12 Medical Practice Models for 2016

In 2012, we wrote **"Yes, You Can and Should Start a New Practice in 2013"** and more than 13,000 people have viewed it since then. Despite what you may read on the internet, private medical practice is **not** dead, and physicians are starting new medical practices using new practice models every single day.

What kind of practice is right for you? Here are 12 common and not-so-common medical practice models for independent physicians and other practitioners.

12 Practice Models for 2016 from **Manage My Practice**

Read more about our new practice start-up services here. For more information, contact us here or call (919) 370.0504.

How Are Physicians Returning

to Private Practice?

The healthcare industry has gone through a lot of change very quickly in the past five years, with still more to come. Independent practices and smaller physician groups have a lot of reason to “seek higher ground” in mergers, partnerships, and buyouts by larger groups and hospitals that have the resources to better deal with lower reimbursement and increasing regulation. Still, just as we are seeing the crest of the wave of physicians selling their practices to hospitals, we are also beginning to see a lot of the reverse trend – physicians leaving hospital employment and starting their own practices.

We have a number of new solo physician practices among our clients and each of these practices can make the numbers work for the three reasons outlined below. Their new practices may look much different from the practices they once had, but they now can bypass the crushing financial burden of start-up costs and find ways to cut expensive overhead. As hospitals ratchet down physician salaries and present new hoops from them to jump through, more and more physicians will look to these new tools for independence and financial viability.

Free EMR

In 2008 I was living in Seattle and I attended a conference at Microsoft in Redmond, Washington. It was there that I met Dr. Bill Crounse, the Senior Director of Worldwide Health for Microsoft. He was kind enough to sit down for a few minutes and talk to me about the future of physician practices. He told me something at the time that I didn’t really understand. He said, “Something is about to happen that will be game changer for physicians.” At the time I didn’t understand what

he meant, but today I believe he was hinting of the pending launch of **Practice Fusion**, the first free electronic medical record (EMR.)

The free EMR has indeed been a game changer for physicians. The ability to e-prescribe and report PQRS to avoid Medicare financial penalties and to collect the EHR Stimulus money (aka Meaningful Use) without the typical $25 -$30K outlay per physician has been a boon for many practices. How can an EMR be free? With advertising and the agreement that they blind and sell your data to third parties. (Have EMR companies been doing this all along and not telling you? A topic for another post.)

Physicians still need a billing system to run their businesses, but today software vendors are bundling billing packages with practice management and/or EMR software. For anywhere from 2.9% – 5% of net revenue, physicians can use the software and receive insurance billing services as a package. The two largest vendors providing this service are **Athena** and **eClinical Works.**

Social Media

The second reason physicians can start a private practice is the replacement of traditional (quite expensive) traditional marketing with social media. For a fraction of the cost of a direct mail campaign, a physician can use social media to establish a digital presence via a website, blog, YouTube and Facebook. These mediums are not free, but they are long tail, meaning that they will continue to drive patients to the practice long after a direct mail postcard has been thrown in the trash.

New Practice Models

Physicians and other care providers have a choice of self-

employed practice models today. Here are a few choices they have:

- **Concierge** – concierge can mean different things to different people, but I am using it to describe a practice that accepts insurance and also requires an additional fee from all patients on top of insurance payments.
- **Medicare Subscription** – similar to concierge, but applies the additional fee for Medicare patients only to pay for additional services not covered by Medicare, particularly an annual physical examination.
- **Direct Pay** – this is a primary care model where patients pay a monthly fee each month that covers unlimited primary care (sick and well visits) and some in-house laboratory services. This model also includes direct-contracting with employers.
- **Telemedicine** – gaining popularity for more than just rural specialty care, telemedicine is seeing patients via a secure video connection.
- **House Calls** – this model is coming back as a pure practice model because physicians and other care providers do not have to invest in a brick and mortar office. Coupled with the ability to accept payments via their smartphones and the influx of baby boomers, this model is gaining popularity quickly.
- **Nursing Home** – Another "rounding" type of practice like the House Call practice, physicians spend 100% of their time in nursing homes seeing patients.
- **On Call Specialty Practice** – specialty physicians, typically surgeons, see patients pre and post-surgery in the office of the referring physician and have no brick and mortar office.
- **Cash Practice** – this is a 100% cash model with no

insurance payments accepted. Typically, physicians will provide patients with what they need to be reimbursed from their insurance plan. Because insurance is not filed, the practice can afford to discount their prices.

