

For Some, a Better Mousetrap

By Allison McCarthy, Consultant

Steep cuts in Medicare reimbursement rates, skyrocketing premiums for medical liability insurance, and mountains of managed care paperwork have squeezed physicians into a corner. Frustrated because they spend less time with patients and more time with bureaucracy, and exasperated because they work longer hours for less income, some physicians are contemplating leaving the profession altogether. Others are opting for early retirement. And many are considering concierge medicine as a new practice model that allows for improved care coordination, enhanced services and better prevention strategies.

Concierge medicine first emerged in the mid-1990s in Seattle, Washington. For an annual fee, physicians offer patients top-drawer treatment that includes amenities such as same-day and extended appointments, house calls when necessary, enhanced referral coordination that can include accompanying patients who need to see a specialist, and 24-hour access via pager and cell phone. Patients pay out of pocket for the premium service, but use traditional health insurance to cover allowable expenses, such as inpatient hospital stays, outpatient diagnostics and care, and basic tests and physician exams. The yearly fee for patients can range from \$ 1,500 to upward of \$4,000.

A Better Approach

Not everyone is sold on the concept. Consumer advocates, insurance regulators and even fellow practitioners voice concern about issues such as discrimination and exclusivity. But for many doctors, frustrated with their inability to practice medicine as they see fit, this type of practice arrangement is the ticket to improved physician and patient satisfaction—not to mention better care. Physicians who have converted to concierge medicine say they have more time to provide personalized, dedicated care, focused on prevention strategies tailored to meet individual needs.

While it has mostly been independent physicians who have converted to a concierge medicine practice, a handful of hospitals have also embarked on these ventures through their affiliated primary care practices where there is appropriate market opportunity. For these hospitals, concierge medicine facilitates a diversification strategy of moving into alternative health care delivery options to meet market demand.

Personalized Preventive Medicine

How do you successfully launch a “personalized preventive medicine practice,” or PPM—a more flattering and apt descriptive term than

“concierge medicine”? First, conduct a survey with the existing patient base to determine whether they will support the new venture. Will they pay out of pocket for personalized care and, if so, how much and for what type of services? PPMs are best launched from a full panel of long-standing patients who have emotional attachments to their caregivers.

Armed with information, tailor the service smorgasbord to meet patient expectations. Many service components, such as same-day appointments and 24-hour access, are standard fare while others—such as visits to specialists or making house calls—are variable luxuries.

Panel size and patient annual fee structure depend on the services offered, the target population served and the desired revenue projections. Take into consideration the going rate for other concierge-type practices in the market and position fees and services accordingly.

Invest in Marketing, Customer Service

Develop a marketing strategy and make the existing patient population the first target. The majority of personalized preventive medicine practices are built on the pre-existing medical practice base of patients. However, it is important to create a new image for the practice, including name and logo identity, which demonstrates the high customer service orientation the new practice will feature.

Send announcement letters to inform patients about the new practice model. Then dedicate staff, with significant talent to sell new programs to patients, to manage follow-up conversations. While the entire support staff needs to be oriented to the new practice model, only a handful of office staff, those skilled in managing telephone sales, should talk with interested callers.

Budget for the transition, which could take as long as two years to build a full panel, and invest in software to keep track of everyday patient activity. Physicians and staff need tools that will direct them to all of the appropriate touch points with patients, so that doctors know when, where and how to follow up. Above all, put patients front and center. Patients are paying for, and expect, a higher level of customer service and a personal relationship from doctor and staff. Be prepared to embrace a new philosophy of care where the customer is king.



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