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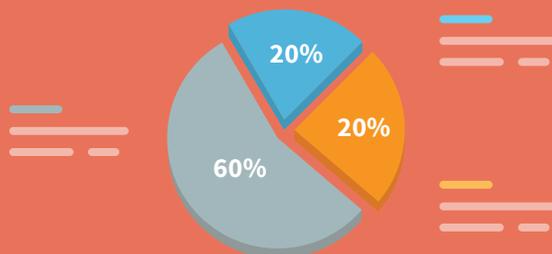
2016 Practice Models Perspective **Survey**

Sponsored by **Kareo** and
the American Academy of Private Physicians

ACCOUNTABLE CARE ORGANIZATIONS



CONCIERGE PRACTICE



DIRECT PRIMARY CARE

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Introduction

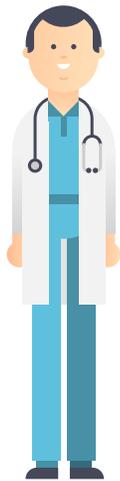
Healthcare providers in the United States are facing unprecedented challenges. For those who want to remain independent, provide care their way, and continue to thrive, there are a lot of hurdles. These include:

- Changing and expanding government incentive programs
- The industry shift from fee-for-service to value-based care
- Regulatory requirements like HIPAA
- The consumerization of healthcare and shifting expectations of patients
- Increasing physician burnout coupled with growing demand

Studies have shown that providers like practicing medicine but they are frustrated with the complexity of healthcare and increasing third-party interference. As a result, many are looking at alternative approaches to help them reduce reliance on government and commercial payers.

25%

have already switched to or added a direct primary care, concierge, or other membership model in their practice



34%

are considering a similar change in the next three years

The makeup of the providers who are already switching shows a greater appeal for those in solo practice or in smaller practices of two to five providers.

Membership Model Practices



The Practice Models Perspectives survey is the only survey of its kind that looks at who is using these alternate models, how they are using them, and what the key differences and similarities are between these models and the traditional fee-for-service model.

Methodology

The 2016 Practice Models Perspectives Survey was conducted from July 5, 2016 to August 15, 2016. There were 766 respondents:

- Providers in private practice (MD, DO, PA, NP)
- Practice Managers
- Other Practice Owners

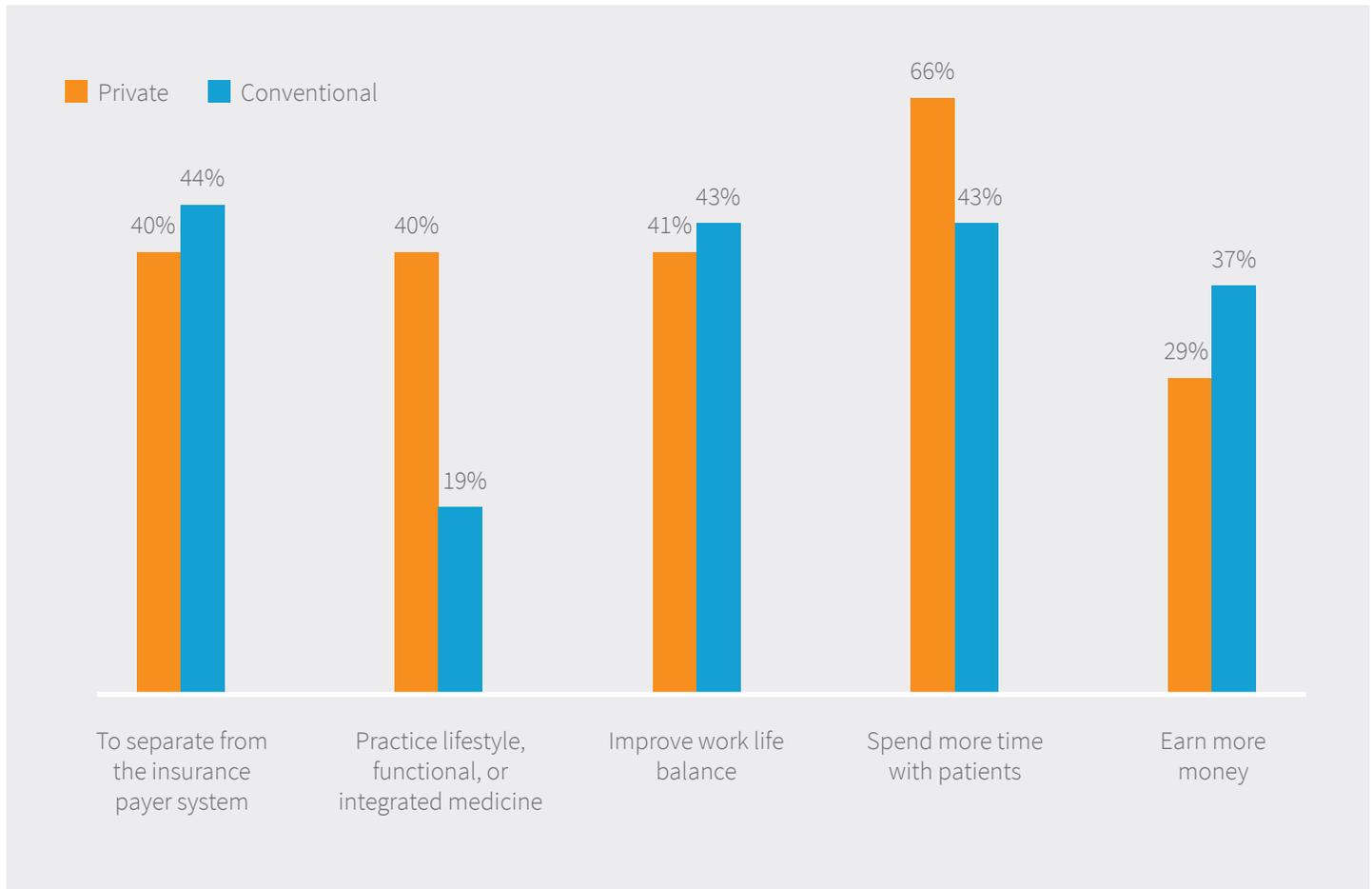
The respondents were across 29 Specialties and were evenly distributed across men and women.

