

# Concierge Medicine: Reinventing Primary Care

A person wearing a dark, textured suit jacket is holding a silver metal tray. On the tray, there is a blue stethoscope, a white pill, a green surgical mask, and a red pill. The background is plain white.

Is the concierge  
practice model the  
future of healthcare?

By Trudie Mitschang

**IMAGINE A PATIENT-CENTERED** practice that allows ample time to really get to know each patient. A practice model that prioritizes quality of care over caseload quantity. And a payment system that runs on a cash-up-front method with no need for pre-authorizations or claim forms. A couple of decades ago, this concept was little more than a utopian pipe dream. That is, until a Seattle-based physician named Howard Maron, MD, and his partner, Scott Hall, MD, established a practice based on this very premise.

MD2 (pronounced MD squared) was founded in 1996 with an ambitious goal of offering unlimited access to top-notch medical care to a maximum patient roster of just 50 families. Little did they know, the almost-instantly popular concept would birth a whole new treatment trend that became known as “concierge medicine.”<sup>1</sup> “I never expected that by opening my one practice an entirely new category of healthcare would be created. It’s amazing for me to see all the different levels of concierge medicine that are now available to people,” said Dr. Maron, former team doctor for the Seattle SuperSonics. “Our practice was designed around this ideology:



Provide the professionalism, convenience and best-of-class service you expect from every service provider in your life. The very nature of these relationships necessitates we limit our practice to so few. It’s what sets us apart.”<sup>2</sup>

## Understanding the Business Model

Concierge medicine is sometimes referred to as direct primary care (DPC), membership medicine or cash-only medicine. Although there may be structural differences in the business models (based on insurance inclusion), the distinguishing characteristic for a concierge practice is the patient pays an annual fee or retainer in exchange for an enhanced level of personalized care. There is also a hybrid concierge model in which physicians charge a monthly retainer or membership fee for services that Medicare and insurers do not cover. These services may include email access, phone consultations, newsletters, annual physicals, prolonged visits, and comprehensive wellness

and evaluation plans. For all covered services, providers bill Medicare and insurance companies for patient visits and services covered by the plans.<sup>3</sup> This model allows physicians to continue to see their nonretainer patients while charging a fee to their concierge patients for special levels of care.

In most cases, when a practice opts for a cash-only or DPC model, it does not accept insurance. The advantage for these practices is that overhead and administrative costs remain low so that the practice can potentially offer affordable healthcare to a larger number of paying patients. “A lot of people like to compare concierge medicine to DPC and say, ‘DPC is the less-expensive alternative.’ But the data, the patient interviews and the industry service offerings say something completely different. The distinguishing factor differentiating DPC and concierge care is not price; it’s insurance participation of the doctor, monthly billing (seen at most DPC clinics) and the amount of services offered,” says Michael Tetreault, editor of *The DPC Journal* and *Concierge Medicine Today*. “In both concierge care and DPC, people have inherent, not ascribed value. There’s no class order — no first class or second class, just people for whom doctors serve each day. They’ve built clinics for children, families and people who are sick — and it is these visioneering physicians who are drawing attention to the cost of healthcare across the country and designing ways for it to be available and affordable for anyone.”<sup>4</sup>

From a patient perspective, the concierge model provides an experience akin to being in a private club with exclusive member benefits. Some concierge doctors make house calls, give out their cell phone numbers for speedy contact and provide healthy lifestyle counseling. Other common perks include:

- Same-day or next-day appointments
- 24/7 access to the physician by phone or email
- Annual physicals that last 60 minutes or more
- Reduced costs for routine tests such as blood work or scans
- Appointments that last 30 minutes or more
- Coordinated care for treatment from a specialist or at a hospital

This enhanced level of care can allow patients, particularly those with complex disease management needs, to get more personalized service and potentially better outcomes. Some studies suggest it may even help patients prevent more serious complications or diseases in the future.

