

On retainer



Patient renewal rates at concierge chain MDVIP are about 92%, according to the company. At left, Dr. Dean Carrington, who is affiliated with MDVIP, performs an exam at his office in Arlington, Texas.

high-deductible insurance, among others. This approach, which also offers easier access to care but accepts no insurance, also appears to be holding steady or growing. The approach has attracted some positive attention from Congress (See story, p. 30).

The different styles of retainer-based care likely also are benefiting from the fact that they have not saturated the market demand for their services yet, so as patients leave a practice for financial reasons, others are willing to take their spot.

Executives for the Lewis and John Dare Center, a concierge medicine practice affiliated with Virginia Mason Medical Center in Seattle, say their business has declined but not significantly.

“There hasn’t been a marked drop off,” says Dr. John Kirkpatrick, internal medicine specialist and medical director of the Dare Center. Even though the concierge medicine practice’s business is down about 10% overall in the past couple of years, the practice just added its fifth physician and currently has about 1,100 patients, Kirkpatrick says. The Dare Center limits each of its doctors’ patient panel to 300, he says.

He noted that the practice ebbs and flows in terms of the number of patients, with patients leaving because of death—their practice tends to attract older patients and has an average age in the 65 to 70 range—moving out of the area, and also for financial reasons.

At full capacity

Another concierge practice affiliated with a hospital system, Scripps Health in San Diego, has not seen a drop-off in business because of the economy or for other reasons. “Despite the current downturn in the economy, our practice is operating at full capacity and we are even looking to expand our services to accommodate more patients,” Dr. Gaston Molina, division head of the Private Internal Medicine Center at Scripps Clinic, says in an e-mailed statement. The center has four physicians, each caring for about 300 patients, according to Molina.

Hospital-affiliated concierge practices are just one small part of the industry, with inde-

Concierge physician practices stay healthy even in ailing economy, but other models of primary-care delivery draw increasing interest

Given the financial and regulatory uncertainty engulfing most of the healthcare industry, retainer-based primary-care medical practices are doing just fine, industry executives say.

Executives for these types of practices, which use approaches commonly known as concierge medicine, boutique medicine or direct primary care, say their businesses remain relatively healthy amid weakness in the economy and threatened and actual cuts to federal reimbursement in the works.

Retainer-based primary-care practices are faring well for different reasons, depending on the kind of fee-based access approach being offered.

Concierge or boutique practices, with a focus on access, service and amenities, have been able to weather the rocky economic times

because their generally wealthier patients are in a better position to continue to pay the fees even when financially stressed, executives say.

Services generally include enhanced access to physicians—sometimes even 24-7—as well as lengthy, in-depth annual physical exams that include diagnostic testing as well as an extensive battery of screening tests. The practices, which can work in conjunction with Medicare and private insurance, often offer same-day or next-day appointments, ready physician access via e-mail and longer visits in general.

A variation on the concierge approach, known as a hybrid model, involves a practice offering traditional levels of care and carving out a portion of their time and effort for concierge-type care, an approach also doing well, promoters of that concept say.

Direct primary-care practices cater less to the wealthy and are a lower-cost option offered to employed people with no insurance or with

pendent physician groups taking the lead role. While a current solid estimate of how many retainer-based physicians are practicing is not available, anecdotal evidence indicates the numbers are growing. An October 2010 report conducted on behalf of the Medicare Payment Advisory Commission identified 756 retainer-based physicians. That number is likely larger, the authors noted, because many practices are off the radar screen.

Moreover, the acknowledged largest chain in the field, MDVIP, reports having close to 500 affiliated concierge physicians alone. "Our renewal rates are 92% year-in and year-out, even in these tough economic times," says Mark Murrison, president of marketing and innovation of MDVIP, a Boca Raton, Fla.-based company owned by Procter and Gamble Co. Murrison says that while MDVIP practices have felt some pressure from patients dropping the service because of a weak economy or a job loss, they are still growing in overall numbers of patients.

"We continue to see strong growth," Murrison says, with patients and physicians.

Here and there

The MedPAC report indicates that retainer-based care has yet to catch on in some parts of the country, with a few states leading the way. Many of the retainer-based physicians cited in the report were in California (157), Florida (99), Virginia (53) and Texas (40). At the same time, there are states with few or no such practices, according to the report, and among metropolitan statistical areas with 10 or more, some have a relatively low number of retainer-based doctors relative to the population.