The same questions used to compare the experience of those in traditional fee-for-service and those using some form of concierge, direct primary care, or another membership model in their practice.

Practice Models Perspectives Survey Results

With 58% of practice owners, practice managers, and providers saying they have made a change or are considering a change, alternate payment models are clearly gaining in popularity.

Whether they have changed or are thinking about it, the reasons are basically the same. The top motivations for a change are:



“The biggest benefit has been kicking one of our most irritating insurers to the curb and having the regular income of monthly checks from a large employer that gives us a cushion we can depend on each month and actually budget for.”

Wendell Nickerson, MD

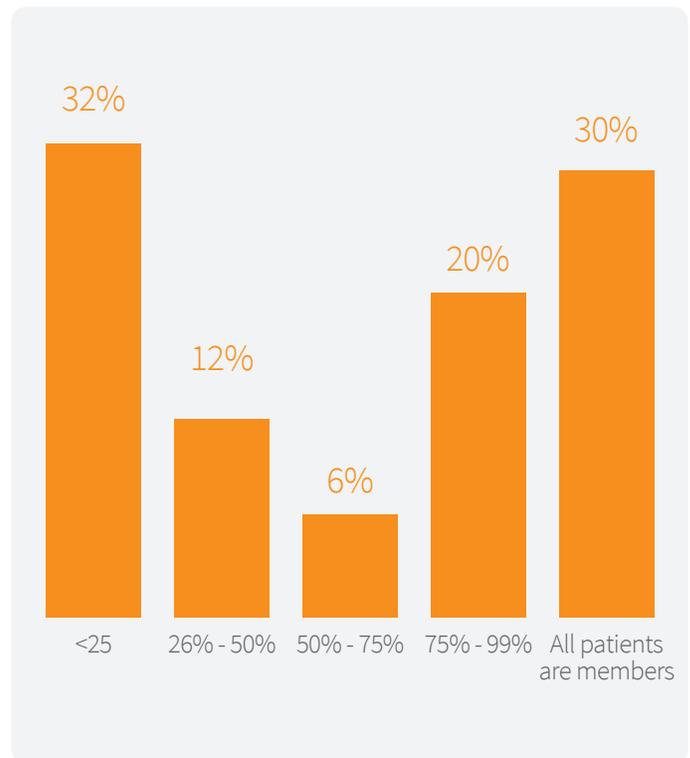
These reasons really reflect the feelings the respondents have about some of the challenges they are facing from both government and commercial payers and patients as well as their own desire to combat burnout.

One of the most interesting results of the study is the change to a new model doesn't have to be a complete one. The largest group of respondents, 33 percent, only have 25 percent or fewer patients from their entire patient panel on a concierge, direct primary care, or other membership program. And only 30 percent have all of their patient panel on one of these programs. The rest fall somewhere in between.

“Prior to transitioning to concierge medicine I was seeing 40 patients a day and unable to get home before 9 PM each evening. Now, 2 years into this “experiment” I have never been happier. Our patients are thrilled with the care they receive and I look forward to “creating health” each day I head to the office. I am now seeing 10-12 patients each day which allows me to intensively manage chronic diseases such as diabetes, hypertension, mental illness and even substance abuse.”

