Pros and Cons of Concierge Medicine

More practices are catering to the middle class, with the goal of providing affordable care

By JEN WIECZNER
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When Samir Qamar practiced concierge medicine at Pebble Beach Resorts in Monterey, Calif., the hotel’s “A-list clientele” paid $550 to see him and as much as $30,000 a month to keep him on retainer.

But last year, Dr. Qamar decided to abandon VIP medicine and pursue a no-frills version of his practice, charging just $59 for monthly membership to his MedLion clinics (16 locations in five states) and $10 a visit—and never billing insurance.

Dr. Qamar is part of a new and growing generation of concierge doctors who, in this era of health reform, see more opportunity in the middle class than they do in the jet set. The trend has bifurcated the retainer medicine industry: On one end, patients pay thousands of dollars a month for lavish celebrity-type treatment at traditional concierge practices. On the other, pared-down clinics charge roughly $50 to $100 a month for basic primary-care medicine, more accessible doctors, and yes, money savings for those looking to reduce their health spending.

Of the estimated 5,500 concierge practices nationwide, about two-thirds charge less than $135 a month on average, up from 49% three years ago, according to Concierge Medicine Today, a trade publication that also runs a research collective for the industry. Inexpensive practices are driving growth in concierge medicine, which is adding offices at a rate of about 25% a year, says the American Academy of Private Physicians.

Unlike high-end concierge practices, which typically bill insurers for medical services on top of collecting retainer fees, the lower-end outfits don’t accept insurance. Instead, they charge patients directly for treatment along with membership, often posting menu-style prices for services and requiring payment up front, which is why it is called “direct primary care.” Eliminating insurance billing cuts 40% of the practices’ overhead expenses, enabling them to keep fees low, doctors say.

On the cusp of the Affordable Care Act mandating most Americans to have health insurance next year, a rise in doctors who don’t take insurance seems paradoxical. But health-care experts say the two forces go hand in hand, as patients may find concierge doctors more accessible, especially if traditional doctors get flooded with more patients. Also fueling the trend is a little-known clause tucked into the health-care law that allows direct primary-care to count as ACA-compliant insurance, as long as it is bundled with a “wraparound” catastrophic medical policy to cover emergencies.

“All of a sudden our market went from the uninsured to everybody,” Dr. Qamar says.

Think this type of medicine might be right for you? Here are some issues to consider:

The ACA already requires me to buy health insurance. Why would I need this, too? While some insurers are developing special health plans around concierge practices, most patients who see concierge doctors pay for it on top of their regular insurance. The rationale: Many of the new health plans have high deductibles that most members will never hit, meaning patients will still be paying thousands of dollars out-of-pocket anyway—possibly even more than what they’d spend on concierge medicine. People with deductibles of $5,000 or more should think about how many times a year they typically see the doctor and for what, keeping in mind that annual checkups are free under the ACA. If doctor visits typically cost $150 and the patient has six appointments a year, a concierge practice offering the same services for $40 or $50 a month might be cheaper.

The recognition of concierge medicine in the law has spurred a few insurance companies, including Cigna Corp., to build new employee health plans around the model. Travel company Expedia Inc., for one, has added a concierge clinic run by Seattle-based Qliance Medical Group to its Bellevue, Wash., headquarters. Some practices are working with insurers on bundled products for the individual insurance market, as well, all designed to cost roughly the same as traditional insurance, or less. "I would never be a person who recommends coverage on top of coverage for the sake of increased coverage, but as we move forward, it becomes much more of a puzzle than it used to be," says Tracy Keiser, chief executive and founder of the Keiser Group, a benefits-design firm developing wraparound policies to complement MedLion.

What if my insurance doesn’t have a concierge option? Since most large insurers have yet to build plans around concierge practices, people might feel that the retainers are redundant next to their insurance plan, says Erika Bliss, CEO of Qliance, which received funding from Amazon.com...
Inc. CEO Jeff Bezos and whose 8,500 patients pay between $54 and $94 a month depending on age. Dr. Bliss, who championed the concierge clause in the ACA, says it’s “a shame” more insurance companies haven’t embraced it yet, because people compelled by law to buy traditional coverage might find concierge unaffordable now.

Direct primary-care doctors say that a patient’s best bet is to select a high-deductible policy with minimal premiums for emergencies, and put the money they save up front toward the concierge retainer. High-deductible plans are often paired with health savings account. The IRS, however, doesn’t recognize direct primary-care fees as eligible HSA expenses, so patients might not be able to spend pretax dollars at the clinics.

**How can this save me money?** While traditional doctors charge for each treatment and test—which can add up to hundreds of dollars per visit—Qliance, MedLion and other clinics charge flat fees that generally include basic checkups, treatment of minor ailments and electrocardiograms, or EKGs. SignatureMD Inc., a somewhat higher-end concierge practice, includes in its $125 to $200 monthly retainer an “executive physical” that could cost $1,000 at a standard practice. Services like blood work, X-rays and vaccines can cost extra, but concierge doctors often negotiate with specialists and labs to secure discounts for patients who would otherwise pay out-of-pocket. Brian Forrest, who describes his $39-a-month Access Healthcare clinic in Apex, N.C., as “concierge-lite,” has obtained prostate-cancer tests for $5 from the same lab that would charge a Medicare patient at least $175, $350 mammograms for $80, and colonoscopies for $400 when the official rate is $2,000. “Sometimes, it might be cheaper for them to use their insurance, but in some cases it isn’t,” Dr. Forrest says.

Students at North Carolina State University who studied Dr. Forrest’s practice found that his patients with normal insurance spent 12% less out-of-pocket than had they gone to a regular doctor—partly because the longer visits kept them healthier, says Richard Kouri, director of N.C. State’s BioSciences Management Initiative.

**If the concierge medicine is cheaper, do I still get VIP treatment?** Because concierge doctors aren’t at the mercy of insurance companies, they say they take on fewer patients and spend more time with each, often guaranteeing appointments within 24 hours. They also don’t need patients to come into the office to get paid, so they can provide care via video, email and phone. One of the great conveniences that private physicians offer is virtual conversations, as in “text me a photo of your tick bite,” says Tom Blue, chief strategy officer for the American Academy of Private Physicians.

But the lower-cost concierge practices keep their rates low by focusing on simple services—you won’t find advanced medical technology, and you’ll have to go elsewhere (and pay extra) for screenings like MRIs.

For Qliance patient Don MacPhee, 85, the appeal was getting to keep his doctor when she switched to the concierge model—well worth the $90 a month he and his wife each pay. But Mr. MacPhee also likes the longer appointments and says his wife, whom the doctor visited in a rehab facility after she broke her hip, “profited from” the extra attention: “We don’t consider this to be exorbitant.”

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