Consumer-Driven Health Care Spurs Innovation in Physician Services

by Devon M. Herrick

Consumer-driven health care (CDHC) is leading to new models for the delivery of medical services. Consumer-driven health plans generally include personal accounts — such as Health Reimbursement Arrangements or Health Savings Accounts — that allow patients to directly control some of their health care dollars. Because they have a financial stake in their own spending, patients have incentives to shop for the best price and to make tradeoffs between convenience and cost.

Insurance recordkeeping and claim filing represent a significant expense for physicians. Physicians can speed up their cash flow and reduce billing costs by attracting patients who pay cash or use the debit cards that some plans provide. Thus a growing number of medical providers are offering innovative services to meet the demand of empowered patients.

These new physician services tend to have two characteristics: (a) they offer patients greater convenience and (b) they step outside normal reimbursement channels — requiring payment at the time of service, accepting insurance reimbursement from only a handful of large provider networks, or requiring insured customers to file their own claims.

Convenient Service: Telephone Consultations.

Many medical concerns can be resolved with a phone call. However, few insurers reimburse physicians for telephone consultations or e-mail exchanges. As a result, patients often find access to their physician is limited — especially after-hours and on weekends. Entrepreneurial providers, on the other hand, are making it easy for patients who pay cash to reach them by phone.

Doctokr is Virginia physician Alan Dappen, who practices medicine almost entirely by telephone and e-mail contact. He charges for consultations based on the time and treatment needed. He bills for 5-minute increments ranging in price from $15 to $22.50. A simple consultation to request medication refills costs from $10 to $15 for up to 5 medications.

TelaDoc Medical Service offers medical consultations by telephone, nationwide and around the clock. Each call costs $35, plus a nominal monthly membership fee — far less than a visit to the doctor’s office at $80 to $100, the urgent care clinic at $150, or the emergency room at $300-plus. TelaDoc has physicians licensed to practice in each state. The subscription-based service keeps patients medical histories electronically, and a doctor usually returns calls requesting a consultation within 30 to 40 minutes (if it takes more than 3 hours the consultation is free). TelaDoc is not intended to replace primary care physicians, but to provide another avenue of treatment when a patient’s regular physician is not available.

With Doctor on Call, available as a benefit through employer health plans or individually as a stand-alone service, subscribers have immediate telephone access to board-certified physicians. According to Doctor on Call, patients can avoid many ER visits by obtaining information over the phone. For about $10 per month ($5 if offered through an employer health plan), an enrolled family can make an unlimited number of calls. Participating physicians do not diagnose or prescribe medications, but they answer any health questions a patient may have.

Convenient Service: Walk-In Retail Clinics.

According to a study in the American Journal of Managed Care, nearly half of patients wait more than 30 minutes, on the average, to see a doctor in an office or clinical setting. However, a new type of walk-in health clinic is conveniently located inside retail stores — often next to a pharmacy, making additional trips to fill prescriptions unnecessary. Waiting is minimal — patients often receive a beeper which allows them to shop for a few minutes until they are called.

MinuteClinic has pioneered retail-based health care in the United States. These in-store clinics allow patients convenient access to routine medical services such as immunizations and strep tests at low prices. MinuteClinics are staffed by nurse practitioners, who are qualified to provide routine medical services. Most office visits take only 15 minutes, and treatment costs range from $28 to $110 — with most services costing $49 to $59.

RediClinic, a venture backed by AOL founder Steve Case, plans to open 500 walk-in clinics within the next
three years. Offering numerous lab tests for prices nearly 50 percent less than traditional physician offices, RediClinic has forged partnerships with Walgreen’s, the nation’s largest drugstore chain, and Wal-Mart, the nation’s largest retailer. Wal-Mart expects to expand the number of stores with walk-in clinics from 11 to 50 this year.

Solantic, a chain of free-standing walk-in clinics based in Florida, is staffed by physicians who can provide more extensive services than clinics staffed by nurse practitioners. Solantic aims to provide convenient health care for a low price, offering services ranging from $65 to $165. Patients can register online and fill out their medical history prior to coming to the clinic.

Convenient Service: Laboratory Tests. A number of laboratory services are now available without a doctor’s visit. Patients who want X-rays or lab tests may request them online; a physician reviews the request and orders the tests. Results list actual scores, in addition to low and high ranges that might warrant consultation with a physician.

One firm, HS Labs (BloodWorksUSA.com), allows patients to register and pay a fee online, then stop by one of a nationwide network of collection points where a technician draws a blood sample. HS Labs offers a blood workup that examines numerous metrics for about $80 plus a $15 order processing fee. A competitor, Direct Laboratory Services, Inc. (DirectLabs.com), offers a similar battery of tests for $89. The blood profile provides a biochemical assessment of health based on more than 50 individual tests including blood count, thyroid profile, lipid profile, liver profile, kidney panel, profile of minerals and bone, fluids and electrolytes and tests on diabetes. The company works with more than 5,000 labs so the service is available in most of the country. Results are available online within two to three days, by mail within 5 days and will be forwarded to the patient’s regular physician on request.

Lower Prices: Cash Friendly Practices. Some physicians are seeking alternatives to the high overhead and low reimbursements associated with third-party payment.

CashDoctor.com is a loosely-structured network for physicians, dentists, chiropractors, pharmacies, laboratories, hospitals and out-patient facilities across the country that are “cash friendly.” CashDoctor is not affiliated with any insurance company or provider network. Practices styles and fee schedules are available online.

SimpleCare is another physician association designed for patients who pay cash for incidental medical needs and rely on medical insurance only for major medical claims. SimpleCare requires patients to pay in full at time of service. Since its doctors do not need insurance billing departments, they can offer much lower prices.

Higher Quality: Electronic Medical Records. Another innovative feature of many new health care ventures is the use of electronic medical records (EMR). Storing medical records electronically improves care coordination by making it easy to access patient information. It also allows the use of error-reducing software to file prescriptions electronically, replacing physician handwriting — a major source of treatment errors. Only about 15 to 20 percent of physicians’ offices use electronic medical records. But many of the new services do — including TelaDoc, MinuteClinics, RediClinic and Solantic.

Higher Quality: Personalized Care. Some physician practices offer “concierge” or “boutique” medicine. They care for a limited number of patients — but provide virtually unlimited access to a physician. Many traditional practices have 2,500 to 3,500 patients per physician; these doctors have only 300 to 600 patients. Some accept insurance plans, some don’t. Participating families often pay an annual fee of $1,500 to $4,000 per patient. In return they can make appointments for same-day, hour-long office visits. Patients are often given their doctor’s personal cell phone or pager number for 24-hour-a-day access.

Conclusion. As patients manage more of their own health care dollars, they will begin to seek care that is both convenient and low cost. Empowered consumers will compare medical services and shop for care the same way they shop for other goods and services.

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