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# Make Your Own Practice

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# The Standard Model

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- Volume-based business
  - @40 patients a day
- High overhead
  - 60% overhead
- Long hours
- Less than ideal care
- See yourself as a victim of payers, patients, and staff
- Don't trust any solutions from government, vendors, consultants

# Standard Model

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*New England Journal of Medicine* – June 26, 2003

- 54.9% of recommended preventive care is delivered
- 53.5% of recommended acute care is delivered
- 56.1% of recommended chronic care is delivered
- 52.2% of recommended screening is delivered
- 58.5% of recommended follow up care is delivered

**Conclusion:** “The deficits in adherence to recommended processes for basic care pose serious threats to the health of the American public.”

# Standard Model

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- 60% have considered leaving medicine because they're discouraged over the state of U.S. healthcare
- Almost 70% said they actually knew of at least one doctor who stopped practicing medicine due to low morale.
- **Top low morale causes:**
  - low reimbursement
  - loss of autonomy
  - bureaucratic red tape
  - patient overload
  - loss of respect

Steger, B. "Survey Results: Doctors Say Morale is Hurting." *The Physician Executive Journal of Medical Management*. November/December 2006, pgs. 6-15. Accessed online [http://net.acpe.org/Resources/Articles/Doctors\\_Say\\_Morale\\_is\\_Hurting.pdf](http://net.acpe.org/Resources/Articles/Doctors_Say_Morale_is_Hurting.pdf) March 19, 2008.

# The Role of the Manager

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# Alternative Models

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- Concierge
- Cash
- Micro-practice
- Preventive Care-based practice

# Concierge

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- Patients pay \$1,000 to \$1,500/year cash for “extra, non-covered services”
  - Access, extra wellness visit
  - They keep their insurance, you keep payer contracts
- MD VIP
- Risk: What’s non-covered?

# The Concierge Landscape

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- Is it real?
  - GAO: 146 concierge physicians in fall 2004.
  - Society for Innovative Medical Practice Design: 500 physicians in “with insurance” models
  - MDVIP: three-year sales growth of 1,841%. 21 markets in 15 states. Contracts with more than 100 physicians covering more than 33,000 patients

# Hard Issue

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- Too many do just for the extra cash without changing services
  - bad business and cynical
- What are you really going to change?

# Cash

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- Cash at the time of service or monthly fee
- Opt out of Medicare, cancel all MCO contracts.
- Patients can bill insurance, or not.

# Cash – Pros/Cons

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- Eliminates all costs and hassles associated with payers, billing
- Just running a simple business
- Overhead can drop
- Can have smaller patient panel
- Do need to market/position
- Best if can provide perceived added value

