



Concierge and Direct Primary Care Practices: Pros and Cons

Presented to:

American College of Osteopathic Internists

And

American College of Osteopathic Surgeons

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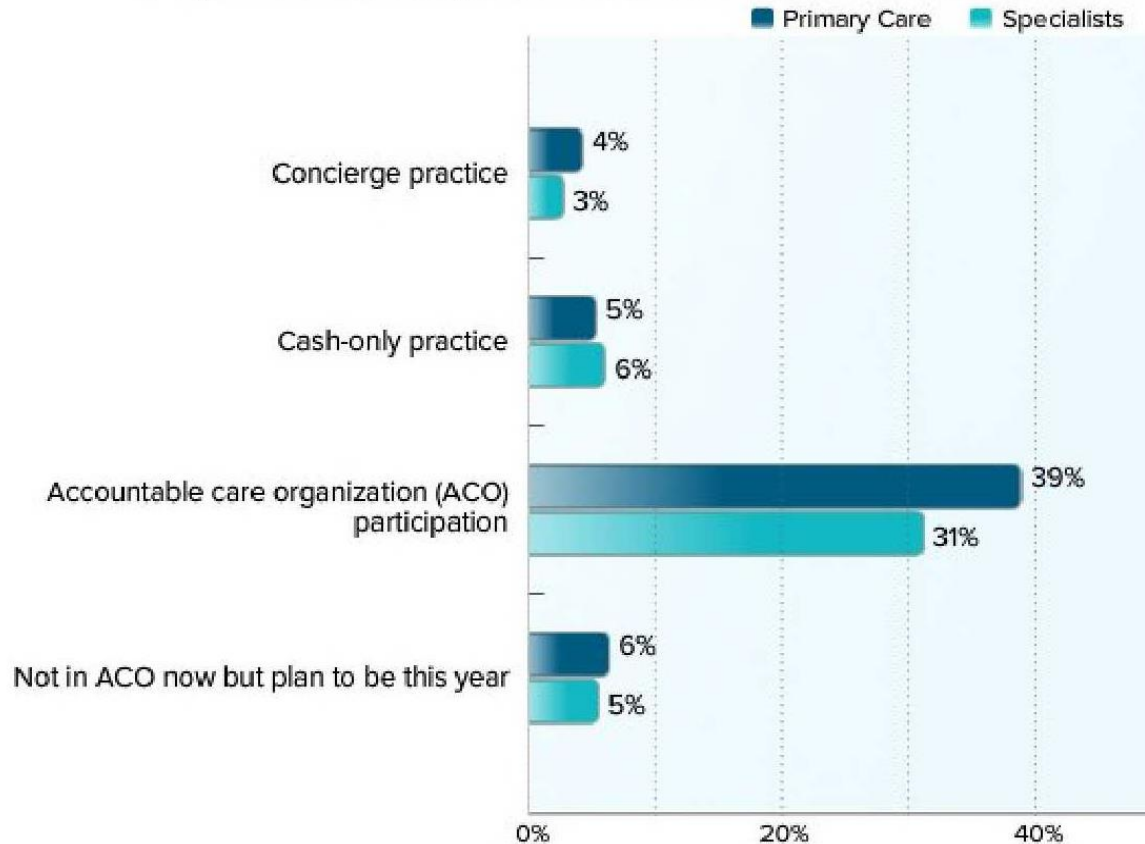
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Models for Retainer-Based Practice

- Hybrid Concierge Model
- Concierge Entity with Separate Traditional Entity
- Solely Concierge Practice Model
- Direct Primary Care Model

Physician Participation in Various Payment Models



Specialists and PCPs have similar rates of cash-only practices (6% and 5%, respectively) as well as participation in a concierge model (3% and 4%). Thirty-seven percent of specialists participate or plan to participate this year in accountable care organizations (ACOs), which is much lower than PCP participation (45%). More PCPs (39%) also reported being in ACOs this year than in last year's report (35%). According to some experts, as of late 2015, questions remain about whether meeting quality metrics translates into meaningful improvement.^[6]

Common Concierge Practice Hybrid Model

- Patients pay retainer of \$1,500 - \$2,500 annually
- Reduces patient population to around 600
- Physician continues to participate in commercial insurance and Medicare plans
- Retainer covers:
 - Direct access to physician
 - Services not covered by insurance
 - Allows physicians to try concierge practice without terminating all relationships with payors

Considerations for Hybrid Practice

- Care taken that the retainer payment covers only services not covered by insurance
 - For example:
 - 24 Hours Access to Physician
 - Email contacts to be returned promptly
 - House calls
 - Same day or no-wait appointments

