

Food for Thought

Pay-As-You-Go M.D.: The Doctor Is In, But Insurance Is Out

By Rhonda L. Rundle

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Greenville, Tenn. - After Aaron Smith's weight plunged and he began feeling thirsty all the time, several doctors balked at seeing him because he doesn't have health insurance. On the verge of heading to the emergency room, his mother saw a newspaper ad: "No health insurance? Try Patmos EmergiClinic."

The ad put the Smiths in contact with a small but growing corner of the medical world where insurance is viewed as the problem with, not the answer to, rising health-care costs. Frustrated by red tape, some maverick doctors have cut out the middlemen, allowing them to offer less-expensive service and a return to the days when nothing came between patients and their family doctor.

A few days later, Mr. Smith, who was down to 133 pounds from 170, had a physical examination and a battery of blood, thyroid and other tests at the Patmos clinic, which is near the supermarket where he works. It turned out that Mr. Smith, 28 years old, was diabetic and his blood sugar was dangerously high. He left the clinic that day with a prescription and an appointment for a checkup a week later. The tab for the visit, including the tests, was \$150, which his mother, Charlotte, cheerfully paid on her way out.

Robert S. Berry, the founder and only doctor at the clinic here, offers what he calls "low-priced treatment" in exchange for "payment at the time of service," or P-a-t-m-o-s. The 45-year-old physician doesn't accept any third-party payment - not even from Medicare, the federal program that covers a large chunk of the nation's medical bills. He says insurers "brutally intrude in the doctor-patient relationship and put doctors and patients at odds with one another."

By accepting only cash, checks and credit cards, he keeps his administrative costs to a minimum and passes the savings on to his patients. He posts prices on his Web site and on a huge turquoise-and-orange sign in front of the clinic. A typical office visit costs \$35, a set of blood tests is \$20 and a pregnancy test is \$10. Other doctors in town typically charge \$55 or more for an office visit and send patients to an outside lab where blood work can start at \$100. Dr. Berry also carries a

few common drugs: Antibiotic eye drops cost \$5 and amoxicillin is \$7.

Dr. Berry jokes that visits to his office cost something "between an oil change and a brake job."

Similar cash-on-the-barrelhead clinics are sprouting across the country. Dr. Berry and others like him say they are demonstrating a way to lower costs and relieve pressure on emergency rooms that are crowded with people without insurance. Besides, more patients are digging deep into their pockets even if they have insurance, as premiums and co-payments rise.

Pay-as-you-go medicine is "a phenomenon that certainly isn't in the mainstream yet, but it seems to be becoming more visible and perhaps more common," says William Jessee, president and chief executive officer of Medical Group Management Association, a physician organization in Englewood, Colo. The arrangement doesn't work for major medical problems, which everyone agrees still require some form of health insurance.

Todd Coulter, a 39-year-old internist in Ocean Springs, Miss., stopped taking insurance in August 2002. "I was tired of being dishonored and disrespected" by insurance companies that delayed payment or denied claims altogether, he says. Then one day, "I looked up and realized that cash-paying patients were subsidizing rich people with insurance" because insurance payments were discounted and harder to collect, he says.

Dr. Coulter sees fewer patients these days. By cutting his office staff to two part-timers from seven - including four who were full time - he says he was able to reduce his charge for an office visit to \$40 from \$60. His practice income after expenses has shrunk to about \$115,000 a year from \$175,000, but, he says, "I don't spend all day begging Blue Cross & Blue Shield for money." Dr. Coulter also says he thinks he is improving medical care for people with chronic conditions such as diabetes and hypertension because they can afford to see him once a month.

In Greenville, a woodsy town of 16,000, Dr. Berry has some fans. Ella Price, the owner of the Backstage

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Coffee House & Cafe, applauds him for helping people such as herself who can't afford the \$500-plus-a-month cost of medical insurance. "Around here, that's a house payment," she says.

