Ever-Changing Business Models in Ophthalmology

Long gone are the days when Medicare could cover overhead and provide a "living wage."

BY MICHELLE DALTON, ELS, CORRESPONDING EDITOR

Concierge medicine—when a patient pays an additional fee to the physician for expanded (or quicker) service—is becoming increasingly popular in primary care, analysts say. The term *lifestyle health care*, on the other hand, refers to people who pay out of pocket for procedures they believe will enhance their lives (such as laser vision correction or facial fillers); these procedures are rarely reimbursed by insurance.

"Concierge medicine is becoming popular with internists who care for a relatively affluent senior population," says Richard L. Lindstrom, MD, founder of Minnesota Eye Centers. "It works well for the patient and the doctor, but there hasn't been a very good model for ophthalmology."

"For the concept of concierge medicine to work, you have to provide something of consequence to the patient, some suite of services you're providing for that extra charge," adds Donn Sanders, COE, an ophthalmic practices consultant in West Palm Beach, Florida.

The push for concierge medicine is coming, counters Kerry Assil, MD, founder of Assil Eye Institute, with locations in Beverly Hills and Santa Monica, California. "Patients who are seeking premier care are becoming frustrated by being herded into a clinic that can only survive by accepting all insurance plans and is obligated to provide the lowest level of care across the board," he argues. For example, he describes the "total chaos" that would ensue if every attorney, accountant, engineer, architect, hotel, or restaurant were obligated to charge a uniform amount for services rendered. Yet, Medicare reimburses at uniform rates, frustrating providers who seek to provide great care, and the majority of ophthalmic patients are Medicare age.

That different physicians charge different amounts for nonreimbursed services "is just normal capitalism and normal supply and demand," says Daniel Durrie, MD, founder of Durrie Vision in Overland Park, Kansas. "Traditionally, ophthalmologists have seen patients when they have a problem, not for preventive care. We talked about fixing the disease they had." Now, however, transitioning away from traditional revenue streams makes sense. Eye surgeons have an opportunity to help create and grow the field of lifestyle medicine. Besides taking care of problems like cataracts, glaucoma, and macular degeneration, we can improve the way patients live with corneal and lens refractive surgery and oculoplastic surgery. We are in a great position to lead the development of the nonreimbursed medical field.

DEFINING THE MARKET

Dr. Assil says one model that might work "in the here and now" is to "take the existing infrastructure that provides elite care and make it available to people outside the United States where all these rules and regulations do not apply. Another approach is to go outside of the insurance system altogether, and it becomes an increasingly viable option." The latter is a choice Dr. Durrie and his practice made more than 1 decade ago by opting out of all insurance programs and focusing on lifestyle health.

"The key is providing customer service, employee satisfaction and employee retention, word-of-mouth referrals, and if I'm talking to a plastic surgeon about his business, we have a lot of similarities between a practice like mine that only does private-pay ophthalmology and those other lifestyle areas," Dr. Durrie says.

Dr. Assil believes concierge medicine will also grant physicians the extra income necessary to acquire advanced technology. "If our reimbursements are so compressed that we cannot acquire innovative technology, then it's going to be

very hard for industry to innovate top-tier technology," he says. For now, Dr. Assil is implementing concierge medicine practices for international patients, granting them the ability to choose when they have the surgery, to be seen promptly for their pre- and postoperative care, and to have more direct access following their care (via e-mail). "All that is different is an airplane ride rather than a car ride," he says.

Mr. Sanders believes concierge medicine is "limited" for now, but he can foresee a day when wealthy people will pay more for additional access to "better" physicians. Some in the US population already pay more to bypass lines at amusement parks and to receive what they perceive as better "care" in first class versus coach on airplanes and trains. "It just hasn't happened in health care yet, so it's a go-to-the-head-of-the-line kind of concept, and that will happen," he says. "It will happen more because we're running out of physicians for the number of people that need to be served, so the lines are going to get longer."

On the other hand, Dr. Durrie says that ophthalmology "is probably in the best position of any of the medical specialties to be looking at lifestyle health care, because we have certain things that we're very, very good at that are not reimbursed by insurance or Medicare," including corneal refractive surgery and oculoplastics.

Younger doctors may not want to be business owners in an ambulatory surgery center, so a combination of concierge medicine and/or lifestyle care in addition to traditional revenue streams may make sense, Dr. Lindstrom says.

DOING THE MATH

Dr. Lindstrom can point to "a small number of cataract surgeons and comprehensive ophthalmologists" who have opted out of insurance programs and accept cash-only patients. "It works because they spend a little more time with their patients," he says. "The typical ophthalmologist sees four to eight patients an hour. They might see two patients an hour." He estimates that about 1% of ophthalmologists follow this business practice, whereas "probably 10% to 15%" of internists may opt for concierge care.

Mr. Sanders says reality hits most practices when they realize they would barely survive without premium revenue. Years ago, practices had 50% overhead. Today, they need to figure out "how to get more money per patient," and that may mean cash-paying patients, he says.

Most experienced ophthalmologists have implemented all of the ancillary care aspects possible in an [ambulatory surgery center], including having employee-doctors, integrating with optometry, and converting a higher percentage of patients to premium services. "We're running out of tricks," Dr. Lindstrom says. "The successful doctors of the future will need to think more about value-based medicine than about volume-based medicine."

Dr. Durrie agrees: "Seeing a smaller number of patients, giving them higher-quality service, and charging them a membership fee for those extra services and granting [them] more access to their doctor [are] a better way."

Mr. Sanders thinks the models would be more successful in a well-heeled neighborhood, where "patients will get my cell phone number, my e-mail address, and an annual refraction, maybe some other diagnostic, and additional time" with the physician.

Dr. Lindstrom suggests that refractive corneal surgery and (possibly) glaucoma surgery may be the most successful with either lifestyle health care or concierge medicine. Strathspey Crown and HelloMD embrace this concept. The idea is that patients will pay a surcharge or pay out of pocket for what they perceive to be better care. Both groups integrate ophthalmology with other specialties in a type of "best practices" model.

"The provider has to defend what our surcharges are above Medicare, and it's up to the patient to choose between providers based on the quality of the services that they provide and the rates that they charge," says Dr. Assil. "This would start to demonstrate to society that, just like there are OK attorneys and great attorneys, there are OK medical clinics and the superb ones."

CONCLUSION

As long as third-party–payer patients represent the revenue that keeps an office afloat, "they will have some clout," Dr. Lindstrom says. "We really need to figure out how to care for those patients but also offer value-based opportunities that enhance their lifestyle."

For physicians considering concierge services who need to maintain third-party–payer patients as well, dedicating specific days to each group makes the most sense. Similarly, concierge patients would be able to pick and choose their surgical dates, whereas the nonconcierge patients would wait for the next opening.

Unless Medicare decides to "reimburse a bare minimum across the board on certain basic needed services (so that everyone can have some coverage), but allows every provider to set their own additional (surcharge) fees, much in the same way as other government subsidized programs," concierge medicine and lifestyle health care will continue to gain converts, Dr. Assil says. ■

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