



BY ROB LAMBERTS, MD

## The value of the direct pay monthly fee to physicians and patients

**T**here are two big differences between a traditional and a direct primary care (DPC) practice:

- The doctor is paid directly by patients, not insurance (or other third-parties)
- The patient doesn't pay for office visits, instead paying a low monthly fee (typically about \$50 per month).

The monthly payment is enabled by the freedom from insurance billing and codes, so the two changes are tied closely together. This article will focus on the ways in which the monthly payment changes the experience for doctors and patients.

First, I want to address certain hybrid practice models and their use of monthly fees. Many “concierge” practices (and even some who label themselves DPC) use the monthly fee in addition to traditional insurance billing. This practice can only legally be done if the monthly fees are for “uncovered services,” those not covered by third party billing codes. While this does give the opportunity for significantly increased revenue, it also increases the risk of double-billing for a single service, which has especially bad repercussions if Medicare or Medicaid are the payer. For those who are considering this approach, I recommend doing so with great care and close counsel from experts. people/companies with significant experience doing this.

**“I have this freedom is because I am no longer tied to the office visit as the only profitable means to give care.”**

### THE FEE ITSELF

The “ideal” patient for a subscription-based practice is one that doesn't use your services frequently, but also sees value in paying your monthly fee. This is why I set my fees based on age, starting at \$30 per month for children, and increasing incrementally by age to a maximum of \$75 per month for seniors.

Any practice is much more likely to have frequent visits from a 70-year-old than a 30-year-old. Furthermore, if you set your prices too high for the younger patients, you select against the very patients you are seeking—generally healthy people who need you on occasion. I've been satisfied with the income I can generate from my practice with our current fee schedule and with the level of medical need of my patient population. I've been able to grow my practice above 750 patients and still not feel overwhelmed, and I have very little loss of

patients on a monthly basis.

Financially, one of the greatest benefits of having a practice based on monthly fees is the predictability of revenue. Not only is overall income predictable, but the flow of revenue is steady throughout the month, making cash-flow easy to navigate. While there is no such thing as a “big month” in a subscription practice, neither are there “slow months,” which is a trade I am happy to make. Plus, I've twice adjusted my price up by \$5 per month, which caused very little loss in patient numbers but generated a substantial gain in revenue (which is nice with kids in college).

### THE EFFECT OF MONTHLY FEES

**1 Fewer pointless visits.**  
Before leaving my old practice, I tallied the reasons for office visits to see what percentage of patients actually needed to be seen for their care. I looked at the data and thought: “Could this care be done via phone call or text message?” The actual portion of patients who needed to be seen was stunning: it was less than 25%. Many of the visits were to touch base about medication changes, many were for minor acute problems (URI's, stomach bugs, etc.), patients needing work/school excuses, or problems that could easily be handled remotely (Otitis Externa, conjunctivitis, etc.). In truth, the main reason they were coming to the office was financial:

I didn't want to work for free. The monthly payment removes that pressure, and so lets us care for people in the way that makes most sense.

**2 Alternative care vehicles.**

I give much of my care via secure text messaging. There are many questions people have about smaller health problems. There are simple things (like rashes, acute illnesses) that can be communicated easier by this means. I also follow-up by sending a quick message asking how they are doing. My patients love this. They love the fact that they don't have to wait forever and get passed around the phone system to contact a human. They reach out to me or my staff and quickly get the help they need. This takes a huge burden off of our phones, so the wait for those who do choose to call is much shorter.

**3 An open schedule.** Having a greatly decreased volume of unnecessary visits opens up

the schedule. There is no benefit to being fully booked. In fact, you are more rewarded for having a relatively open schedule at the start of the day. This took me some time to get used to, finding myself worried when my office was quiet, and even getting bored when nothing was happening. But two facts kept me from freaking out when things slowed down: First, I am paid just as much on a slow day as a busy one and, second, my patients are paying me monthly so they get access to my care, not necessarily for the care itself. The second point was harder to wrap my brain around. One of the big universal complaints about doctors is

that they are difficult to get any time with. Appointments are hard to get, and are often too short. With an open schedule, patients easily get same-day appointments. My busiest schedule in the past 5+ years was 15 patients, and my average day is between 8 and 11 patients.

**4 Longer appointments.**

I mentioned this earlier, but it needs to be emphasized, as it is a huge benefit. New patients get 60 minutes of my time, and established patients get 30 minutes per visit. This means I have time to explain, education, listen, and think about things. I don't have to limit the patient to "just one problem" (as many doctors do). And, most importantly, I can be careful and give better care. Now, I don't spend 30 minutes on a strep throat or ear ache, but I can check preventive care on these while they are here, making sure I am giving the best care possible. Overall, patients love the fact that they aren't rushed and that they get my full attention in their office visits.

**5 Running on time.** In the more than 5 years I've been

in business, the longest I've made someone wait for a visit is 20 minutes (aside from when they come early for appointments). Most patients go immediately to the exam room and I see them within 5 minutes of them showing up.

Again, the reason I have this freedom is because I am no longer tied to the office visit as the only profitable

**"New patients get 60 minutes of my time, and established patients get 30 minutes per visit."**

means to give care. Healthy patients are no less profitable to my business, in fact they are beneficial in that they leave the schedule more open than do sick patients.

So what keeps me from "cherry picking" healthy patients (as some have suggested occurs with DPC)?

First, I don't have a good means of determining ahead of time which patients will be "easy" and which will be more complex. Second, and more importantly, with my schedule free I have time to give good care for complex patients, eventually turning them into "easy" patients, as their problems are finally under control. I enjoy taking care of complex and difficult patients if I have the time to do so. The time demanded by government regulations and insurance compliance is now given back to the patient so I can give quality care.

And that is the main benefit: I get to be a good doctor again. ■

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