

# Direct Pay/Concierge/Blended Care: Where Is The Sweet Spot?

## Part II—Seen from Your Patients' Perspective

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Physicians are actively considering the direct pay and concierge models as plausible options in providing more patient-oriented care. What are the major considerations and how do we obtain accurate data that may help in sophisticated decision-making? Part I of this article introduced the models, typical patient contract configurations, physician/provider considerations, and commercial payers. In Part II, we discuss the access, cost, and value from a patient's point of view. We also consider patient loyalty and self-care, approaches for introducing and inviting patients, and how to work with other providers and in community relations. Lastly, we share some creative concierge models that are evolving.

**KEY WORDS:** Private medicine; membership medicine; concierge healthcare; cash-only practice; direct care; direct primary care; direct practice medicine; boutique medicine; immediate care.

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*This is the second part of a two-part article.*

### ACCESS, COST, AND VALUE FROM THE PATIENT'S POINT OF VIEW

#### Access

Some say that primary care physicians soon will be at a premium and difficult to find. The message could be, "We are accessible to you when you need us," "Sign on with us now; we can accommodate you," or "We offer a schedule of care to patients when their regular provider is not be available."

#### Cost

As a patient compares cost, he or she should consider purchasing a high-deductible plan that would cover a catastrophic event, and establish a health savings account (HSA) to pay for primary care office visits during the year. For example, in the traditional model, the patient would pay a total of \$900 (6 × \$150) for those 6 appointments, whereas using the concierge model, he or she would pay only a total of \$600 (12 × \$50). However, if the patient remains relatively healthy, and needs only two or three office visits during the year, it could actually cost more to leave the concierge model.

One way to attract new clients is to establish a lab client account with pass-through billing at a reduced rate. This provides additional cost savings for the patient.

#### Value

The patient must confirm that his or her high-deductible health plan qualifies for an HSA. (Such plans typically require no copays, just a high deductible.) "Retainer" or concierge fees may not be considered an HSA-qualified medical expense.

If established patients move with you, you have truly captured their loyalty. Benefits to them include:

- A schedule that offers affordable care to prospective patients;
- Elimination of a possible barrier to care: the insurer; and
- Fees that go directly for care, not to an insurance company.

### CONTRACT, SELF-CARE, AND HIGH-CONTACT CARE

#### Patient Contract

It may make sense to have a patient contract. Healthy patients will look for healthy practices, and healthy practices will look for healthy patients.

## Self-Care

In our consulting practice, we love to watch the transformation when patients become more financially responsible for their healthcare, resulting in enhanced and improved self-care. Whether it is because of a high deductible or a concierge retainer fee, the most typical behavior is to avoid the financial cost of a doctor's visit, if possible. This personal and financial investment is a win-win scenario for all parties on many levels. The patient's attention to preventive care and screenings is heightened, and if he or she is truly committed to self-care, that results in an investment in the established and agreed-upon patient-physician agreement.

## High-Contact Care

According to an analysis involving patients of the concierge-medicine firm MDVIP published in 2012 in the *American Journal of Managed Care*,<sup>1</sup> high-contact care can be beneficial for patients. The study compared hospitalization rates between MDVIP and non-MDVIP members in five different states. In 2010, it was also reported that MDVIP enrollees were up to 62% less likely to be hospitalized.

## HOW ARE PATIENTS INTRODUCED AND INVITED TO CONCIERGE AND DIRECT-PAY PRACTICES?

### "The Sell"

There are several approaches to marketing your concierge practice directly to patients. Some are standardized by company and have a finely honed process with a fast-paced patient engagement program. Your marketing will depend on your location and the patient populations your practice may draw from.

### Who Does It and When?

The marketing begins as soon as you have made your decision—with respect to your current contract, of course. In addition to standard marketing efforts, being creative and open to approaches to reaching prospective patients can lead one to a farmers market, health fair, Chamber of Commerce function, and many other settings. Use whatever venue best allows you to convey your offerings to the (preferably healthiest) prospective patients.

One should be prepared for possible attrition. Your schedule should also offer openings, as continual advertisement and invitation at the right time and place can help create momentum and a flow of prospective patients for your practice.

Some models first approach patients in the office the physician will actually be leaving to assist with marketing and patient transition issues.

## OTHER PROVIDERS AND COMMUNITY RELATIONS AND ASSOCIATIONS

It is crucial to maintain good relations with other providers and the community. The goal is to build on what you've worked so hard to establish! The fact that you can even consider opening a concierge or direct-pay practice shows that you have worked very hard and built a loyal patient base. This is where your experience can really help and why patients will be ready to move with you. Carry that loyalty over to your other professional relationships.

Spread the love! Remain affiliated and actively engaged in the sharing of patient care just as you were before, just with a different referral protocol.

This is also an opportunity to welcome and bring in other providers to assist in care on a direct-pay concierge level. For example, massage and physical therapists, a psychologist, and a nutritionist would be good additions to the practice, just to name a few. Any service that you think may enhance or complement the care you provide is a plus for all parties.

