

## CASE STUDIES

### 1. Move to a Concierge Model or a Direct Primary Care—Medicine Business Model?

Michael Glen runs the General Medical Clinic, a group of 22 primary care physicians in a prosperous suburb of Philadelphia, Pennsylvania. He has held this position for just over ten years and has seen many changes to the healthcare sector. The clinic includes a spectrum of primary care providers, with six general internal medicine, six pediatricians, and ten family practitioners. The clinic has prospered, and almost all the physicians have full or near-full practices. However, in the past five years, expenses have continued to increase, while revenues remained stagnant. Although compared to national standards the physicians appear to make good salaries, their take-home pay has been flat over the past three years, and they are concerned that it may decrease if healthcare reform proceeds. Currently, General Medical Clinic's primary care practitioners make about \$190,000 per year, with some variation for age, practice intensity, and other factors.

The clinic has billed insurance and sought to collect the difference from the patient or, if the patient was uninsured, would seek to set up a payment plan. Its patient load consists of 25 percent Medicaid, 40 percent Medicare, 5 percent bad debt, and 30 percent commercial insurance. Currently, it did not have any capitated contracts.

Michael recently attended a conference where he learned about concierge medicine and direct primary care (DPC). The presenter noted that more and more physicians feel overworked, revenues and salaries are flat, and many doctors spend more and more time on nonclinical paperwork. Many primary care physicians, she reported, have begun to look for practice options with alternative financial arrangements. Capitation has been one option, but it has not been very successful for most primary care practices.

Concierge medicine and direct primary care (DPC) are two relatively new options that could solve these problems, the presenter said. In concierge medicine, practices charge their patients a flat fee (monthly or annually) for enhanced services and greater access. These "enhanced" services usually include same-day access to the doctor, which might be done via cellular phone or text messaging. Such practices often also provide online consultations; unlimited