Not so long ago, mention of the “concierge model” of medical practice generated negative feedback. Many people attacked the concept as immoral, suggesting that it was elitist medicine suitable only for those wealthy enough to afford a fixed annual payment. Some insurance companies refused to allow concierge physicians to become network providers, assuming they would automatically double dip, charging both the patient and the insurance company for the same service.

During the past few years, we’ve seen a dramatic change. In fact, as of last count, there were more than twenty-five concierge or private physicians in the Triangle area of North Carolina. Most were primary care, but there were several surgeons in the mix.

In this article, we examine concierge medicine from the perspectives of both physicians and patients. We begin with a definition, explore alternative business models, examine pros and cons from both physician and patient perspectives and suggest practical next steps.

**Hospitality Origins to Health Care Applications**

In the hospitality world, concierge means personalized service. We ask a hotel concierge to make dinner reservations, obtain theater tickets and make other arrangements to accommodate guests’ needs and schedules. We say thanks with a tip, paid before or after the service is rendered.

Concierge medicine is also about personalized service. Both the physician and the patient anticipate a need for care in advance. The patient pays a fixed annual retainer or membership fee for a specific enhanced scope of care as defined by the individual concierge practice. For example, the enhancement may include unlimited office visits without an additional co-payment, less waiting time for appointments, easier and more immediate access directly to the physician (e.g. cell phone, texting, online consultations), easier prescription renewal, home or hospital visits and wellness services like annual executive physicals.

**Optional Business Models**

Most concierge medicine practices can be categorized as fee-for-service care (FFC), fee-for-service extra care (FFEC) and Hybrid.

In the FFC model, patients pay an annual retainer that covers most of the services that the physician provides in the office. There is an additional patient charge for vaccinations, lab work, X-rays and other services that fall outside the retainer.

In the FFEC model, the patient pays a retainer and the physician charges the additional services that fall outside the retainer directly to the patient’s insurance plan. Many but not all FFC and FFEC plans can be purchased with pre-tax dollars using health savings accounts and/or flexible spending accounts that are attached.

The third business model for concierge practices is often called a hybrid model. Patients have a choice of paying a concierge fee for extra services; services that are not part of the concierge package are billed to government or private insurance carriers. Or patients may opt out of the concierge model and have all covered services billed to insurance.

In all three business models described above, the practice determines what services are included in the concierge practice. It also decides whether or not to accept cash and/or credit card payment. Finally, the practice decides on the frequency of retainer payments (e.g. monthly, quarterly, annually) and on the availability, if any, of discounted services.
Pros and Cons:  
**Physician Point of View**

Let’s examine the pros and cons of concierge medicine from a physician perspective. Two major advantages are reduction in size of the patient panel and more control over income.

Several years ago, we assisted a well-respected Durham, N.C., solo practice internal medicine physician convert his traditional practice to a FFEC model concierge practice. Our client’s primary reason for making the change was to provide higher quality care for fewer patients. He has more time to understand patient needs and to quickly follow up with diagnostic testing and treatment. He can make house calls and visit patients in the hospital when needed.

Other concierge physicians share our client’s point of view. In a conventional practice, the average panel size may be as large as 3,000 to 4,000 patients. In a concierge model, the panel size may range from 50 to 1,000.

A known panel size has a direct impact on net income. The largest share of concierge practice income comes from retainer fees, so the physician has far more control over net revenue than in traditional practice settings where the dominant factor in revenue generation is reimbursement from public and private insurance companies.

Concierge physicians interviewed for a 2013 *Wall Street Journal* article on concierge medicine indicated an average 40 percent reduction in overhead costs when they didn’t take insurance payments at all!

What are the cons of converting to concierge medicine? Three potential negatives are the inevitability of some patients’ opting out and choosing a different physician, the challenges of marketing to new patients and expansion of the practice.

Even the most experienced physician will not achieve a 100 percent conversion to the concierge model. For both the physician and for some patients, that reality means a dramatic change in a trusted professional and personal relationship that may be many years old.

Concierge medicine thrives on a strong patient-physician relationship. It’s one thing for a patient who trusts his/her physician to make the switch to the concierge model. It’s more difficult to attract new patients who have no prior relationship with the concierge physician.

Adding providers to a concierge practice may also be challenging. Although the popularity of the concierge practice has grown, many physicians are risk averse. When push comes to shove, they prefer...
traditional practice models regardless of the bothersome shortcomings, such as the pressure to treat more patients in less time.

**Pros and Cons: Patient Point of View**

We’ve already identified many of the advantages that patients experience when they select a concierge medicine practice. They are paying for better access to the physician, greater ease in making appointments and renewing prescriptions, expedited testing and results reporting and other services, depending on the package being offered.

If the physician has seen a huge influx of patients as a result of the Affordable Care Act, these advantages might be more important than ever before. Some patients may even benefit financially from switching to a concierge model. For example, an insurance policy with a high deductible might not pay for multiple office visits each year. If a patient has a known medical condition that requires multiple office visits, a concierge practice that covers unlimited office visits might actually cost less than the insurance.

Concierge medicine may not meet the medical or financial needs of all patients. If the package of services available from the concierge practice contains items that the patient doesn’t need and won’t use, the option may have little benefit.

The cost of signing up might be prohibitive, particularly if the membership is for both a patient and his/her spouse. Some but not all concierge practices price the membership fee by age category or offer a discount on memberships when there is more than one person in a family unit. Some offer financial discounts program to assist long-time patients who want to remain with their trusted physician but can’t afford the full cost of the retainer. Finally, the cost of the concierge membership might not make financial sense if the patient is covered by an insurance plan with a low deductible and doesn’t schedule many office visits.

**Next Steps for Physicians**

If the concept of concierge medicine is intriguing to you at this stage of your career, learn more about the practices that are currently in place in your geographic area. The American Academy of Private Physicians (aapp.org) is a good resource. Concierge Medicine Today (conciergemedicinetoday.org) is a news resource and information organization.

Explore your options by getting started. Some physicians engage an external consultant for guidance. Others join forces with a larger organization such as MDVIP (www.mdvi.com), a Florida-based organization that provides administrative support - at a cost, of course.