Jeff Unger, MD, ABFM, FACE

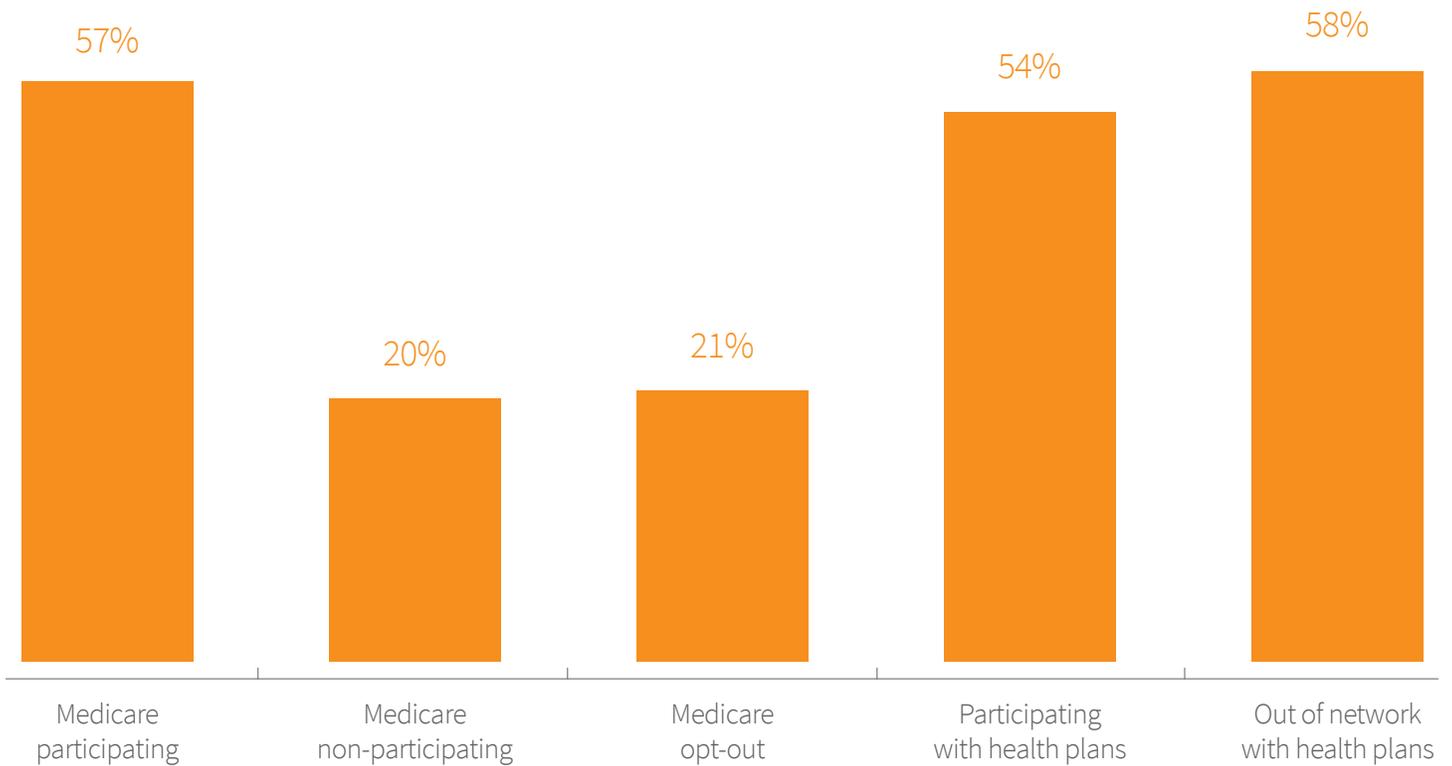
Of your total patient panel, what percentage are members?



They are also not all totally opting out of insurance. There is a wide range of types of participation in both commercial and government insurance.



Please check all that apply to the status you have with the following payer types:



The benefits can be seen even when only a portion of the practice’s patients are moved to a new model. And the benefits that these providers experience show that some of their key goals can be achieved.

	Physicians using Private Pay/Membership Models	Physicians using Traditional Fee-for-Service
Average Hours Worked/Week	41	47
Hours Spent on Admin Tasks	10.5	11.25
Length of Patient Visit	79% have visits of 30 mins or more	79% have visits of 30 mins or less
Number of patients seen/day	63% see 15 patients or less	65% see 20 or more patients

The survey also shows that physicians who are trying concierge, direct pay, and other membership models are more open to trying other approaches as well. Twenty-three percent of providers in these practices are using telemedicine and 42 percent of those are planning to expand use of telemedicine in the next year. This is in stark contrast to traditional FFS practices where only eight percent are currently using telemedicine.

