Doctors Endorse Concierge Operation

HEALTH CARE: Firm nurses high-price, low-volume practices.

By DEBORAH CROWE Staff Reporter

Concierge medical practices are one of the biggest trends in health care: Doctors keep their patient rolls small, but charge the patients a retainer so the physicians can afford to give more individualized care.

Think earlier, slower-paced times when doctors even made house calls, and took phone calls at nights and on weekends.

Now, concierge medical practices have become popular enough that a cottage industry has developed to serve them. Locally, Marina del Rey’s SignatureMD helps doctors make the conversion to concierge from high-volume practices by offering everything from marketing services to advice on regulations to working with insurance companies.

Founder and Chief Executive Matt Jacobson said his company helps its client doctors offer patients extra care in an era when health insurance practices make that very difficult.

“The doctors we select already were going the extra mile, delivering concierge-level care for years without getting paid for it. It’s time they were given a

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break,” said Jacobson. SignatureMD was founded five years ago.
While Jacobson would not disclose annual rev-

ue, he said that 2011’s revenue was triple the previous year’s, and he expects it to double again this year.

The company has operations in nine states and the District of Columbia with more than 50 general and specialty practices as clients. Also known as boutique or executive health medicine, there are about 4,000 concierge physicians practicing in the United States, up from about 500 a few years ago, according to the American Academy of Private Physicians, a Washington, D.C., trade group. Indeed, it has only recently been that concierge medicine was large enough to support firms that provide assistance to the practices.

Most concierge doctors continue to receive reimbursements from standard health plans, but they also charge patients annual retainers that range from $1,000 to $7,000, depending on the market and how much extra care they provide. Patients typically keep their employ-
er-based medical plan but pay the retainer to get the extra attention.

The practices also can generate more cash than ones wholly reliant on HMO reimburse-
ments. One expert said doctors who convert to a concierge practice can expect to earn at least 15 percent more.

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ed service firms like SignatureMD, and com-
petitors that include N1 Health of Richmond, Va., and MDVIP Inc. of Boca Raton, Fla., one of the largest firms with more than 500 affiliated physicians.

Long Beach family practitioner Dr. Marcy Zwelling, chairwoman of the private physi-
cians academy, said there were few such con-
sultants when she decided to convert her prac-
tice more than five years ago. She opted to do it herself, converting her 2,000-patient practice over time to roughly 500, who today pay $2,000 a year for priority care.

“It did take a lot longer than it might have if I had used a consultant,” said Zwelling, a for-
er president of the Los Angeles County Med-
ical Association. “For me, ‘selling Marcy, Marcy’s way’ worked. But there are many physicians who would be more comfortable going with a firm.”

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Retail: MedBox Seeks Deals for Pot-Dispensing Machines

to mailboxes at the post office. The pharmacist
loads the medicine into the back and tells the
computer the drugs are available for pickup.
The customer must have a pre-established
account for box pickup with a credit card on
file. The customer arrives at the store, goes
directly to the machine, scans his or her finger,
swipes a card and the lockbox door opens. The
open door immediately triggers the credit card
payment from the customer’s account.

Bing Lum, owner of AM Pharmacy Con-
sulting in Montebello, thinks a market exists for
pharmacy lockboxes, but warned that federal and
state regulators will scrutinize any attempt at

“Some of these places would give out half a
pound of pot at a time over the counter, and
that led to street dealing,” he said. “The indus-

try was a mess at that point.”

He sold his clinics and in 2008 launched
Prescription Vending Machines with $1 mil-
dlion of his own money and $260,000 from
law enforcement does not bother his pot shop customers because Med-

box in 2010. MedBox is ready for another round of
investment. The company is currently talking to
large corporations and wealthy individuals about
a private placement.

MedBox’s stock price is $1.24, but no
shares have traded since September. No ana-
lyst follows the company.

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Jacobson broke into the business world in Silicon Valley during the dot-com boom, launching several tech startups. After the dot-com bust, he eventually was hired at the medical division of Zenith Insurance Co., an L.A. worker’s compensation insurer, in 2001.

“What I saw in health care was how ineffi-
cient the insurance companies were,” he said. “I wanted to establish a more direct financial relationship between patient and physician so that physicians would have the time to deliver the highest quality care, with more of a focus on prevention and wellness.”

So after leaving Zenith in 2006, he launched SignatureMD at a small office in San Ramon in Northern California with a handful of staff. A native Angelino, Jacobson moved the company south to Marina del Rey three years ago and now has 17 employees.

The company initially offered a wider spec-
trum of services that even included insurance for patients, such as coverage for evacuating a client injured on a vacation in a foreign country. However, Jacobson decided that it would be better to narrow the focus to services that doctors need to operate their practices.

SignatureMD generates revenue by collect-
ing the retainers patients pay for their concierge care, retaining a portion of it and passing the rest on to the doctors. The compa-
y’s revenue is thus dependent on the percent-
age of the fee it keeps, as well as the size of the retainers and practice. Jacobson would not dis-
cuss specifics of the arrangements.

Dr. Cathy Grellot, who with SignatureMD’s assistance recently finished transi-
tioning her women’s medicine practice in the Northern California community of Los Gatos, is among the company’s newest converts.

One patient on the Yelp online review site noted that even before the conversion that Grellot is “the kind of doctor you always want-
ted – the one who listens to all the things that are bothering you, gives time for all the ques-
tions, answers her e-mails, calls back on the weekend, researches odd things and makes appropriate referrals.”

Even so, the volume of patients she had to see in her managed care practice took its toll. She checked out four practice conversion com-
panies before choosing SignatureMD.

“There can be a lot of anxiety about whether you can support a practice with much fewer patients,” she said. “But now that I’ve converted, every day it gets better to be a physician.”

A major obstacle for many doctors who want to start offering concierge care is their high volume of HMO patients, a group that in general either cannot afford or is not willing to pay for special access to doctors.

Grellot opted to move her HMO patients to other physicians. But for physicians leery about cutting ties with those patients, SignatureMD can help find a younger associate physician to handle them. That allows the senior physician to handle only concierge patients while retaining a portion of the old HMO income stream.

Dr. Ken Rybicki, a St. Louis doctor, signed up in July with SignatureMD, which helped him find a junior associate to handle his HMO patients. Since then, he said, his workload has become more manageable.

“I was tired of seeing 35 patients a day and not getting home to my family until 8 or 9 p.m.,” said Rybicki, a cancer survivor who decided he needed more balance in his life. “Now I can set aside 90 minutes for a physical for my concierge patients, and also have time for some cancer research I’ve wanted to do.”

Driving growth

Toro Blue, executive director of American Academy of Private Physicians, said the prospect of a new round of Medicare reim-
bursements cuts next year, plus uncertainty over the impact of national health care reform, is prompting more doctors to consider the leap to concierge care.

“Primary care physicians are realizing that their business model is becoming unsustain-
able,” Blue said. “With reimbursement rates going down, just to keep the same income stream they have to see more and more patients faster and faster. It burns out physicians.”

SignatureMD is gearing up for that anticipat-
ed growth, and expects to reach the 100-practice mark next year, and this month signed its first doctor in Los Angeles County. But in keeping with Jacobson’s tech startup roots, the offices are modest and the majority of his employees spend their time in the field at client offices.

“We’re still a startup, self-funded compa-
y,” he said. “Our office has a gorgeous view, but there’s nothing fancy inside. The money gets poured into building the business.”