Improving the level of care was a primary motivation for Celeste Amaya, MD, a board-certified internal medicine specialist who transitioned her Palm Desert, Calif., practice to a concierge model several years ago. “As a traditional internal medicine physician, I was responsible for over 5,000 patients and, every day, unless you were the first patient on the morning schedule or the first patient on the afternoon schedule, you would be waiting over an hour to see me. It created frustration for everyone. I simply couldn’t rush the care,” she says. “Moreover, with continued

cutbacks in insurance reimbursement and continued increases in malpractice insurance and other overhead expenses, I was forced to secure a high volume of patients each day in order to meet those demands. My ability to practice medicine the way it should be was compromised, which influenced my transition to concierge.”

## Counting the Cost

Rising healthcare costs and new mandatory insurance laws have influenced many physicians to jump on the concierge medicine bandwagon. Like MD2 founder Dr. Maron, who began his career catering to wealthy athletes, Samir Qamar, MD, also got started in concierge medicine by serving as house physician to the rich and famous at an upscale resort in Northern California. At the time, it was not unusual for clients to pay Dr. Qamar as much as \$550 for an office visit and \$30,000 for a monthly retainer. But in 2012, Dr. Qamar decided to abandon high-end concierge medicine in favor of a no-frills version that offers a subscription-based care model at an affordable cost. MedLion Direct Primary Care was founded in 2009 with a monthly membership cost of \$59, and Dr. Qamar says the goal was to help frustrated doctors enjoy the practice of medicine without the hassles of insurance. To date, the practice has operations in 25 states and is currently the largest DPC group in the country.<sup>5</sup>

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Dr. Qamar is not alone. He’s part of a new and growing generation of concierge doctors who, in the wake of healthcare reform, are seeing and meeting a need among middle-class families and frustrated practitioners. And, it’s a trend on the uptick. Of the estimated 5,500 concierge practices nationwide, about two-thirds charge less than \$135 a month on average, up from 49 percent three years ago, according to *Concierge Medicine Today*, a trade publication that also runs a research collective for the industry.<sup>6</sup> Inexpensive practices are driving growth in concierge medicine, which is adding offices at a rate of about 25 percent a year, according to the American Academy of Private Physicians. In fact, while the vast majority of family physicians and general practitioners have not yet made the switch, a study conducted for The Physicians Foundation in early 2013 showed that almost one in 10 practitioners are considering converting to a private or concierge model.<sup>7</sup>

Unlike high-end concierge practices, which typically bill insurers for medical services on top of collecting retainer fees, the lower-end model charges patients directly for treatment along with membership, often posting menu-style prices for services and requiring payment up front. Eliminating insurance billing cuts 40 percent of the practices’ overhead expenses, enabling them to keep fees low.<sup>5</sup>

Also fueling the trend is a little-known clause tucked into the healthcare law that allows DPC to count as Affordable Care Act-compliant insurance, as long as it is bundled with a “wrap-around” catastrophic medical policy to cover emergencies. “All of a sudden, our market went from the uninsured to everybody,” says Dr. Qamar.<sup>5</sup>

## The Case for Concierge

It is easy to see how patients benefit from paying a fee for more personalized access to a physician, but how do physicians benefit from implementing this model? While some people think the move is motivated by higher income, that is generally not the case, as studies have shown the average income for a private doctor is virtually the same as other primary care physicians. So if money is not the motive, what is? For some, it is simply the prospect of more satisfying work.

For physicians who became general practitioners because they wanted to build that strong doctor-patient relationship, concierge medicine offers an almost idyllic scenario. Private physicians can promise same-day or next-day access (while some patients often wait weeks or even months to see their nonconcierge physician), along with all of the personalized perks. “A major advantage for me is being able to spend more time with each patient, and in the majority of the time, I can avoid prescribing yet another pill,” says Dr. Amaya. “The concierge practice model gives my patients 24/7 access to me or my staff. I can work in patients on the same day for urgent visits and see them as often as I need to. This accessibility keeps my patients’ health at its best and has dramatically reduced my hospitalizations annually.”

