Other Coping Strategies to Consider

Chapter FastFACTS

1. **Your practice should consider selling products only if the products are supported by the literature, medically appropriate, and are in conformance with other tests.**
2. **The trend of concierge medical practices is growing despite the recession.**
3. **Some practices have added complementary medicine to their traditional care.**
4. **Shifting to a family-team care model can help increase collections despite declining reimbursements and increasing overhead.**
5. **Bartering, which has become more popular during the recession, has moved into healthcare.**

The recession has inspired physicians to reconsider changes in their practice that they would have either ignored or discounted previously. Some of those changes, proponents say, might make enough business sense to sustain even after the economy recovers.

Changes that may affect your practice's bottom line range from charging administrative fees for certain services to providing concierge medicine or complementary and alternative medicine (CAM), says Ron Rosenberg, founder and president, Practice Management Resource Group, Tinley Park, Ill. Some practices are even beginning to sell items even though they're not reimbursable by Medicare or other insurers, such as vitamins

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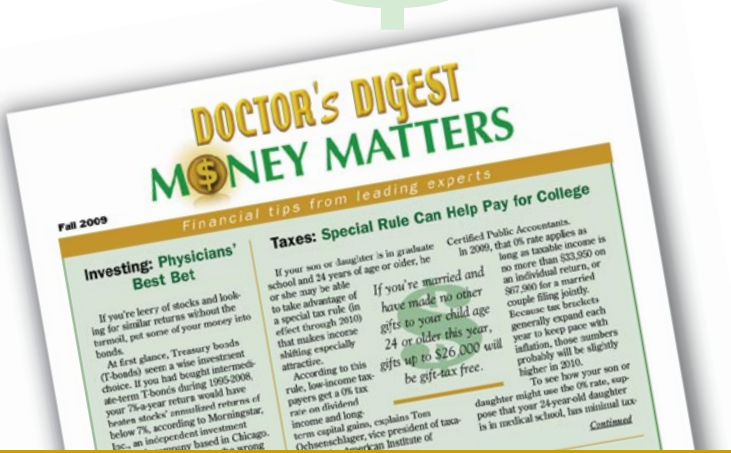
DOCTOR'S DIGEST
MONEY MATTERS
Financial tips from leading experts
Fall 2009
Investing: Physicians' Best Bet
If you're leery of stocks and looking for similar returns without the turmoil, put some of your money into bonds.
At first glance, Treasury bonds (T-bonds) seem a wise investment choice. If you had bought intermediate-term T-bonds during 1995-2008, your 7%-a-year return would have beaten stocks' annualized returns of below 7%, according to Morningstar, Inc., an independent investment
Taxes: Special Rule Can Help Pay for College
If your son or daughter is in graduate school and 24 years of age or older, he or she may be able to take advantage of a special tax rule (in effect through 2010) that makes income shifting especially attractive.
According to this rule, low-income taxpayers get a 0% tax rate on dividend income and long-term capital gains, explains Tom Ochsenschlager, vice president of taxa-
If you're married and have made no other gifts to your child age 24 or older this year, gifts up to $26,000 will be gift-tax free.
Certified Public Accountants.
In 2009, that 0% rate applies as long as taxable income is no more than $33,950 on an individual return, or $67,900 for a married couple filing jointly. Because tax brackets generally expand each year to keep pace with inflation, those numbers probably will be slightly higher in 2010.
To see how your son or daughter might use the 0% rate, suppose that your 24-year-old daughter is in medical school, has minimal tax-
Continued

Here's a sample from Issue #1:

- Better than T-bonds, physicians should consider municipal bonds for higher yields and tax-exemption!
- Child in Grad or Medical School? Kids age 24+ can be gifted up to $26K tax-free!
- Earning too much to qualify for Roth IRA? Use income split to convert traditional IRAs to Roths

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and cosmetics, a practice that may make some primary care physicians uncomfortable.