Of course, challenges will arise as you have the need to refer your patients outside your office for further care—for instance, for a stress test or physical therapy. This is where the patient's financial expense can increase greatly.

Take this time to see where you stand. Run referrals reports, and start a "wish list" of your dream practice. As you are making your decision to go concierge, gather all of the information you can. Use all of your resources as you explore this idea and begin early introducing the concept to your peers and patients. Remain visible and active at local events.

Work with:

- Providers and practice entities;
- Your community;
- Your bank: some banks require insurance participation before they will offer a line of credit or loan;
- Your medical and other professional associations: each specialty has so much information readily available for your review; and
- Your state medical society: many states have specialty and medical management organizations that work in tandem with the state medical society to complement each other's services.

## IDENTIFY ESSENTIAL REPORTS AND PROCESSES TO BENCHMARK AND FORECAST

### How Much Easier Is It to Track Without Payer Involvement?

Think about this: your concierge or direct-pay practice will provide a predictable income. What a pleasant change! Insurance contracts only tell you how many subscribers they

have, but there is no guarantee that the subscribers will be coming to your office.

### *It will not be long before there will be just as many choices for direct-pay and concierge offices as there are for traditional practices.*

When you are setting up your new office, consider whether you need a full-blown practice management (PM) and electronic medical record (EMR) system. A well-organized product, possibly with an inventory control program, can be helpful. If you are looking for positive outcomes reporting, you can either design your own system or go with an open source. You may want to consider a light EMR. It is appealing because:

- It offers an edition specifically for direct primary care and concierge practices.
- The system is cloud-based.
- Membership management is built in at no additional cost, and can be customized to fit different types of membership structures, whether age-based, tiered, or a combination of both.

It will not be long before there will be just as many choices for direct-pay and concierge offices as there are for traditional practices.

### Financial Profits and Costs

This is the time to really push the envelope with the capabilities of your system. Review the data the same way you would with a traditional model. It is essential to know, specifically, your costs. Track, track, track everything. Creation of a pro forma financial forecast or budget will give you the information you need to make the right decision for your practice.

## TWO EXAMPLES OF CREATIVE DIRECT-PAY AND CONCIERGE MODELS

### Virginia and Truck-Stop Medicine

Among the truck stops just off I-81 in Virginia, Dr. Rob Marsh offers care to long-haul drivers in the Charlottesville area and also to local residents. He also makes house calls and provides hospital care. Along with a hot shower, one can also be seen for a medical condition, get a flu shot, and even have a prescription filled!

Marsh wanted to offer medical care to truck drivers so they could have access and continuity of care, which can be challenging for a driver. His clinic schedules appointments for area residents, and allows truck drivers to obtain care on a walk-in basis. The truckstop owner loves

the arrangement so much that he is actually adding other perks to make it a “searchable stop” for travelers and truckers alike.

The schedule can be challenging. Like most of us, truckers tend to try to work all day before being seen. So evening hours are a must. Again, each provider has his or her own unique population. You know them best!

Many patients remit in cash, allowing an income without the usual insurance reimbursement hoops.

Marsh has other providers, including nurses who go cab to cab to give flu shots, for example. In the truck stop, a nurse may offer to check your blood pressure.

This is a great example of creative thinking. Imagine where you would like to provide care, and go from there.

### Upstate Concierge Medicine in New York

Upstate Concierge Medicine (UCM) is a telemedicine and medical concierge service run by Michael R. Bibighaus, MD, an emergency medicine physician, and Keith D. Algozzine, the CEO.

“The easiest way to think of us is that we are a virtual urgent care,” Algozzine said. “It is not our intention to replace the primary care physician or specialist. UCM is saving local companies time and money. We can avoid probably 75 percent of urgent care visits, probably 50 percent of ER visits by a simple phone call.”<sup>2</sup>

The current charge is \$12 a month for individuals and \$14 for families. UCM does not prescribe “high-risk” prescriptions, such as narcotics and controlled substances. They offer 24/7 access via phone, e-mail, video, or message. “We could take care of 10,000 people with probably eight doctors,” said Algozzine.

### Fundamental

Our office works with a physician in a pain practice who truly listens to the patient. This is one of his greatest contributions as he takes the time and helps patients work through their pain. It is stunning how many physicians feel hindered in their ability to give all the time they believe is really needed to get the whole picture.

When helping another physician transition to a concierge practice, we asked why he wanted to change so late in his career. Seemingly, he had it made. He was one of his practice’s founders and could write his own ticket from that point on. His response was that he “had seen 15 patients that afternoon . . . most of them had Medicare, and he knew, and was afraid, he missed something.”

This compelling dynamic will continue to drive concierge and direct-pay medicine. Physicians and patients want the same thing—the time with each other to decide together what the healing process should be without a third entity interrupting care due to “(non) covered services.”

## WHERE TO GO FROM HERE

Start your analysis today regarding a restructuring of your fees. Play “what if?” Start with an analysis of your patients’ needs. You are more aware of what they need than anyone else. Be creative. After developing the needs list, then review your costs. Prepare a business plan and a pro forma financial forecast. What are you waiting for? Let’s get started! ■■

## REFERENCES

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