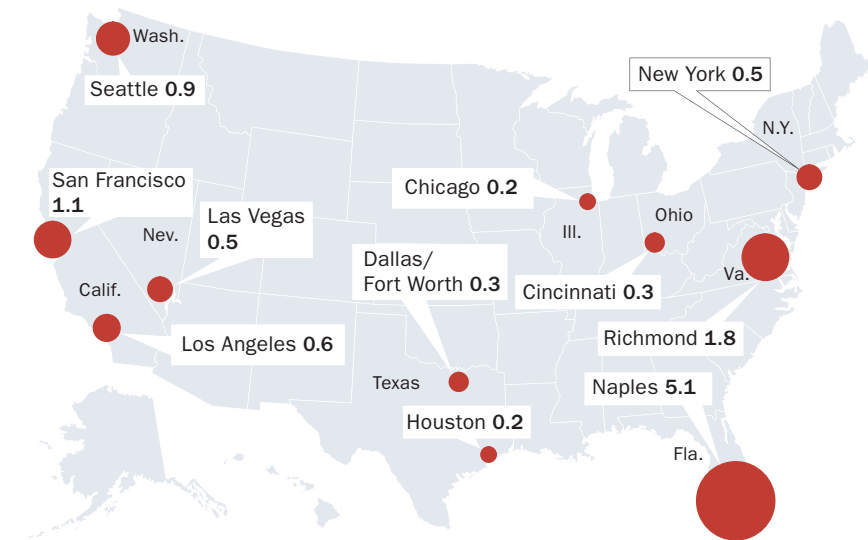
States with few or no retainer-based physicians included Iowa, Maine, New Mexico and Wisconsin. MSAs with relatively low numbers of retainer-based physicians per 100,000 population included Atlanta (0.2), Houston (0.2) and Chicago (0.2), while Naples, Fla., led the nation with a ratio of 5.1.

Support for these models seems to be coming from consumers who want it and doctors who want to provide it. An executive for a large chain, Concierge Choice Physicians, based in Rockville Centre, N.Y., says demand continues on both sides of the equation.

"There's no question the economy has had an impact," says Wayne Lipton, managing partner and founder of Concierge Choice Physicians. But practices are retaining well over 90% of their patients, and more important, physicians want to offer Concierge Choice's hybrid style of care, in which a practice keeps the bulk of its traditional patients and has a smaller number in concierge care. Physicians want to try to boost revenue through such patients to help make up for lost reimbursement expected from

A CONCIERGE DOC NEAR YOU

Retainer-based primary-care physicians per 100,000 population



Source: Medicare Payment Advisory Commission report, "Retainer-Based Physicians: Characteristics, Impact and Policy Considerations"

MODERN HEALTHCARE GRAPHIC

the Medicare program, Lipton says.

The roots of concierge and retainer-based care go back to the 1990s, but didn't start to really take off until the early part of this century. A 2005 report from the Government Accountability Office estimated that the number of concierge physicians grew to more than 100 in 2004 from less than 20 as of 2001.

Medicare looms large in concierge medicine. One of the biggest reasons why is that in order to treat a Medicare beneficiary in a concierge medicine program, extra fees paid for 24-hour, easy-appointment care cannot be for any service covered by Medicare. HHS' inspector general's office reminded physicians about this in 2004 because of the rising popularity of concierge medicine.

"If participating physicians decide they want to charge patients additional fees, they should be mindful that they are subject to civil money penalties if they request any payment for already covered services from Medicare patients other than the applicable deductible and coinsurance," said Dara Corrigan, then the acting principal deputy inspector general.

As a result, many retainer-based physicians say their fees, typically \$1,500 to \$2,000 annually, are for extra services, such as the extensive annual physical, that are a core part of concierge care, and not covered by Medicare, according to the MedPAC report. Concierge practices work to promote wellness programs also not currently covered by Medicare. Some, according to MedPAC, offer a personalized

CD with medical information for each patient and personalized reviews of medications.

The report also notes a criticism of concierge care—that it is broadening the overall shortage of primary-care doctors.

"The availability of extended office visits is seen by some as improving quality of care, but commentators have noted that providing longer visits for a select group of patients that are not particularly sick does not necessarily advance the health of communities overall," the authors wrote. "Even if the more extensive care offered by retainer physicians does result in better outcomes for retainer patients, it could be seen as discriminatory against those who cannot afford to pay the retainer fees."

Meeting resistance

A year later, one of the authors says that a stigma regarding concierge care remains among some physicians. Elizabeth Hargrave, senior research scientist for NORC at the University of Chicago, says the subject of concierge care came up regularly in a series of nine focus groups of physicians conducted during the summer. Some were sympathetic to the idea, but "there's still a good core of physicians that are offended by the concept," Hargrave says. They argue that "we should be practicing medicine this way anyway"—without the large fees, she says.

Some supporters of concierge medicine countered that physician interest is being driven at least in part by last year's health reform law, the Patient Protection and Affordable Care Act.