Frederick E. Turton, MD, MBA, FACP, chair of ACP's Board of Regents, describes a useful test for determining whether a product is acceptable for a physician to sell:

- It relates directly to the physician's type of practice.
- It is supported in the literature.
- It is medically appropriate.
- The price is right.
- There's no conflict of interest for the physician.
- The evidence, or full disclosure, for the product is readily available to patients.

For example, Dr. Turton says that selling crutches from a physician's office may be appropriate in rural areas where patients can't obtain them nearby. In those cases, the physician is obligated to make sure that the price is fair and that the item is truly needed. "When a doctor sells a product, he is recommending it," says Dr. Turton, an internist in Sarasota, Fla. "If he can't support its appropriateness, then he shouldn't sell that product." An AAP survey shows some practices are adopting new strategies including extending hours, treating more complex cases, selling books, and piercing ears. For the complete list, see "Twelve Ideas to Increase Revenue," opposite.

Becoming a Concierge Medical Practice

One area still growing despite—or maybe because of—the recession is concierge medical practice, also called "direct medicine." In this model, practices charge patients membership fees for highly personalized care and 24-hour access to a primary care physician. The appeal is that patients can call their physician's cell phone for a same-day appointment or with any medical questions at any time. Practices usually charge members a minimum of $1,500 annually; rates can be as high as $25,000 for an entire family and typically include unlimited office visits. While the fee may seem hefty, it can actually be cost effective for patients, says Thomas W. LaGrelius, MD, president of the Torrance, Calif.-based Society for Innovative Medical Practice Design (SIMPD), a professional association for concierge physicians (see *www.simpd.org*).

Twelve Ideas to Increase Revenue

Some pediatric practices are coping with the recession by offering various additional services to help increase revenue, according to a June 2009 American Academy of Pediatrics survey on the effects of the recession on pediatric practices. Those new services include the following:

- Increasing patient volume by accepting patients covered by the Children's Health Insurance Program
- Charging for completion of forms
- Selling books or other educational materials
- Selling over-the-counter medications
- Piercing ears
- Extending hours
- Co-locating other subspecialists (e.g., developmental behaviorists)
- Increasing screenings offered (e.g., developmental, vision, hearing)
- Treating more complex cases (e.g., allergy/asthma conditions, minor orthopedic issues)
- Increasing the number of outstanding bills sent to collection agencies
- Providing fluoride varnish
- Hiring better-qualified staff

For more details on the survey results, see *http://practice.aap.org/content. aspx?aid=2871.*

"For patients out of work and paying their own medical bills, joining a direct practice would seem to be the most economical way of getting excellent primary care. Some practices cost as little as $39 a month for full primary care services … [and] if my patients have serious economic problems, I have waived their fee on occasion," says Dr. LaGrelius, a family physician who also helps patients bill their insurance companies for out-of-network care. He says many of his patients have insurance plans that usually cover their visits to specialists, prescriptions, hospitalizations, and other miscellaneous medical services.

About 20% of concierge practices accept the membership fee as payment in full for all or almost all services. But like most

concierge practices, Dr. LaGrelius bills both insurance companies or Medicare as appropriate for some services not covered by the annual fee. Eighty percent of his income, however, comes from the annual fee.

Concierge medicine began in Seattle about a decade ago. Today there are approximately 5,000 concierge physicians in the U.S., according to Dr. LaGrelius. A Physicians Foundation survey published in November 2008 estimated that another 17,000 direct medical practitioners would join their ranks by 2011, lured by the idea of practicing primary care without the hassles of dealing with insurance and government.

"I wanted to know who each and every one of my patients was and ensure that each … of them got optimal preventive care. I was no longer willing to take care of people who showed up once every four years nearly dead, asked me to save them, and then never came back for their checkups to prevent the next disaster."

Thomas W. LaGrelius, MD
concierge physician

"I don't think the recession is the reason concierge medicine is growing. The recession may actually be slowing down the growth of concierge medicine," he says. "[It] is growing because the traditional practice, dependent as it is on Medicare and the insurance system, is consequently doing a horrible job of caring for patients. We in concierge medicine are trying to rebuild the foundation of medicine outside the insurance system." That, he says, is why he formally switched to a concierge practice in 1996.

