care physicians were to perform all of the preventive care services suggested by the United States Preventive Services Task Force, which sets the “gold standard” for preventive care, they would have to spend 7.4 hours of every workday doing nothing but preventive care, leaving approximately 30 minutes for critical and chronic-disease care.

Why Concierge?  
Future Of Medicine

16. In the next 1-3 years, I plan to (check all that apply):

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
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<tr>
<td>Close Practice to Low Patients</td>
<td>7.58%</td>
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<tr>
<td>Cut Back</td>
<td>20.26%</td>
</tr>
<tr>
<td>Continue Practicing as I am</td>
<td>51.48%</td>
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<tr>
<td>Seek non-clinical job within Healthcorp</td>
<td>13.40%</td>
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<tr>
<td>Retire</td>
<td>10.05%</td>
</tr>
<tr>
<td>Work part time</td>
<td>10.15%</td>
</tr>
<tr>
<td>Seek job within Healthcorp</td>
<td>10.14%</td>
</tr>
<tr>
<td>Work locums</td>
<td>7.04%</td>
</tr>
<tr>
<td>Switch to Concierge/Boutique</td>
<td>7.04%</td>
</tr>
</tbody>
</table>


Benefits of Concierge Medicine  
(Physician)

Which of the following are potential benefits of the concierge model?

a) Lighter patient loads  
b) Less third-party interference  
c) Autonomy  
d) Higher income potential  
e) All of the above
Benefits of Concierge Medicine (Physician)

Which of the following are potential benefits of the concierge model?

a) Lighter patient loads  
b) Less third-party interference  
c) Autonomy  
d) Higher income potential  
e) All of the above

- Lighter patient loads result in stronger healthcare partnerships with patients
- Less paperwork
- Reduced staffing needs (i.e. no billing staff since patients pay at time of service)
- Autonomy
- Higher income potential

Weiss, G. Is Cash Only medicine the next big thing?. Medpage Today, March 19, 2009
Dr. Val. Cash only physician practices could save you a bundle. Better Health, Mar 26th 2009
Benefits of Concierge Medicine (Patient Side)

- Easier access to care
  - Same-day appointments
- Less likely to experience rushed appointments
- Improved communication
  - Timely
  - Additional methods (email, phone)
- Short in-office wait times
- Personal physician
- Executive physicals
- Preventive care
- Luxury amenities

Weiss, G. Is Cash Only medicine the next big thing?. Medpage Today. March 19, 2009
Backer, LA. 2,500 Cash-Paying Patients and Growing. Family Practice Management February 2006

Cons of Concierge Medicine (Physicians)

- Don’t know how new practice model will hold up with healthcare reform (i.e. legislation could potentially make concierge practice illegal)
- If physician chooses to opt out of Medicare – in some states the physician has to wait two years to opt in again
- Some states require physicians to copy and transfer medical records of patients that are no longer seen – could be a costly process for those without EMR
- Laying off long term employees
- Overcoming the perception that minority and poorer patients and patients with chronic diseases are not being included in the new practice
- May need high-powered, expensive practice management software to help with the need for enhanced monitoring and follow-up requirements of the practice

Weiss, G. Is Cash Only medicine the next big thing?. Medpage Today. March 19, 2009
Cons of Concierge Medicine (Patients)

- More upfront cost
- High cost may force patient out of the practice despite liking the physician
- Depending on locality it may be difficult to find another physician
- Will still need to invest in some form of insurance for medical emergencies

Source: Frank, EK. Why my cash only practice failed. Modern Medicine, Mar 7, 2008
Guglielmo, WJ. How to set up a concierge practice. Medical Economics, Aug 22, 2003

Prior to Transitioning to Concierge: General Considerations

- Can the local market support a concierge practice?
- How many existing patients are willing to switch over to the new practice model?
- Other Considerations
  - What services do you want to offer?
  - Who do you want to treat?
  - What kind of staff do you want?
  - What is your ideal patient load?
  - Will lab tests be a part of the practice?
  - Will hospital visits be included in the services?

