The Bigger Picture: Another Reason to Go Cash-only?

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By Pamela Moore, PhD [3]

A medical-malpractice insurance company says it will offer discounts to cash-only and concierge-style physicians. The reason: They’re less likely to be sued.

A medical liability insurance company is offering discounted policies to cash-only and concierge style physicians. The insurer is not saying that such physicians are better doctors, necessarily. There are no outcomes data involved. But the company reasons that these types of physicians are lower risk for the insurer.

For those of you continuing to accept insurance, this may seem like rubbing salt in your time-starved wounds. You’d like it if insurers cut you a break, too, especially as you bend over backwards to prove your quality for all the new pay-for-performance plans.

But this isn’t about justice. It’s just common sense for Applied Medico-Legal Solutions Risk Retention Group (AMS) to offer discounts to most physicians who are members of the Society for Innovative Medical Practice Design (SIMPD), says Steven Shapiro, chief medical officer for AMS. After all, SIMPD is the budding group that promotes direct financial relationships between physicians and patients through novel practice models, and AMS quite understandably reasons that the society’s members would be less likely to get sued for malpractice.

It’s all about the numbers.

“Who has more risk: the physician seeing 2,000 patients or the physician seeing 300?” Shapiro asks. Someone taking care of just 300 patients simply has fewer opportunities to make mistakes. Plus, low-volume practice “is a more personal approach. There is more of that one-on-one interaction that many patients want and some patients need,” says Shapiro, who is also a pulmonary and critical care physician.

To function as a concierge physician, you have to prove value at the start of the patient relationship and on an ongoing basis, he adds. “You have to be providing care at a level the patient wants. You can’t make it as a concierge physician without providing good care.”

Now, AMS isn’t going overboard. It’ll individually review each physician who applies for the special rates, but hasn’t turned any concierge physician down yet, according to Shapiro. Moreover, because AMS writes its policies on a case-by-case basis, the size of the discount it’s offering can’t be quantified in general terms. But the physicians I spoke to actually didn’t think AMS’ rates were that great. Instead, they used the offer to go back to their existing insurers and negotiate reductions from them in the 30 percent range.

Also, some physicians are made nervous by the fact that AMS is a risk retention group, not a traditional insurer.

And let’s be honest: While it’s a reasonable assumption that cash-only and concierge practices have a lower liability risk, it is, for now, just an assumption. Steve Harri, managing director for Beecher Carlson, a risk management brokerage, says that “there is no actuarial data that exists to support or deny” the idea that low-volume physicians practice better medicine. Regardless, it is clear that “the closer a doc is to his patients, the less likely he is to be sued.” It’s the “touchy-feely” aspects of care, Harri says, that “are key to quality care, or at least the perception of quality care.”

He sees why AMS’ decision makes sense: “A little less in premiums, a lot less in losses can make a big difference” in the corporate bottom line. He anticipates seeing more companies offering programs like this, just as many captive insurance companies already hand-select lower-risk physicians for better rates.

For those of you pondering a move to a cash-based system, malpractice discounts may be the straw that nudges you over the edge. If you are, I recommend reading Dr. Brian Forrest’s column “IdeaLab: Cash-only Healthcare Still Works.” It’s been a smash hit. It’s part of the “Cash Only” section on our homepage.

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