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## EHRs Push Private Practice Docs Out of Business

Growing numbers seek employment, in part because government-mandated technology costs too much.

By **Ken Terry** InformationWeek  
 November 06, 2012 12:58 PM

Sixty-one percent of independent physicians are seeking employment, and the majority of those doctors say that the government requirement for them to adopt and show meaningful use of an electronic health record (EHR) is one reason, a new [Accenture](#) report finds.

The paper, entitled "Clinical Transformation: New Business Models for a New Era in Healthcare," notes that the percentage of private practice physicians in the workforce dropped from 57% in 2000 to 39% in 2012. By the end of next year, Accenture forecasts, only 36% of physicians will be self-employed.

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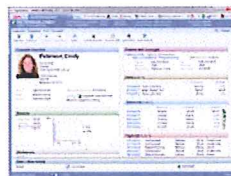
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Accenture's findings raise some interesting questions about how many doctors in small practices have attested or will attest to Meaningful Use. It's also an open question whether many of those physicians will be able to keep up as the government incentive program raises the bar on compliance in the next few years.

[More than 110,000 eligible professionals](#) have attested in the Medicare and Medicaid EHR incentive programs, but it's not clear how many of those are in large organizations. The Office of the National Coordinator of Health IT last June touted the fact that its regional extension centers had enrolled 143,000 physicians, mostly in small primary care practices, and had helped about half of them go live on EHRs.

Of the physicians who plan to remain independent, a third are moving to "subscription-based" practices, including [concierge practices](#) and other "direct-pay" subscription models, according to Accenture. Such practices either don't take insurance or charge insured patients a fee if they want a higher level of service.



### 10 Top Medical Practice Management Software Systems

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The biggest reason for doctors to seek employment, the Accenture survey shows, is the cost of doing business as an independent practitioner. Eighty-seven percent of respondents who were looking for a job cited that challenge, and 61% checked off "the prevalence of managed care." Government EHR requirements and maintaining/managing staff each were mentioned by 53% of doctors.

[To find out which medical apps doctors and patients are turning to, see [9 Mobile Health Apps Worth A Closer Look](#).]

Many private practice physicians are daunted not only by the cost, but also by the complexity of EHRs, said Kaveh Safavi, MD, managing director of Accenture Health North America, in an interview with *InformationWeek Healthcare*. "A lot of it is the expertise -- everything from the selection of an EHR to the maintenance, the technology infrastructure and the compliance," he said. "So it's not simply dollars and cents, it's also a complexity issue. And this is a mission critical function for physicians, so they can't just get it kind of right."

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To be successful, these practices must find a niche that distinguishes them in the marketplace, Safavi noted. "The physicians who want to remain independent have to be particularly good at something." This might not involve information technology, he said, "but technology is a critical enabler. You have to know your customer, you have to engage your customer, and you have to meet them on their terms."

For example, he said, concierge and other subscription-based practices might make it easier for patients to access their doctors, either on the telephone or in some kind of video conference. (Some iPhones, for example, have video chat features.)

"Instead of a phone call, it might be a virtual visit," he said. "Those are the kinds of things where technology enables a physician to meet patients on their terms, and it can also create a greater level of engagement."

The Accenture report also points out that direct-pay practices should "allow patients to access services in ways that work for their lifestyle. For example, allowing patients to access medical information or book appointments via their smartphone." This is one way for an independent practice to differentiate itself whether it's direct pay or not, Safavi pointed out.

Eventually, he said, U.S. physicians might emulate their counterparts in Singapore and adopt an Open Table kind of application that allows patients to book appointments with doctors based on the doctors' availability. A patient with a chronic condition might prefer to see a certain primary care doctor or specialist, he acknowledged, but this approach could work well for minor acute conditions.

Technology can enable doctors to overturn the conventional approach to practice in many other ways, he observed. "There's a whole area of technology that involves communication and collaboration, including social media and telehealth technologies, that can have a significant impact on a clinical practice. Those are lagging in healthcare, but they're starting to show up, particularly in practices that are trying to differentiate themselves from others. So those will be the ones I'd watch for," he said.