Grace, S. The Great Practice Makeover: Branding the Cash Only Practice. Physicians Practice
Steps to a Business Plan

1. Survey Current Patients
   - It is important to find out which services will be most valued by patients on a concierge practice
   - Also important to gauge which services and amenities patients don’t care about and won’t pay extra for
   - Helps assess patient loyalty
2. Develop a “menu” and fees
   - Dependent on patients needs and willingness and ability to pay for a premium-level of care
3. Make a Timetable
   - The transition from a traditional to a concierge practice is labor intensive
   - Timetable with benchmarks will keep the transition on track


Steps to a Business Plan

4. Consider Insurer Issues
5. Facility Considerations
6. Patient Notification / Marketing
   - A well crafted introductory letter is critical
   - Keep the letter brief and invite patients to call for more information
   - One-on-one meetings with patients
   - Group introductory meetings
   - These meetings give the physician and their staff an opportunity to talk in greater detail about the transition
7. Outside Business Resources
   - Consultant
   - Franchise
   - Legal

Physicians in concierge practices cannot participate in Medicare.

a) True
b) False
Making the Transition: Medicare Options

- Remain a participating provider
  - Then the practice is not purely cash-only and the practice would have to submit bills and follow Medicare’s fee schedule
- Be a nonparticipating provider
  - This means that you don’t accept Medicare assignment
  - Collect from the patient and then bill Medicare which reimburses the patient
  - Charges can be no more than 115% of the Medicare fee schedule
    (Medicare patients only get reimbursed 80% of the fee schedule and not the higher fee)
  - Have to be careful to not charge your Medicare patients more than you would the non-Medicare patients
- Opt out entirely
  - Everything is out-of-pocket

Lowes. R. Small practice evolution: Cash only medical practices skip the middleman. Modern Medicine 5/16/08

Making the Transition: Medicare Options Continued

- Some physicians who have concierge practices still take Medicare patients
  - Enables physicians to keep their older patients who would transition into Medicare
  - Can be a nonparticipating Medicare provider
    - Reimbursed at lower levels
- Physicians under Medicare also need to be careful when offering discounts to privately insured or uninsured patient who pay in full at the time of service since title XVIII of the Social Security Act says a provider can be excluded from Medicare if he or she charges the program “substantially in excess of his usual charge” for the same service

Lowes. R. Small practice evolution: Cash only medical practices skip the middleman. Modern Medicine 5/16/08
Legal Obstacles: Physicians As Insurers

- Some state insurance regulators claim that concierge physicians are assuming risk and operating as insurers of medical care without meeting solvency and other licensing requirements that apply to insurers of health care.
- The Senate has established a joint committee on retainer health practices and the issue still remains unresolved.

Ethical Issues in Concierge Medicine

Patient Abandonment

In making the transition, physicians pare down their patient panel, typically eliminating what percentage of patients?

a) 25% to 50%
b) 50% to 75%
c) 75% to 90%

Ethical Issues in Concierge Medicine

Patient Abandonment

In making the transition, physicians pare down their patient panel, typically eliminating what percentage of patients?

a) 25% to 50%
b) 50% to 75%
c) 75% to 90%

Ethical Issues in Concierge Medicine

- Exacerbation of the physician shortage and the gap between care to wealthy and disadvantaged
- In terms of the abandonment law, as long as a doctor gives the patient sufficient notice, he may stop treatment for essentially any reason, including retirement, vacation, or inability or unwillingness of the patient to pay the access fee
- A physician’s ethical obligation to provide some indigent care seems antithetical to a retainer practice made up of wealthier patients since most practices are located in affluent areas
- Although, a recent research study showed that retainer practice physicians may be slightly more likely than others to provide some indigent care.