Otherwise, possible violation of payor agreements which prohibit balance billing

Concierge + Traditional Practice Entities

- Two separate practice entities occupying same office
- Concierge practice sees only retainer-based patients and bills no insurance
- Traditional practice entity treats insurance patients
- Raises fewer concerns about insurance/retainer overlap
- Minimizes reduction of patient population

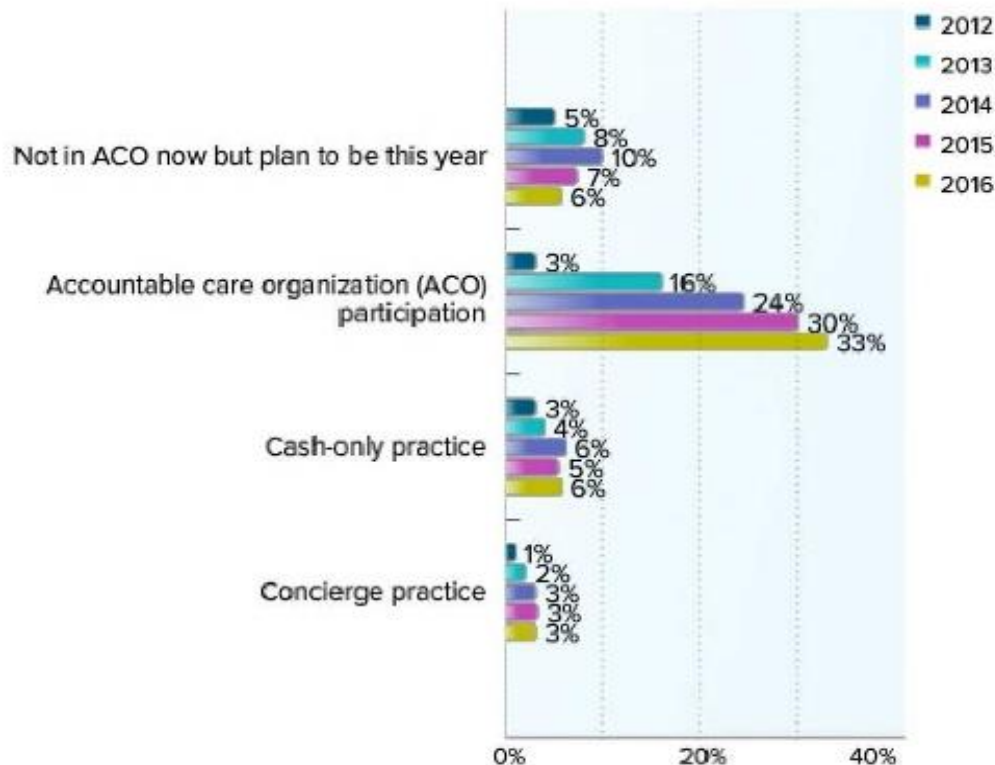
Concierge Practice

- Patient pays annual retainer
- Retainer often much more than \$1,500
- Usually available in higher income areas
- Physician on-call 24/7
- Coordinates care with specialists
- Can assure expedited appointments with well-known specialists

Direct Primary Care Practice Model

- Physicians generally do not receive monthly or annual retainer
- May be small monthly retainer
- Patient pays flat fee at visit
- Physician does not accept or process insurance claims
- Practice model can work in lower income area
- Fees may not be much more than current co-pays

Participation in Payment Models Over 5 Years



Despite considerable attention, cash-only and concierge practices are still not significant payment models.¹⁰ In fact, as found in Medscape's Physician Compensation Reports, concierge practice has stayed at around 3% for the past 3 years. Cash practices saw a slight increase this year (6% vs 5% last year). Travis Singleton of Merritt Hawkins observed that in order to avoid the pressure of private practice, the "escape hatch" for many physicians has been employment rather than changing to concierge medicine. However, he has seen a continual increase in the "direct pay" model and urgent care delivery. Current and future participation in ACOs is still increasing, at 39% this year compared with 37% in last year's report.

Pros of Retainer Based Practices

- Reduces number of patients – takes the physician off the hamster wheel
- In retainer-only practices, allows physician to reduce staff and overhead for billing, credentialing and collection
- Hybrid model allows physician to “get their feet wet” before transitioning completely
- Physician can derive same or better income than in traditional practice



Cons of Retainer Based Practices

- Primary care physician shortage – what happens to patients dismissed from the practice?
- Hybrid practices have same insurance billing and collection issues
- Hybrid practices need to be careful with marketing to not violate Medicare regulation and payor agreements
- Physician's only source of revenue is the patients




Thank you.

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