- **Co-op Practice** – this is a time-share-type practice where one practice or a non-physician owner leases space to physicians, providing everything for one fee except billing, EMR and a medical assistant.
- **Micropractice** – an even skinnier form of the co-op practice, the physician works without any assistants and does everything him/herself with just a computer, utilizing one exam room. Micropractice physicians see on average 8 to 10 patients a day.

For more information on different practice models, see our posts **Yes, You Can and Should Start a Solo Medical Practice in 2013!**, **How Physicians Can Offer Direct Primary Care to Employers: An Interview with Dr. Samir Qamar of MedLion**, **The Direct Pay Physician Practice Model: An Interview With Scott Borden** and **Physicians are Leaving Hospital Employment and Starting New Practices on Their Own Terms.**

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The Healthcare Bill, Rage, Concierge Practices, Cuts, Claims and Don Berwick (Yes!)

HEALTHCARE BILL IMPACT ON INDIVIDUALS AND RAGE

A number of people asked me about the impact of health reform on them as individuals. Here is a **great story from the Atlanta Journal-Constitution** that takes specific examples of individuals and families and speculates on how the new bill(s) will impact them.

For 2010, the changes are minimal:

- Dependent children may be covered by their parents' health insurance policies until age 26.
- A high-risk insurance pool will open for people with pre-existing conditions who have been uninsured for six months.
- In 2011 Medicare will pay for an annual checkup, and deductibles and co-payments for many preventive services and screenings will be eliminated. The Medicare prescription drug doughnut hole will gradually narrow every year until it is eliminated in 2020. People in the "doughnut hole" could receive a $250 rebate this year.

I have to say that I've been dumbfounded by the fury raised over the passage of the new healthcare legislation. I realize that the bills separate people into winners (uninsured, providers with uncompensated charity care, patients with pre-existing conditions, Medicare patients, providers who see Medicaid patients, families with adult children, etc.) and losers (companies who have to pony up more money for their retired employees, insurance companies, illegal immigrants, high wage earners, etc.), but **this story placed the fury into**

a different perspective for me. It's a good read.

CONCIERGE PRACTICES

What does healthcare reform mean for the physician practice? Many are predicting the rise of concierge practices (also called boutique medicine, retainer practices, VIP medicine and cash practices) as physicians find they cannot survive if their patient population is predominantly Medicare, Medicaid and uninsured patients. Concierge practices fall into two categories:

- The first operates on an insurance+ model, which means that the practice accepts and files the insurance for the patient, but also requires an additional out-of-pocket fee of anywhere from $1500 to $1800 per year to be a patient of the practice. The fee is to cover services that Medicare and commercial insurance do not, such as physicals, phone consultations, wellness counseling and patient education.
- The second operates on a strictly cash basis and the practice does not accept or file any insurance for the patient. The patient pays a flat fee per year for care (usually in the $5,000 to $15,000 range) and all primary care is provided for that amount. The patient still needs to carry insurance for prescriptions, hospital services and sub-specialist services. *Imagine being a manager in this type of practice – no pre-authorizations, no insurance department, no eligibility checking, no refunds…*

Concierge medicine has not been around that long, but it is growing in popularity by leaps and bounds. The first acknowledged concierge practice was formed in 1996 in the Pacific Northwest. In 2002, CMS (Centers for Medicare and Medicaid) published a memo stating that physicians may enter into retainer agreements with their patients as long as these agreements do not violate any Medicare requirements. In 2003,

the Department of Health and Human Services ruled that concierge medical practices are not illegal. Today, there are approximately 5,000 physicians using the concierge model in the United States today.

MEDICARE CUTS, MEDICARE CLAIMS AND DON BERWICK

Shortly after all the shouting and voting on healthcare reform was over, Congress recessed for two weeks leaving the controversy over the 21.5% cuts required by the SGR formula still unsettled. CMS has advised the MACs to again **hold claims for services provided from April 1 to April 10** to give Congress a chance to get back to work and back to voting for an additional delay (or not) for the cuts. If the cuts are allowed to stand, many physicians will start making their own cuts by minimizing the number of Medicare and Medicaid patients they will see.

Amidst this craziness, a voice of sanity is heard and it is Donald Berwick, MD, current President of the Institute for Healthcare Improvement (IHI) and **probable Obama pick for the head of CMS.** If you don't know Don Berwick or the IHI, click **here** to read an interview with him about the IHI's "100,000 Lives Campaign" or watch the video below of him speaking about the dimensions of quality. Good stuff!