

# Today's Healthcare Practice Models

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## The Changing Landscape

### Introduction

The healthcare environment is rapidly changing. A number of decisive trends are becoming increasingly visible. One of these trends is the shift in healthcare practice models.

The number of physician practice owners is decreasing as more physicians are opting to join bigger and more powerful healthcare group practices or multispecialty groups. This isn't necessarily a negative outcome if you consider the fact that in the present market space, bigger is considered to be better. Furthermore, a substantial number of women physicians prefer balancing their family life with their work life and so are not keen on becoming practice owners. Purchasing a new practice is a huge challenge as graduating physicians are strapped under medical school debt and very few physicians are willing to risk additional financial burdens early on in their careers.

On the other side of the spectrum, a different catalyst is impacting the healthcare sector – an acute shortage of physicians. The U.S. Bureau of Health Professions has estimated that there will be a shortage of 109,600 physicians across all specialties by the year 2020. Also worrisome is the fact that as an increasing number of Americans come under the blanket of health insurance coverage, it is going to be next to impossible for US Medical Schools and Residency Programs to supply new physicians to serve this patient base in the coming years. So yes, there is no denying the fact that the complexities of regulatory compliance definitely make it difficult for physicians to run small or solo practices.

So what are these trends indicative of? Or the more subject question is – *are the days of solo practices over?*

### Patient Access and Increasing Costs – Twin Healthcare Challenges

Physicians with private practices are starting to feel increasingly pressurized by the substantial rise in regulatory and practice administration costs as well as a dip in reimbursements.

Consider this – in a traditional practice a physician might end up seeing 2,000 and more patients. This definitely leaves the physician with less time to spend with each patient. Not to forget the time it takes to manage paperwork and administrative responsibilities. Solo practices also need to consider increasing overheads associated with the cost of buying and maintaining rapidly advancing technologies. The only way to break even is by increasing revenue by expanding the practice patient base which simply means less time with current and, in some instances, really deserving patients.

## New Healthcare Practice Models

Given the changing healthcare environment, it is important for physicians to consider alternative practice models that can help address the twin challenges of rapidly increasing overheads and patient access. Here are 4 practice models physicians can consider.

### *Inclusion of Mid-level Providers*

While managing a solo practice has its own acute challenges, there are a number of physicians who prefer running their own practice. It can be because they run a family practice or simply because they have spent a major portion of their lives setting up and building the practice – they are far more emotionally and financially invested in their practices. However, they are not immune to cost appreciations and lowering reimbursements and so need to give serious thought to improve practice efficiency and revenue. A good option for these physicians is to include mid-level providers into their primary care facility. The advantages mid-level providers offer include;

- Managing and delivering routine care to patients which can free up a lot of time for the physician.
- Physicians have more time to focus on more complex cases.
- Mid-level providers can help address scheduling conflicts and the physician does not have to worry about a dip in the quality of care provided by his/her practice.
- Physicians who are past their retirement age or women physicians with families don't have to discontinue practicing as they can cut back on their work schedules.
- Educating mid-level providers takes less time compared to the time that goes into educating physicians.

### *Concierge*

Perhaps the biggest advantage of the concierge practice model is that a physician sees less number of patients without having to worry about profits because he is on a retainer and hence has a reliable revenue source. And because the physician sees fewer patients he has the liberty of spending more time with his patients compared to a physician with thousands of patients who is time strapped and cannot form the same kind of relationship. Furthermore, he only gets paid when a patient comes in.

- The traditional concierge model is one where a patient is required to pay a monthly fee or annual fee which allows him or her direct access to the physician.
- The practice adds the fee to its profit while also billing insurance companies for visits.
- This practice model allows physicians to get to spend more time delivering personalized care, the practice earns revenue from two sources and does not have to worry about having to fight insurance companies.

### *Direct Primary Care*

Under the direct-primary-care model, a lot of physicians do not take insurance. Instead, they rely completely on the monthly/annual fee from their patients. Again as with the concierge practice model, under the direct-primary-care model physicians have the advantage of managing a small practice customized to take in a smaller number of patients depending on their schedules and the number of physicians available.

- A major benefit with direct-primary-care model is that because the practice does not take insurance, it is not bound to adhere to Medicare regulations.
- The practice also does not have to worry about collaborating and working with insurance companies; they are also free of having to deal with pre-certification and collecting co-pays among other issues.
- However, since the practice has a single source of revenue (patient fees), there is pressure to carefully plan the practice's financial structure to ensure that the single source of revenue can sustain practice operations.

### *Hybrid Practice Model*

The hybrid practice model is a blend of a traditional practice and the concierge model. For a number of reasons this model is popular with physicians simply because they have the liberty to retain many of their regular patients. A lot of physicians build lifelong associations with their regular patients and having to let them go can be a tough decision; this is one of the reasons why a number of physicians still prefer running a solo practice. Under the hybrid practice model, they get to keep their loyal patients.

- The hybrid practice model however, requires a rock solid operational and optimized scheduling structure.
- Obviously, patients that pay the practice a fee for concierge medicine will expect a certain level of exclusivity.
- Planning and staff training have to be spot on for this model to succeed.
- Also, the practice will have to adhere to some of the insurance rules and regulations because of its insured patient base; so billing and collection issues cannot be swept aside.

# HEALTHCARE AND CHANGING PRACTICE MODELS



## THE HEALTHCARE ENVIRONMENT – OLD VS NEW



In the earlier days, it was mostly a win-win situation for both doctors and patients – satisfaction level of patients was high, doctors were happy and less stressful over running a successful practice.



Physicians either ran a solo practice or a family practice.



Practice profits remained intact as competition was low and most practices found it easy to maintain and build a loyal patient base.



Today, things are different; healthcare has come a long way.

Competition has increased and many physicians either sell their practices to a hospital, or end up joining a big group if they haven't already given up.

Reimbursements are dropping, and healthcare professionals are reeling under increasing overheads, stressful practice hours, and a drastic dip in the time a doctor spends with each patient.



## MARKET PRESSURES AND THE HEALTHCARE SECTOR

### HEALTHCARE PROFESSIONALS



are under the twin pressures of improving **PATIENT** outcomes while substantially lowering the cost of care to maximize **REIMBURSEMENT**.

One way to achieve this is by

### FOCUSING

on coordinated care as a way of building **HEALTHCARE** delivery while **lowering cost**.

### PHYSICIANS



are also under pressure to analyze latest **CLINICAL** evidence to consistently adopt

and deliver improved **treatment practices** and options.



## THE HYBRID CONCIERGE MODEL

A growing number of **PHYSICIANS** are increasingly shifting towards the adoption of a more wholesome practice model called the "**HYBRID CONCIERGE**."



This kind of **PRACTICE** model allows physicians to merge traditional and **CONCIERGE PROGRAMS**.



**PHYSICIANS** don't have to give up on all their patients



**PATIENTS** can opt for specialized services for a



## Conclusion

A lot of thinking and planning goes into building a successful practice. And for a physician balancing the quality side of healthcare in addition to the financial side of running his or her practice can be like walking the tight rope. Each of these healthcare models can work for a practice and deliver desired results provided that careful thought is given to which model fits your present situation while also helping you meet your future goals the best.

### ***About the Author:***

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