Ricks, 64 P.2d at 212; Mark A. Hall, A Theory of Economic Informed Consent, 31 Ga. L. Rev. 511, 528-29 (1997).
Making the Transition: Potential Pitfalls

Which of the following are potential pitfalls in transitioning to the concierge model?

a) Insurance companies could drop the provider
b) Requires excellent bedside manner and attention to detail to ensure patient satisfaction
b) Doctors starting new practices do not have a built-in patient base
d) Legislative and state laws may not support concierge practices in the future
e) All of the above
Making the Transition: Potential Pitfalls

- Inadequate patient base
- Requires excellent bedside manner and attention to detail to ensure patient satisfaction
- State and federal laws may not support concierge practices in the future


Transition to discussion with Dr. Moore

- Dr. Moore helped crystallize the movement in primary care known as the micropractice.
- In 2001, after 8 years as staff doctor - started a high-tech, low-overhead solo practice.
- In 2006 grant from the Physicians’ Foundation to formalize curriculum = The Ideal Medical Practice (IMP)
- Featured in
  - Wall Street Journal
  - Medical Economics
  - The American College of Physicians Online
  - The New York Times
Discussion

Dr. Moore – Barg Discussion

- Dr. Moore’s Background
- Terminology for the Discussion
  - Direct-pay
  - Cash-only
  - Concierge
  - Micropractice
- General Factors on Direct Pay Practice Models
- Patient Care Advantages of Concierge Medicine
- Ethical Factors
- Legal Factors
- Political Factors
- Economic Factors
- Potential Pitfalls
- How do direct pay models open the door to further innovation?
Ethics of Concierge Medicine

Dr. Art Caplan

Ethical Considerations of Cash Only and Concierge Medicine
Advantage of Direct Pay Models for the Chronically Ill

Healthcare Reform Perspective
Dr. Steven Knope

- Board-certified internist
- Sports medicine expert

- Opened one of the first concierge practices in America in December 2000.

- Authored the first book on concierge medicine

- Currently practices in Tuscan Arizona.

Practice History

- Concierge - 10 years ago
- Patients approached with the idea
- No business training
- Pilot program with just 4 patients
- Currently
  - ~150 concierge patients
  - ~150 indigent patients (low to no fees)
Physician Impediments

- Fear
- Lack of business education

Two Concierge Models

- Retainer
  - One-time annual fee
  - No additional bills

- Fee for Non-Covered Services
  - Continue to take Medicare and insurance
Fee for Non-Covered Services

- Physicians continue to take Medicare and insurance
- Charge Lower annual retainer fee
  - ~$100 - $150/month

Steps in Considering a Concierge Practice

- Feasibility Analysis
- Business Plan
  - Self-Author
  - Consultant
- Healthcare Attorney in your state
- Develop Service contract
  - Personalize an example from another physician
Steps in Considering a Concierge Practice

- Business Model
  - Solo
  - Franchise

- Marketing
  - Word of mouth is best
  - Be wary of spending on brochures and marketing agencies
  - Every patient is your advertising

Resources

- Society for Innovative Medical Practice Design (SIMPD)
  - [http://www.simpd.org/](http://www.simpd.org/)

- Book: Concierge Medicine: A New System to Get the Best Healthcare

Summary

• Eliminate fear through education
• Choose Business Model
  • Retainer
  • Fee for Non-Covered Service
• Explore state-specific restrictions
• Create Business Plan
  • Feasibility analysis
  • Service Contract
• Network with others

Conclusion

• Concierge medicine is a slow growing area in the practice of medicine but has received considerable interest and media coverage
• The transition from a traditional practice to a concierge practice requires a lot of thought and analysis as well as physician self assessment to ensure ability to alter their practice patterns to encompass this practice model
• Legislative and state laws continue to grapple with the concept of concierge medicine and could ultimately determine the future of this type of practice model
• Though concierge medicine models pose potential ethical issues, the AMA guidelines have attempted to provide guidance regarding these issues while continuing to support this practice model
Please click below to take the Post-Test and Evaluation.