With the ability to really get to know patients on a personal level, as well as provide such a comprehensive approach to their medical care, doctors find they are better able to address concerns than with the prevailing model. Dr. Amaya says she is able to spend as much as one hour with each patient, unheard of in a traditional practice. “As a physician, I have always believed that achieving a cure is not synonymous with healing,” she explains. “Now, having a concierge practice allows me not only to cure my patients, but also to take their hand as they journey on further to complete healing.”

Another perk of a smaller patient load and a model based on membership fees is the potential reduction in overhead costs. With fewer patients, physicians can often operate a practice with fewer support staff. Plus, with the reduction in bureaucratic red tape from insurance companies and government programs, the time spent on daily paperwork is greatly reduced.

## A Look at the Cons

Derisively dubbed “wealth care” at its inception, concierge medicine was accused of promoting a two-tiered health system that favored the wealthy while burdening the middle and lower class with a higher cost of insurance. Detractors contended that while this approach was lucrative for select physicians and certainly benefited patients who could afford it, it remained inaccessible for patients who could not drum up the needed membership fees.<sup>6</sup>

For private physicians eyeing a concierge model, there are several potential pitfalls to keep in mind. For example, concierge practices provide a comprehensive array of services for their patients, and if the practice has a small staff, it may be challenging to meet all those obligations without hiring outside help. Other concerns to be mindful of include:

- *Pricing error risks.* An inherent risk exists in computing an incorrect price point. The result is a less-profitable bottom line.
- *Loss of patients.* Because many patients are familiar with the standard healthcare model, transitioning to concierge medicine may result in patient attrition.
- *Extra services.* Providing flat-fee visits is not enough to justify membership costs for many patients. That means private physicians will need to include extra services to make concierge medicine worth the price.
- *Insurance regulations.* Although most concierge medical practices are cash-based, that does not mean insurance should be ignored since it does offer an additional income stream. Incorporating insurance into the concierge practice, however, can create a risk for double billing by charging for care submitted to the insurance company or Medicare in addition to charging the concierge fee. Keeping track of those nuances can prove tricky.
- *Increased marketing.* At minimum, concierge practices will need a well-positioned website that explains their pricing and services, a strategic plan to reach new patients and a means for connecting with referral partners.

There may also be concerns regarding managing expectations from patients who grow to demand more from their pay-for-service arrangement. “Since transitioning into the concierge model, my patients have come to expect the same attention and treatment at other offices. They become spoiled, so to speak. And, if they have to wait for more than 10 minutes, they figure, well, that’s too long, so they complain to us and demand a referral to a different specialist. We try to encourage them to be patient while educating them about the economic reality of practicing medicine today,” says Dr. Amaya. “What patients sometimes don’t realize is that our costs and expenses are significant with rent, malpractice insurance, supplies, etc. Some patients are under the impression that if they pay high premiums for their health insurance, we as physicians must be receiving a significant portion of that, but the reality is we don’t.”

## What Does the Future Hold?

The healthcare landscape is continuing to evolve, particularly in the area of primary care. With a new administration in the White House contemplating overhauling or completely replacing the Affordable Care Act, coupled with the new Medicare Access and CHIP Reauthorization Act (MACRA) that went into effect last fall, it remains to be seen what impact these changes will have on the long-term viability of the concierge practice model. But, one thing is certain: Change is in the air, and the concierge practice, in all of its variations, may very well offer attractive benefits to both practitioners and patients looking for a new way to deliver primary care.

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“It is time to stop tinkering around the edges of the current payment system. It needs to change conceptually and completely to a new paradigm where that the primary care physician is paid directly by the patient. DPC (membership, retainer and concierge) is one such new paradigm,” says Stephen C. Schimpff, former CEO of the University of Maryland Medical Center, senior advisor to Sage Growth Partners and author of *The Future of Health-Care Delivery: Why It Must Change and How It Will Affect You*. “The cost is reasonable, the care is better, doctor frustrations come down, patient satisfaction goes up and total healthcare costs come down. It is time for a change.” ♦

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