There is also an increased use of other patient-centered technology. Private physicians were more likely to use practice marketing and patient engagement solutions as well as patient portals. And while they are equally likely to have an EHR, they are far more likely to prioritize features like a patient portal.

The added focus on being patient-centered may help them tackle their biggest challenge—recruiting new patients. Thirty-eight percent of respondents said this was the top challenge for their practice. The next biggest concern was staying financially viable at 24 percent.



**TOP CHALLENGE
FOR PRIVATE MEDICINE:
RECRUITING NEW PATIENTS**



**TOP CHALLENGE
FOR CONVENTIONAL PRACTICE:
STAYING FINANCIALLY VIABLE**

“The direct pay model limits some patients from coming in as they fear the high cost of service, but once patients come in and start seeing results, they see the value in what I do.”
Pamela Grover, MD

For traditional FFS practices, it was the opposite with 35 percent saying financial viability was their top challenge followed by only 20 percent at the next highest response of recruiting new patients. This makes sense since to be financially viable, a FFS provider needs to see more patients each day and have a larger patient panel.

What’s interesting to note about the challenges they face is that both types of practices are equally concerned with retaining patients. The number of people concerned with this doubled from 2015 to 2016 indicating a growing awareness that keeping patients is getting more challenging as patient expectations change. All practices are also equally likely to be accepting new patients, suggesting that most are open to or actively pursuing growth, which is a good sign for the independent practice market.

Another similarity across all practices was involvement in ACOs. Surprisingly, all practices were almost equally likely to be in an ACO already or to be considering joining an ACO.

- 15 percent of FFS and 12 percent of private pay practices in an ACO
- 9 percent of FFS and 13 percent of private pay practices plan to join and ACO in the next year

This may be an early indicator that more and more physicians are seeing the growing shift to value-based care and are open to participating in models that will help them get paid. This may position these practices for more success under MACRA’s Quality Payment Program and any similar commercial payer programs that may be on the horizon.



“I used to participate in every managed care network out there, but after a legal battle with an insurance company that lasted four years, I seriously considered changing professions. Then I received an e-mail from a patient who had come to my practice suicidal due to his neurological issues. He thanked me for literally saving his life. I realized in that moment, that I love being a physician. I needed to find a way to make my practice work for everyone. Just as before, my practice continues to see about 150 new patients a year plus ongoing care of existing patients. I always spend a long time on patient visits – between 30 and 60 minutes on average – and now I feel happy about it because I get paid for the time and can focus on the patient. I’d say the biggest challenge for a direct pay practice is getting patients to see that they have choices beyond simply doing what the insurance company says, but, for me, my change of model saved my love of medicine.”

Dr. A.R. Scopelliti of Monmouth Functional Neurology Center in New Jersey

Conclusion

The Practice Models Perspectives survey shows that many physicians working in solo and small practices are interested in testing alternate models to remain independent. More importantly, those changes don’t have to be complete. Providers can mix and match models to find the right balance and still experience some of the benefits of moving away from a fully fee-for-service practice.

However, the survey also shows that every model comes with its own challenges. So, a provider may change worries over regulations for worries about finding enough patients to support a concierge practice.

Ultimately, there are many options and being open to testing the ones that might be a good fit for the practice and its patients could result in improved satisfaction for both providers and patients.

About American Academy of Private Physicians

The American Academy of Private Physicians (AAPP) is a nonprofit organization founded in 2003 for the purpose of supporting and fueling the growth of medical practices that provide “concierge” and other forms of personalized, value-based medical care. AAPP members are united by their common efforts and dedication to making medical care more accessible and convenient to patients by redefining and re-pricing medical services in ways that are not possible for medical practices that rely solely on insurance payers for their revenue.

About Kareo

Kareo is the only cloud-based and complete medical technology platform purpose built to meet the unique needs of independent practices. Today we help nearly 40,000 providers in all 50 states run more efficient and profitable practices, while delivering outstanding patient care. In 2016, Kareo introduced the first technology platform that helps independent practices find more patients, manage their care with a fully certified and easy to use EHR, and get paid quickly – all in one complete and integrated package. Kareo has received extensive industry recognition, including the Deloitte Technology Fast 500, Inc. 5000 and Black Book's #1 Integrated EHR, Practice Management and Medical Billing Vendor. With offices across the country, our mission is to help independent practices succeed in an ever-changing healthcare market. For more information, visit www.kareo.com.



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