Medical Practice Trends Podcast 43 – The Future of Healthcare Delivery

Dr. Polack: This is Peter J. Polack, M.D. with another Medical Practice Trends Podcast and our guest today is Dr. Stephen Schimpff, Internist and former CEO of the University of Maryland Medical Center, and author of 'The Future of Healthcare Delivery'. Welcome Steve!

Dr. Schimpff: Thanks for having me back again Peter.

Dr. Polack: So our topic today is 'Primary Care – A Non-Sustainable Business Model' – what do you mean by that?

Dr. Schimpff: Well, if you think about the primary care doc and I am a sub-specialist or was, before I retired, so I am not primary care doc but I have always thought of them as the essential backbone of our medical care system, and what we have in this country is about 30% of our docs are primary care docs; 70% are specialists, and this is just the reverse of just about every other developed country.

But the reason I say it's a 'Non-Sustainable Business Model' is really related to reimbursement. The things I am going to discuss are not only related to primary care but it's a good model for us to talk about.

Reimbursement rates have been held down, if you will, by the insurers, it's I call 'price controls'. So the doc says, "Well, if I am not earning any more money this year yet my office expenses are going up, my malpractice expenses are going up, how am I going to pay those without, and still have a flap at these to the income for myself?"

And the way to do that of course is the old system that every business uses, which is make it up in volumes. So the primary care physician has said, "Okay, I'll stop seeing my patients in the hospital. I'll stop going to see them in the emergency room, and that frees up some time for me so I can see a few more patients that way."

And then the other thing I'll do of course is cut back the amount of time for patient and that gives me a little bit more time, and so what most primary care physicians tell me is they feel like they are in a rat race. They are just in this proverbial reel that goes round and round and round and they can't jump off, always seeing the expenses of their practice going up but the income only going up if they can figure out a way to see again, more patients.

And so that's what I mean by a 'Non-Sustainable Business Model' that can't go on forever. It's going for a while and that we are beginning to see physicians say, like that movie, "I won't take it anymore. I've got to find a way to get out", and some are getting out by retiring early, some

are getting out by saying, “Hey, I’d go work for the hospital. You can buy my practice or I’ll just go work for you.”

And of course we know that medical students look around and they see the situation. They think, “I don’t think I want to do that”, even if that might have otherwise been their preference. So we don’t see new graduates coming into primary care.

So that’s the ‘Non-Sustainable’ model that’s there right now.

Dr. Polack: We seem to kind of go through cycles of this. I know a few years back when we had a lot of these managed care plans, there seemed to be a lot of people going to primary care because they were the gatekeepers and they were, especially in capitated plans, but as things kind of go in and out of favor, we kind of swing back towards maybe those types of systems aren’t as efficient and aren’t as cost-effective, but it is true that in general, the system that we have here is fee-for-service and people are looking at ‘what am I getting for my work’.

Dr. Schimpff: Well that’s right, and I think that physicians – all physicians, but we are talking about primary care right now, want to do a good job. They want their patients to do well and they are generally compulsive people who pay a lot of time and attention, and yet if you are seeing a large number of patients, you simply can’t give the time that you would like, for preventive care for example, or for coordinating the care of those with chronic illness.

I’ll give a quick example of my own internist who switched, and we can talk about this in a few minutes to the retainer-based approach, and he was telling me, after he had been in the new approach for about a year, he said, “You know, I used to be…if I had a patient who had a high cholesterol, I would just quickly write out a prescription for the staff and give it to him. Now I have a patient with high cholesterol”, he said, “We sit down; we start talking, and we talk about their diet and their exercise and their stress and their family situation”, and he said, “You know, about 80% of the time I can get their cholesterol down working with them without a drug.”

Dr. Polack: Wow! That’s great!

Dr. Schimpff: That’s a huge difference, but he said, “I had to have the time available to be able to do it.”

Dr. Polack: That’s fascinating!

