

Are Traditional Primary Care Clinics a Relic of the Past?

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The nature of innovation in healthcare has evolved significantly over the last decades. Innovation now encompasses not only new drugs and therapies but also advancements in service delivery. While this trend is evident across the value chain, the U.S primary care market represents a particularly interesting example in this regard, for several reasons. Primary care is a gateway to secondary and tertiary care, and efficiencies here can have an impact for the patient care pathway as well as care coordination. Yet the current state of primary care is deteriorating. First, the patient experience is being undermined, with less and less face time with doctors, delayed access due to a shortage of primary care doctors, and long wait times even for patients who do have appointments. Second, administrative overheads associated with insurance processing are significant, creating further hassles for both patients and the staff. In addition, the potential for early intervention of chronic diseases in primary care settings can have significant downstream implications for health outcomes and care management.

The primary care sector thus presents a tremendous opportunity for innovation, with the development of a spectrum of compelling new delivery models – from retail health (also called coordinated care clinics) to concierge-type practices to telemedicine – most of which are based in the U.S., including the following examples.

Retail clinics are a growing sector in healthcare delivery. The model emerged in the U.S in 2000, with the idea of offering a focused set of basic healthcare services such as vaccines or treatment for minor acute illnesses (e.g. allergies, bronchitis, strep throat), in convenient locations at reasonable prices, often with shorter wait times. Services at MinuteClinic, a leading retail health chain, for example, cost \$79 to \$89, with an additional charge for lab tests. Most clinics rent small retail space and staff nurse practitioners as providers, operating at lower costs as compared to conventional clinics. With an annual growth rate of 25% to 30%, the number of clinics is expected to increase from 1,400 in 2012 to 2,800 by 2015.

Concierge medicine (also known as “direct primary care” or “self-pay primary care”) is another variant of primary care that aims to transform the fundamental process of care delivery. Physicians operate medical practices that guarantee timely services while employing a more patient-centric approach. These use a subscription-based model with average annual fees ranging from \$1,400 to \$1,700 per year, depending on

the extent of services proposed at each practice. Health insurance plans may or may not be accepted, in part because eliminating insurance overhead is believed to save as much as 40% of practice costs. Two notable examples of concierge-type practices are One Medical Group and Iora Health, though the latter offers slightly different services.

One Medical Group provides primary care services, with an emphasis on patient needs and accessibility. The group offers same-day appointments, online booking, free online or email consultations (when possible), as well as an onsite laboratory for immediate testing needs. Services are rendered at a relatively affordable price; patients pay a yearly fee of \$149 to become members of the group, and the company accepts the health plans of most major carriers. For patients without insurance, the initial and follow-up visits cost \$150 and \$100 respectively.

Iora Health, aiming to “reinvent primary care”, operates a different clinical model. Rather than the usual fee-for-service model where insurers pay for each visit, Iora Health bills employers a flat monthly fee for each employee using its services. Employers pay approximately \$50-60 a month; in return, every patient is assigned a health coach who stays in contact between appointments to help patients with the recovery process. An interdisciplinary team-based approach is used to provide primary care services with a focus on both clinical as well as related lifestyle issues. “Clinical SWAT teams” consisting of a physician and health coach are sent to patients’ homes when they are too sick to make the visit. Over half a million individuals are collectively enrolled in these types of practices.

Telemedicine is another means by which patients receive primary care services. Companies such as Zipnosis, Doctor on Demand, HealthTap, and Online Care Anywhere, offer remote live video consultations with physicians. Zipnosis allows patients to be treated for minor illnesses using a computer or smart phone. For a price of \$25, patients complete an online survey, are diagnosed by a local clinician within an hour, and have any necessary prescriptions sent instantly to a pharmacy.

Online Care Anywhere, aiming to eliminate the need for manual paper work in the care delivery process, enables immediate access to certified physicians using a computer or mobile devices such as an iPad or iPhone. Patients may connect with a specific doctor, or the next available one, for a cost of \$49, which is less than the cost of

an office visit. Payers are increasingly covering online visits as part of routine primary care.

While the aforementioned models are novel in their use of technology, delivery approach and customer focus, they are not without their limitations. For example, while consumers are largely satisfied with retail clinics, polls have shown that quality appears to be a primary concern. Furthermore, policymakers insist on adequate regulatory oversight. Although there are cost advantages, financial viability is a concern, as high fixed costs plus some variable costs require significant demand in order to be profitable. Concierge medicine has been accused of potentially creating an ‘insurance caste system’ where the service is affordable only for affluent patients, leaving Medicare or low-income patients no choice but to deal with the shorter appointments and longer wait times often experienced at traditional clinics. In addition, as more doctors transition to concierge practices, Medicare patients unable to afford those services must find another doctor, thus potentially exacerbating the physician shortage problem. Telemedicine is buzzing with new startups facilitating remote physician consultations through channels such as texting, video, and email, but legal and policy issues, e.g. reimbursement and physician licensing are yet to be sorted. In addition, these consultations are largely limited to conditions that do not require direct patient contact.

Some of the models discussed here, however, employ methods that are well supported by experts. While all providers involve standard primary care treatment, some are more focused in their approach than others. Retail clinics treat a focused subset of primary care conditions, creating economies of scale. Specialized treatment centers such as Shouldice Hospital in Canada (for hernia repair), and the more recent Coxa Hospital in Finland (for joint-replacement surgery) are examples of success stories in focused healthcare delivery. Proponents of concierge medicine argue that such models have the potential to counter the looming problem of physician shortages, as many of the physician visits can be avoided through proper guidance, decision-making tools or by allowing a qualified member other than the doctor (a social worker or nurse on the team) to provide the necessary care.

The primary care market has thus been disrupted by new entrants. New innovations aim to address the problems often associated with traditional physician clinics – long wait times and high administrative costs – but it remains to be seen whether alternate approaches to primary care such as concierge medicine and telemedicine are

successful. Nevertheless, these models offer important insights for improving the care delivery process.