*InformationWeek Healthcare brought together eight top IT execs to discuss BYOD, Meaningful Use, accountable care, and other contentious issues. Also in the new, all-digital [CIO Roundtable](#) issue: Why use IT systems to help cut medical costs if physicians ignore the cost of the care they provide? (Free with registration.)*

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The title of your article is highly misleading. One cannot definitively say that EHR's are the sole reason that independent physicians are leaving private practice behind. There are far too many other factors (costs and compliance come to mind) that impinge on the independents.

It would also be interesting to see the demographics behind those who stick with EHR and those who choose to exit their practice. I would bet that older Docs or those not technically inclined are the ones mainly giving up. I have a number of clients that procrastinated on adopting an EHR system due to those reasons alone. Yes, there is an initial investment in the technology. But, once implemented, it falls back to a normal and routine maintenance issue. Usage of the EMR becomes easier and less obtrusive as well since it becomes part of the ingrained workflow.

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## Clinical Transformation: New Business Models for a New Era in Healthcare

Accenture research shows that independent physicians continue to dwindle and that those remaining will turn to subscription-based models to sustain profits and improve care.



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**Increasingly private practice doctors have sacrificed their independence to seek employment, according to Accenture, as independent physicians have dropped from 57 percent in 2000 to 39 percent in 2012. By the end of 2013, Accenture estimates the market will comprise of only 36 percent of independent physicians.**

**"1 in 3 physicians seeking to transform to subscription-based care."**

Accenture Physicians Alignment Survey 2012.

As the physician employment trend continues to accelerate, those who remain independent are beginning to test alternative business models. Of those who remain in independent practice, Accenture estimates one in three independent physicians will aim for higher yields by adopting subscription-based care models, and this trend will increase 100 percent annually for three years.<sup>1</sup>

The Accenture Physician Alignment Research reveals (See Physician Employment Trends chart) that business operations are one of the main reasons why 61 percent of physicians have decided to seek employment, with cost and expense of running a business indicated as the chief concern for 87 percent of those independent doctors surveyed. Physicians who wish to remain independent have to find ways to lower their cost structure or improve their revenue. Subscription-based practices have the potential to do both.

Doctors who convert to subscription-based models that shift the focus away from service volume will not only access greater financial rewards, but will also gain the flexibility to get back to the basics of patient care. Patients could also reap the rewards by gaining enhanced access to care at a service level they can afford.

### The pluses for patients and physicians

There is a wide range of subscription-based models. The associated costs range, too. According to Accenture's research, the most common include high-end concierge medicine and direct pay models. Subscription-based practices charge anywhere from \$60 to \$30,000 per year, with costs varying according to the population served.<sup>2</sup>