They say the cost of the law is making less money available for Medicare reimbursement, pressuring doctors and their patients. The ACA didn't provide for the addition of enough doctors to accommodate the influx of insured patients, which is going to make an existing shortage in primary care worse, argues Dr. Thomas LaGrelus, who runs the concierge practice SkyPark Preferred Family Care in Torrance, Calif.

"You can't make a living, and you're forced to accept low-pay patients, and the overhead keeps going up," says LaGrelus, who is on the senior advisory board for the American Academy of Private Physicians, a Glen Allen, Va.-based association for concierge physicians. Patients are fearful of losing access to their doctors and are

turning to concierge care as a result, he says. "People are fearful of not being able to find primary-care physicians under the terms of these new conditions," LaGrelus says.

The head of a major physicians group says there is more interest in the direct-care model than the concierge approach. "I don't hear a lot of people doing concierge," says Dr. Glen Stream, president of the American Academy of Family Physicians, Leawood, Kan. "I see more of (the) direct-contract practice," Stream says in reference to the type of retainer practice that does not accept any insurance and offers generally lower monthly fees than concierge practices do.

The idea is that in freeing the primary-care

practitioners from the administrative and clinical burdens of dealing with insurance companies, they can provide better care at a cheaper price.

Qliance Medical Management, a Seattle-based for-profit direct primary-care practice company with five practices in Washington state, has seen some drop-off among its unemployed customers, says Dr. Garrison Bliss, chief medical officer. But the company has seen considerable growth among those who are employed, Bliss says. "That has been growing very substantially," he says.

Bliss speculates that concierge practices are likely doing OK because of their generally well-off client base. "Even in this economy I think the wealthy are fine," he says. <<

Dealing direct

To save money, these docs don't accept insurance

While retainer-based medical practices offering care known as concierge medicine have taken some heat over the years for charging big bucks to patients for improved access and added amenities, some view a different form of retainer care as a cost-saving approach.

Direct primary-care practitioners seek to offer affordable retainer-based care that focuses on wellness and prevention. The difference between direct primary care and traditional concierge care is that direct primary-care providers generally do not accept any form of insurance. The idea is to free the practice from the burden of dealing with insurers to offer hands-on, accessible care at prices that are affordable to the uninsured or those covered by high-deductible plans.

A direct primary-care practice offers the similar expanded access to weekend hours and an increased focus on wellness prevention that concierge-care practices typically offer. For example, clinics run by direct-care for-profit Qliance Medical Management, Seattle, might have a patient visit to deal with a persistent cough or to pass a kidney stone, says Dr. Garrison Bliss, chief medical officer of Qliance, which has been in operation since 2007.

The company's clinics also offer unlimited access to vaccinations, women's health services, pediatric care and ongoing

management of chronic disease.

Healthcare's current approach of having insurance cover primary care and catastrophic-type medical care makes no sense, Bliss says. If your homeowners insurance policy paid for the water bill, gas bill and other such costs, "it would be just as



Qliance's Dr. Erika Bliss conducts a wellness checkup. The company's clinics offer a wide array of preventive services.

dysfunctional as healthcare," Bliss says.

It makes more sense to take high-frequency primary care out of the equation of insurance, and allow primary-care practitioners to focus on wellness and keep patients out of the hospital and its emergency room, he says.

"We think this is going to be a remarkably effective way to manage healthcare costs," he

says. A recent analysis of Qliance's care by the company found its patients to have much lower ER visits, hospitalizations and surgeries, among other things. In 2010, ER visits per 1,000 patients were 65% lower at Qliance when compared with a regional benchmark, hospitalizations were 43% lower and surgeries were 82% lower, according to the company.

Qliance clinics charge a one-time \$99 registration fee per family plus from \$49 to \$129 a month, depending on a patient's age and level of care sought. A 40- to 49-year-old patient who wants bedside hospital coordination of care would pay \$99 a month, while a patient in the same age category who doesn't want such care coordination would pay \$79 a month, Bliss says. The older the patients, the more they pay. Clinics are open seven days a week and welcome patients who otherwise might go to an ER, Bliss says.

At least some members of Congress have heard about Qliance's approach, with Bliss submitting written testimony for a May 12 hearing by the House Ways and Means Committee's health subcommittee that focused on innovative healthcare delivery and physician payment reform efforts.

"Our physicians have the time to provide the 90% of care most people need to see a doctor for, including routine primary and preventive care, urgent care and chronic disease management," Bliss wrote in his testimony for the hearing. "We intend to reinsert the concepts of value and humanity back into the healthcare system."

Bliss notes that unions and employers are showing a lot of interest in his company's model, which he says works well when combined with a catastrophic health insurance policy.

—Paul Barr