In 2005, Dr. LaGrelius went a step further. He decided to limit his practice to 600 patients. "I wanted to know who each and every one of them was, and ensure that each . . . of them got optimal preventive care. I was no longer willing to take care of people who showed up once every four years nearly dead, asked me to save them, and then never came back for their checkups to prevent the next disaster," he says. He contends that concierge medicine can

offer primary care physicians a healthy income in addition to reducing often frustrating contact with third-party payers.

Add Complementary Medicine

Although many primary care physicians are wary of complementary medicine, some have begun to embrace it. For example, patients at Nova Medical Group in Ashburn, Va., can experience naturopathic medicine, acupuncture, and Asian medicine without bypassing traditional, conventional medical evaluations. The combination leads to patients' taking a greater role in their wellness often at a cost savings, says Grace L. Keenan, MD, CEO, internist and anti-aging specialist.

"Our physicians and medical providers are trained in Western medicine and evaluate the patient using standards of excellence in the mainstream medical field. In addition, we employ a naturopathic physician certified in traditional Chinese medicine, who offers patients therapeutic modalities, including herbal, homeopathic, traditional medicine, and acupuncture," Dr. Keenan explains. The practice, which opened in 1988, gradually added other services. "It has been an evolution, responding to the needs of our patients," she says.

The practice now has an acupuncturist on an integrative medicine staff that also includes a dietitian, a cognitive behavioral therapist, and a fitness team. It added a medical spa staff in 2005 that provide therapeutic massage, chemical peels, hydrotherapy, yoga, and other fitness classes. The aesthetics staff assists the dermatologist, and a spa nurse offers Botox® and cosmetic fillers to clients.

Offering an integrative approach helps patients who have lost their health insurance or have limited resources decide whether expensive medical testing is the right choice, Dr. Keenan says. "Rather than prescribing drugs or surgery as the default approach, lifestyle modifications including diet and exercise and herbal options are offered when indicated," Dr. Keenan says. Dr.

Keenan recommends that any healthcare provider who is interested in offering integrative medicine services seek American Board of Holistic Medicine board certification. For more information, go to *http://holisticboard.org/index.html*.

Create a Team Environment

Peter Anderson, MD, a family practice physician in Newport News, Va., replaced the traditional office environment with a team-oriented one that he says can substantially increase collections. He changed his practice to this model five years ago to offset declining reimbursements and increasing overhead. Now he says the change has been critical to his practice's financial well-being during the recession.

By adding two nursing assistants, Dr. Anderson increased visit volume by 60%. His collections increased from $370,000 in 2002 before he implemented team care to $620,000 in 2008. (See "Inside Family Team Care: A Look at the Results," opposite.)

In what is also called a family team care model, a nurse assistant is responsible for 50% to 70% of the visit, including taking a complete medical history at the beginning of the appointment and handling all documentation, patient education, treatment implementation, and administrative work at the end of the visit (see *www.familyteamcare.org*). This process frees the physician to focus on the areas where his or her expertise is required, such as analyzing the information collected, conducting the physical exam, making treatment decisions, and developing a treatment plan. The model includes weekly educational meetings between the physician and each assistant.

"Rather than [having] a rushed 15-minute visit in which I try to squeeze in a history, diagnosis, and treatment discussion, my 15 minutes with the patient is solely focused on understanding the patient's issues and determining a course of action," Dr. Anderson says. "Increasing the quality of time spent with patients allows for better care and higher patient satisfaction.… And the comprehensive medical history means that the patient's problem list is always updated, the medication list is always accurate, and we give top-notch preventive care."

Can nurses really take a medical history as well as physicians? "Actually, they do them better," Dr. Anderson says. He talks

Inside Family Team Care: A Look at the Results

How does a team model affect a practice's bottom line? Peter Anderson, MD, a family practice physician in Newport News, Va., says his office's average monthly collections continue to rise since he switched to a team model and he has been able to maintain other key financial aspects of his practice, despite the recession.