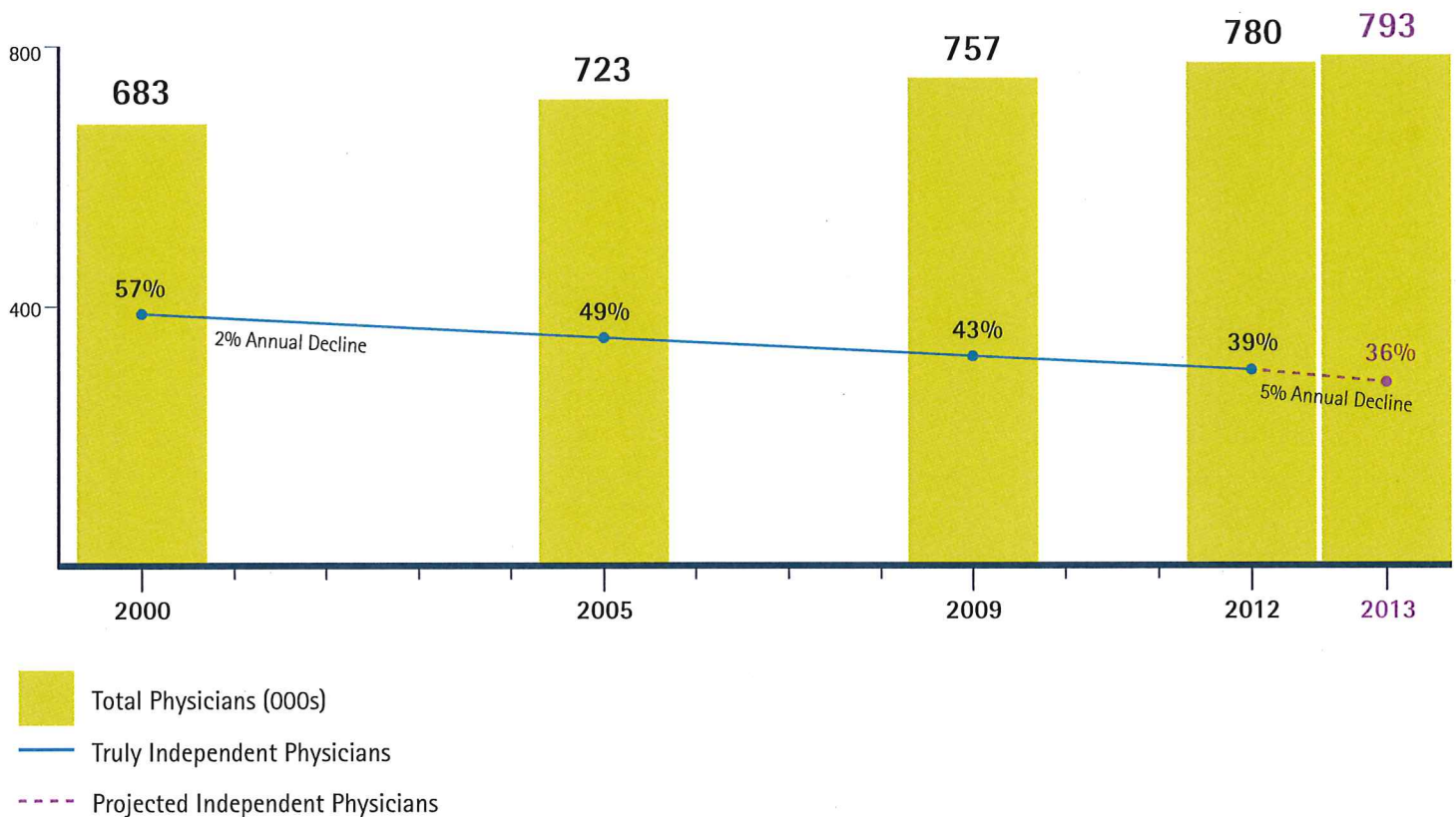
<sup>1</sup> American Academy of Family Practice (AAFP)

<sup>2</sup> Wharton – Health Economics



## Physician Employment Trends\*

According to Accenture research, physician employment will accelerate over the next 18 months.



### Concierge practices

Concierge services are often offered in a premium setting and have a large markup. For patients, concierge medicine offers primary care—often with 24/7 access. Concierge practices promote the fact that the physician personally attends to coordinating care needs and helping their patient navigate the healthcare system, thus improving the quality of care. Patients can also sometimes access a spectrum of ancillary services that include nutritional guidance, medical spa, fitness, wellness and advanced diagnostics.

For doctors, concierge care offers the potential to significantly boost revenue while decreasing patient panels by up to 90 percent.<sup>3</sup> However, this model would require physicians to increase capital expenditures in acquiring sophisticated equipment. These practices also

require physicians to emphasize the communication and service aspects of their practice. This transition is not always a natural one. Physicians might also increase operating expenses to onboard a larger staff to meet the needs of their clientele. Furthermore, the market for serving high-net-worth individuals is narrow.

Concierge practices, such as Virginia-based Guardian 24/7, offer "unprecedented medical protection to a demanding audience." Founded by former White House physicians, the group offers access to its care by invitation only.