Dr. Schimpff: And of course that’s reducing the cost for care too.

Dr. Polack: Some people call this ‘concierge medicine’, so there is an increasing trend of primary care physicians that are going into this – how exactly does that work?

Dr. Schimpff: Well I think there's two things that are happening – one is, some are just simply saying, or in both cases, "I won't take insurance anymore." And some are saying, "Come and see me and I'll just charge you fee for service and we'll agree on a reasonable fee for the service", and the other is the retainer base.

So let's talk about the retainer base. The idea here is that the physician will reduce the number of patients they have been taking care of from let's say 1500 or more, than the 500. So now with 500 patients they can give the time that they need to each patient, and usually they agree to the following:

"You can have my personal cell phone number and you can call me 24×7. You can have my personal email and I'll respond to your email – maybe not within the next 10 minutes but before the day is over, I'll get back to you on email. If you call and ask for an appointment in the office, I'll get you within 24 hours, sooner if it's really urgent but certainly within 24 hours, and I will go take care of you in the hospital or at least visit you in the hospital, see you in the emergency room. I'll go visit you in the nursing home if necessary, maybe even do a house call."

But for all of this, in return for a fee – a fixed fee usually ranges between $1500.00 and $2,000.00. Now the downside of that is that you, the patient, just got to pay an extra $1500.00 to $2,000.00 a year because you still need your insurance because if something else happens and you have to go see somebody else. You go to the hospital; you'll still need your insurance. So you are paying for this and it's an added expense.

The other downside is that let's say the doctor was taking care of 1500 patients and now taking care of 500 – well that's 1,000 patients that are not being taken care of, at least by this physician anymore and that raises some issues, particularly in a community that might not have all that many primary care doctors.

So those are some of the pros and some of the cons. The physicians that I have personally talked to and it's about 10 of them now who have made the 'switch' had said that in general, it has worked extremely well for them, that it was a little painful making the switch because they had to say 'goodbye' to some patients – patients they had taken care of for many years, and there was some anger on the part of some patients saying, "You have kind of let me down by…I can't afford this", or whatever, or "I don't want to work for you".

So those are the downsides but the upsides are, there was one physician who said to me, "You know I am working just as many hours as I ever did, but I know I am giving better care because I am spending the time with the patient, getting to know them better and I am doing the two things that are really important in regard, the first being preventive

care, which we just talked about before, but the other being, helping the patient with their chronic illness, coordinate that care, and just think of somebody like say with diabetes who needs to see perhaps four or five different physicians and nutritionist, some exercise physiologists and so on, and if the primary care physician sets all those appointments up, or helps to set them up, #1 they happen faster, and #2, he is making a point of calling, like in earlier one of our talks I mentioned the otolaryngologist. He didn't just tell me go see him, he called him and explained to him why he was sending me to him, and that made a big difference. The moment I walked in the door, the doctor said, "Oh, I know why you are here", and it was a much better relationship as a result.

So that's the retainer base. The other just straight out billing, what happens there is the same thing – some patients will drop out and the physician now has more time for patients, and that happened in the case of my wife's internist. She switched to the, let's call just 'fee-for-service', and she was able to give just much more time per visit and as a result, the same thing – able to coordinate care, able to give much better preventive care.

So both systems work and it's just a little different and I think it's both the preference of the physician and preference of patients is to which is the better thing, but I think we can say with some assurity that this is going to be a trend. It's going to pick up steam really quickly because the physicians are seeing that it works and the patients are hearing that it works. So it's a better system of care.

Dr. Polack: Well Steve, if someone wanted to get more information about this and your book 'The Future of Healthcare Delivery', where can they get that?

Dr. Schimpff: They can go to Amazon.com or BarnesandNoble.com, or to any bookstore and if they'd like to see some excerpts first or see a video, they can look at my website, which is www.MedicalMegaTrends.com.

Dr. Polack: Okay, well thanks so much.

Dr. Schimpff: Thank you.