	2009*	2008	2007
Average patients seen per month	622	603	541
Average hours working per week (hours spent in all professional activities)	45-47	45-47	40 to 44
Charges per month	$84,360	$84,553	$84,000
Average collections per month	$53,140	$51,680	$49,100
Average collection per visit	$86.90	$83.75	$90.80
Total collections	$620,000-630,000 (estimated)	$620,236	$590,000
Personal salary with benefits**	$235,700	$235,700	$227,500

*January through July.

**Benefits include year-end bonus, health and life insurance, short-term and long-term disabilty, retirement account, and paid vacation time and holidays.

about a recent patient who came in with a relatively minor medical issue. "In the past, maybe I wouldn't have had enough time to ask the full gamut of health history questions as doctors really should do during a primary care visit. My nurse, however, covered this in her history and discovered that two weeks before, the patient had suffered chest tightness while climbing the stairs. We ordered a stress test, found a blockage, and later that week he had a bypass," he says.

Become a Medical Home

There are economic as well as quality-of-care benefits to becoming a medical home, a concept that is currently being con-

sidered in demonstration projects around the country.

In a medical home, each patient has a primary care physician who heads a team of professionals to provide round-the-clock access to care. The primary care physician helps his patients get specialty care when they need it, keeps track of their treatments, and informs specialists of patients' progress. In this model physicians are reimbursed for better, not just more, care.

More than a dozen states are spearheading medical home projects. For example, Colorado began a two-year pilot medical home project last May with 50 physicians in 16 practices. Participating physicians continue to receive fee-for-service payment for office visits, but also receive a case management fee for every patient on a monthly basis, and a pay-for-performance fee.

In addition, CMS has a medical home demonstration project

"A medical home is a more economically stable model of medical care because it focuses on quality and helps physicians get off the 'fee for service' treadmill. It's much more satisfying for physicians because they get to focus on the whole patient."

Christopher Stanley, MD
UnitedHealthcare senior medical director

in which 400 practices in eight states receive $40.40 to $100.35 per patient per month depending on how much care is needed and the level of medical home services provided by the practice. CMS estimates that participating physicians will care for an average of 250 Medicare patients each, which puts the potential medical home payments at $10,000 to $25,000 per month.

"A medical home is a more economically stable model of medical care because it focuses on quality and helps physicians get off the 'fee for service' treadmill. It's much more satisfying for physicians because they get to focus on the whole patient," explains Christopher Stanley, MD, senior medical director for UnitedHealthcare (UHC), Denver, Colo. Dr. Stanley is the lead

UHC clinician involved in the development of the multi-payer Patient-Centered Medical Home (PCMH)™ Colorado pilot.

For details on medical homes see *www.acponline.org*, *www.medicalhomeinfo.org*, and *Doctor's Digest's* May/June 2009 issue, "*Primary Care and the Medical Home*" at *http://www.doctorsdigest.net/issue/0503/php*.

Barter Your Services

Physicians who face empty schedule slots or who are frustrated with Medicare or insurer reimbursement rates might also consider accepting bartering as payment for their services.

Although rules differ depending on the bartering group or association, basically when you join a bartering group, you receive taxable credit or "barter bucks" that are good toward services offered by brokerage clients. For example, when someone in the group obtains medical care from you, you can then spend your barter proceeds from this transaction for a service you want (e.g., lawn care).

Bartering has become more popular in general because of the recession. In healthcare it has primarily included areas not typically covered by insurance, such as chiropractic, optometry, dentistry, and plastic surgery. But that's changing. For example, healthcare bartering at Florida Barter totaled $3 million in 2008, and is expected to reach $4.5 million in 2009. ITEX Corp., a national barter exchange, has noticed a 45% rise in healthcare bartering over the last 12 months.

Dr. Turton says that ACP doesn't have a specific policy on bartering, but he does acknowledge that the financial arrangements could vary on fee-for-service or payment arrangements, which could include bartering. "Payment of physicians is an important transaction," Dr. Turton says. "There should not be conflict of interest, it should be clear for what services the patient is being charged, and expectations should be stated."

There are about 400 barter exchanges in the U.S. For state-by-state listings, see *www.barternews.com*.