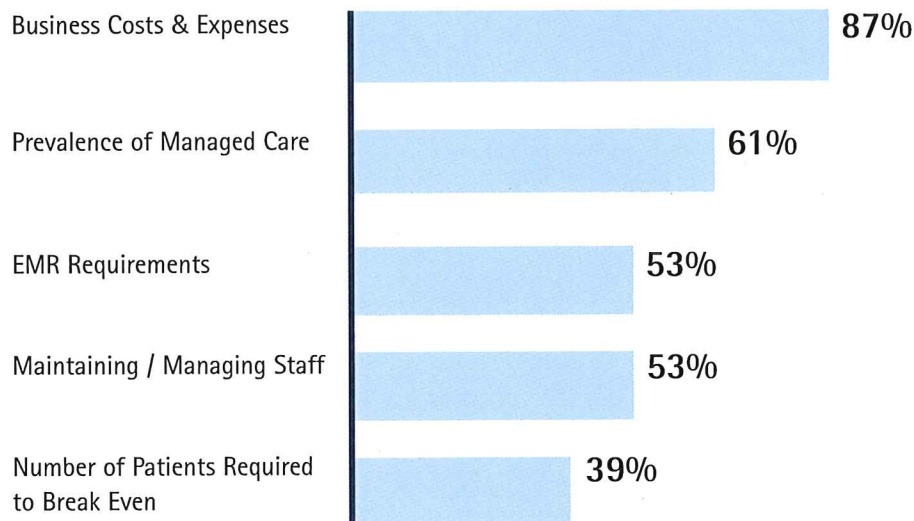
### Direct pay subscription models

Such models offer many of the same services as concierge practices, but at a lower price. Patients at One Medical in San Francisco pay an annual membership fee to receive care. One Medical offers same-

day appointments, online prescriptions and email access to doctors—all for approximately \$150 to \$200 a year. At the Multnomah Family Care Center, a Patient/Physician Cooperative in Portland, Oregon, patients pay a one-time enrollment fee to join, and then pay monthly membership and primary care provider fees, which combined average less than \$60 a month.<sup>4</sup>

Medical cooperatives such as GroupHealth, are consumer-governed systems that coordinate care and coverage. Founded in 1947 originally as a staff-model health maintenance organization that employed physicians, GroupHealth has evolved into a mixed-model network health plan that contracts with a large multispecialty medical group and with independent physicians in private practice.

# Top Concerns Regarding Business Operations Influencing Decision to Seek Employment\*



Such mixed models allow patients to keep their existing health insurance for acute conditions or emergencies, but supplement with direct pay care that allows patients to access services in ways that work for their lifestyle. For example, allowing patients to access medical information or book appointments via their smartphone. Such convenient access to care may encourage patients to keep up with primary or preventative care, thus improving overall wellness.

Doctors in these models are encouraged to focus on primary care and prevention as well. They have a steady stream of income, without the pressure to meet numbers. Doctors at One Medical keep an average of 800 to 1,000 patients on their roster—one-third fewer patients than at most mainstream clinics today.

Physicians at California-based MedLion experience:

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Subscription-based models may expand and evolve over time as many physicians continue to look for ways to differentiate their practice in order to remain independent and self-employed. To the extent that they offer services that patients value, are not covered by traditional health insurance and are priced appropriately, patient demand for these service may grow as well.

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\*Accenture Physician Alignment Survey 2012

- Notes: 2000, 2005, 2009, and 2013 represent year-end figures;
- Notes: Total independent physicians to equal 282,000 by end of 2013

<sup>3</sup> American Academy of Family Physicians (AAFP)

<sup>4</sup> Portland Tribune

<sup>5</sup> "Finding Middle Ground: Doctors Craft New Business Model to Offer Better Care Without Hefty Charges," Fox Business, online at <http://www.foxbusiness.com/personal-finance/2012/07/26/finding-middle-ground-doctors-craft-new-business-model-to-offer-better-care/#ixzz22lulCmTQ>