Dr. Berry says he started thinking about setting up a clinic when he was working as an emergency-room doctor at Greeneville's Takoma Adventist Hospital because treatment was "ridiculously expensive" for people without insurance. Many patients weren't sick enough to be admitted to the hospital, but they came to the ER because they didn't have a doctor. At the ER, these patients received treatment but not comprehensive care.

Dr. Berry's musings about self-employment turned serious when Takoma Adventist fired him in December 2000 after about 3 1/2 years there. Carlyle L.E. Walton, the hospital's president, says he dismissed Dr. Berry because he's a difficult person who rocked the boat and alienated some patients by lecturing them about smoking and obesity, among other things. "Clinically, he is above reproach - I would go to him in a heartbeat - but he is highly condescending and confrontational," Mr. Walton says. There were also conflicts over work schedules and compensation, Dr. Berry says.

Besides describing Dr. Berry's payment philosophy, the clinic's peculiar name makes a personal statement. Patmos is a Greek island where the Romans sent political prisoners. The clinic, explains Dr. Berry, serves people who are "politically exiled within our health-care system."

Dr. Berry launched his clinic on Jan. 10, 2001, with two doctors including himself, an office manager, and the equivalent of a full-time nurse and a paramedic. A 1989 graduate of the University of North Carolina Medical School in Chapel Hill, Dr. Berry is board certified in both internal medicine and emergency medicine. With strong credentials and low prices, he figured that he could build a clinic and "they will come."

But as the weeks and months passed, Dr. Berry had to lower his expectations. Patients didn't beat a path to his door even after he distributed fliers to convenience stores, restaurants, beauty salons and barbershops. Word-of-mouth advertising seems to be boosting business now. And people who have lost their insurance, along with their jobs, are finding their way to the clinic.

Dr. Berry expects to earn about \$120,000 this year after expenses, perhaps half of what he might earn as an emergency-room doctor in Knoxville, 65 miles

away. Working with two alternating part-time office assistants, Dr. Berry gets a lot of walk-in business. His clinic occupies the street-level floor of a small brick building nestled between a Ford dealership and a U.S. Army recruiting office on a busy road. Dr. Berry says his overhead is about \$6,000 a month and that he thinks it would triple if he were to start accepting insurance. He says he would need to hire an office manager to review long and complex insurance contracts and two billing clerks. Reimbursements from some insurers are so low, he says, that he would also need to hire a nurse to give shots and otherwise help him speed up patient flow.

The clinic's patients are mostly farmers, mechanics and other low-income working people in the surrounding rural area. Many are Hispanic. Most don't have health insurance. "These are good folk who pay their bills. I'm not giving anything away," Dr. Berry says.

One recent morning, Donald Reid came in for a routine checkup for his high blood pressure. After his exam, he bought a three-month supply of the hypertension drug enalapril from the clinic for \$60, a 30% discount from the retail pharmacy price. Mr. Reid, a 52-year-old management consultant, and other members of his Mennonite church shun insurance for religious reasons. Some of them have turned to Dr. Berry when other doctors refused to see them for that reason. "Dr. Berry has been a blessing to us," says Mr. Reid.

Patmos isn't for everyone. One recent morning, a pregnant mother and her small daughter arrived at the clinic and were quickly sent away by Dr. Berry's assistant, Jennifer Bowerman. "I'm sorry, we don't accept TennCare," she told the woman, who marched out in disgust. TennCare is a \$7.1 billion state and federal health-care program for the poor.

Another patient, Deborah Spencer, signed in at the counter. After a few minutes, Dr. Berry emerged from the back and ushered her into one of his three exam rooms. She complained of a pesky cough and runny nose. A few minutes later, she left satisfied, clutching a new prescription.

Ms. Spencer says it's difficult to get a timely appointment to see a doctor who accepts her medical insurance and when she does, it's a long wait at the office. Compounding the frustration, her Blue Cross & Blue Shield coverage requires her to pay \$20 at each visit. By contrast, the charge at Patmos is usually \$35. "For an extra \$15, it's worth coming down the street," says the 32-year-old sales representative. ▲