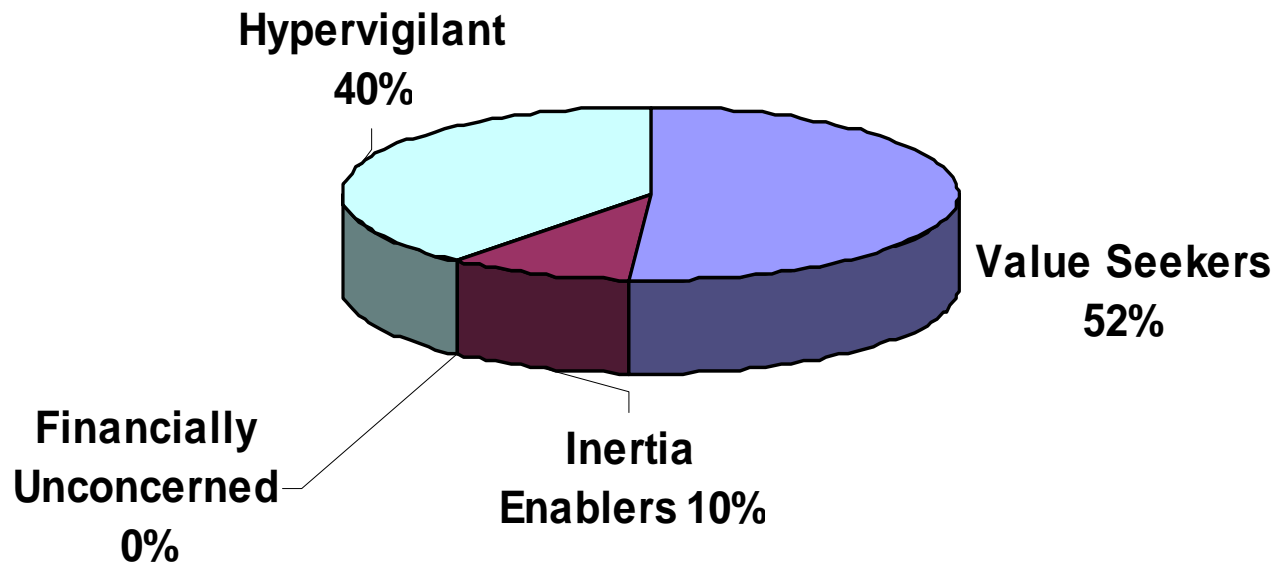
# Cash Example

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- Access Healthcare: [www.letssimplify.com](http://www.letssimplify.com)
- “Modern Medicine. Old Fashioned Pace.”
- 3 annual plans: \$100, \$150, \$200 a month
  - Debited quarterly or annually
  - Automatically renewed
  - Family discounts
- Outside labs/hospital: Covered by patient’s insurance
- 400 patients per MD, most in consumer-directed plans or want more
- Happy doctors

# Patient Demographic

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Source: Private analysis by  
Access Healthcare, Charleston,  
SC. Used with permission. 13

# Another Cash Example

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- Hello Health: [www.hellohealth.com](http://www.hellohealth.com)
- \$35/month subscription fee (3 mo. minimum) – covers email, IM, video chat, text, phone contact with physician
- Plus,
  - \$100 for simple visits (including online)
  - \$150 for moderate visits
  - \$200 for complex visits

# Micropractice

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- Can be cash-based or traditional insurance/Medicare model
- Often solo. Zero or one staff member
- Phones=answering machine; Billing=outsourced or do it yourself
- VERY low overhead – instead of “losing” 60% of every dollar earned, keep 90%
- Allows a lower volume, higher pay practice
- Cagely use of resources and technology crucial

# Micropractice Example

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## Gordon Moore, MD

- Originally no support staff and just 150 square feet
- Full volume is 12 patients/day.
- Take home = more than \$155,000 per year

Source: American Academy of Family Physicians,  
[www.aafp.org/fpm/20020300/25goin.html](http://www.aafp.org/fpm/20020300/25goin.html). Accessed Feb. 29,  
2008.

# Micropractice Example

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- Pamela Wible - [www.idealmedicalpractice.org](http://www.idealmedicalpractice.org)
- Started with patient town halls. What do we want? And just built that.
- She greets every patient, no receptionist. Answers her own phone. Bills insurance companies – only 5 patients a day, 3-4 days a week. Office in “wellness center”
- No staff = no mystery

# Micropractice

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- Don't wing it
- Calculate total expenses
- Estimate average revenue per visit
- Determine how many visits you need to get to your goal salary

# Preventive Care Practice

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- Standard practice: contract with MCOs, still high volume
- But just start doing more active prevention work: recalls, outcomes tracking
- More revenue, practicing better

# Preventive Care Example

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- Prevea Health, 180 physicians
- 7,758 existing patients called in for preventive and follow-up care that they probably would not have otherwise received
- Additional \$1 million net revenue in 60 days
- “We consider we have all the aspects of a medical home already, and we are rewarded for that without remuneration from the medical home [demonstration project].” Prevea CMO

# Other Options

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- House calls
- Service to travelers/hotels
- What do you like? Where is there an unmet need?

# Making a Business Plan

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- Start with what motivates you
- Avoid the spiral. Chunk it out.
- What one thing would make it better?  
More time at home? Fewer patients a day?

# Making a Business Plan

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- Executive summary - a one-page overview
- Opportunity analysis - Analysis of community and patient needs
- Operations plan - structure, location, regulations
- Financial plan - how you'll finance your business, cost and revenue projections
  - Assume a long start-up period?
  - How many patients can you assume you'll retain?
  - How many new patients/month needed
  - Average revenue per patient visit
  - ALL costs: non-compete buy out, legal and consulting help
  - Forecast for three years
- Marketing plan - your marketing strategy

# Business Plan Resources

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- ***Medical Practice Business Plan Workbook : A Blueprint for Building the Practice You Want and Deserve***, Peter Lucash
- ***Rx for Business Success: Starting a Medical Practice***, Tom Ealey

# In Summary

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- There are alternatives to traditional practice
- Most of them focus on providing high quality care
- Understand your goal and empower yourself to change, now

# Contact

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