

QUESTION: "How many doctors in California perform house calls? I am considering launching an app that would allow patients to 'order' a doctor to their house, and want to know how many doctors in California already perform house calls."

Greetings! Thanks for the opportunity to answer your question about the number of California doctors performing house calls. My research on the resurgent practice of physician house calls in the United States, in general, and California, in specific, reveals a fair amount of recent media coverage by such august institutions as the Wall Street Journal, New York Times, and U.S. News and World Report. Focusing on California, statistical data reveals an extremely shallow, statewide market penetration of 1,002 doctors making house calls out of 132,370 state-licensed physicians (per the 2015 report by the Medical Board of California). The comprehensive details listed below will give you a better picture of the all but abandoned service of home-based physician care and its comeback in the American healthcare industry.

BACKGROUND

For anyone interested in launching a business in the physician house calls market, it is an encouraging sign to see recent media coverage by some of the major outlets listed above. Aside from the fact their editors decided to run an introductory article on reinventing physician house calls, you will not learn much more than that. But, making a cursory overview of a topic is "journalism 101" for most media institutions with a large readership. It is almost like they are saying: "There...we ran something...next topic!" So, their skimpy reporting was not really a surprise. The next aspect uncovered during the research was somewhat surprising; but, it said a lot about the current marketplace for homed-based physician care.

Not expecting to find much from the likes of the Wall Street Journal, the research shifted to what was expected to be some fertile ground for information about the practice of physician house calls. An extensive search was conducted via some of the most highly regard U.S. institutions in the healthcare industry, to include: The U.S. Government's National Center for Health Statistics (NCHS), American Medical Association (AMA), Medical Board of California (MBC), California Medical Association (CMA), Federation of State Medical Boards (FSMB), American Academy of Family Physicians (AAFP), Direct Primary Care Journal (DPCJ), and last, but not least, the American Academy of Home Care Medicine (AAHCM). Except for an above average article published in 2011 by the AAFP, entitled "*House Calls*," and some useful content from AAHCM, the other organizations either had very little reference information or statistics about the physician house calls industry, or they had some fractional sub-

topic coverage about one aspect of the industry, such as, volume 294 of the Journal of the American Medical Association from 2005, that featured an article entitled, “*Trends in house calls to Medicare beneficiaries*,” stemming from modifications in Medicare regulations that bumped a doctor’s fee reimbursements by 50% for home-based geriatric physician services. Attempting to locate a full-bodied treatment of the industry is quite elusive. There is no doubt the marketplace is gathering steam for expansion of the physician house calls business model; the timing is good for getting in on the ground-floor of this opportunity. If a doctor were to pursue this business model, however, he/she will need two things: 1.) Patience, and; 2.) Patients!

RESEARCH DETAILS

Looking at the data collected by the above healthcare institutions as recent as 2015, none have begun collecting or publishing statistical details on a regular basis about physician house calls. For example, the CMA, who is the flagship organization for medical professionals in California, lists their current focus issues as: Ensuring access to quality medical care; Strengthening public health; Promoting health education and advancing careers in health; Protecting the physician-patient relationship; Working to protect patients; Preserving economic stability, and Advancing new technologies. The resurgent physician house calls practice is not even on the CMA’s radar screen, yet. Similarly, both the FSMB and MBC conduct comprehensive, annual physician surveys, and they are yet to include any questions about physicians practicing home-based medical care. Not even the NCHS is reporting on home-based physician’s care.

Historians say that successfully moving forward in life, as a person, business or country, is never easy; but, it can be easier, if you pay attention to where you have been. The business of physician house calls can benefit from that wisdom. The 2011 AAFP article, *House Calls*, noted, “House calls were standard practice for physicians in 1930, when approximately 40% of patient encounters occurred in the patient’s home. By 1950, this had fallen to around 10%, and by 1980, only about 1% of patient encounters were house calls.” A 2008 AAFP nationwide survey reported that “the average family physician conducted fewer than one house call per week.” Statistically speaking, caring for patients in their homes has some wide-open possibilities.

There are a number of factors driving the resurgence of physician house calls. The AAHCM lists nationwide Medicare Part B-paid house calls from 1995 through 2014 – that’s 20 years of data – with a 76% increase over that timeframe. Prior to the improved Medicare payment model, home-based geriatric care was mostly for skilled nursing, hospice care, and other non-physician services. The CMA noted that physicians recognized the difficulties non-ambulatory geriatric patients had with

making frequent healthcare provider office visits; however, Medicare Part B payments for house calls did not adequately compensate a physician for his/her services. But, the improved Medicare payment model does not tell the whole story when it comes to geriatric medicine. In 1995, even the oldest baby boomers were still in their early 50s, and a major component of the American workforce. Fast forward that by 20 years, according to the NCHS, we find that approximately 70% of the baby boomer generation is now retired. Baby boomers in their retirement years are another key contributor to the 76% increase in Medicare-paid physician house calls.

The enhanced financial upside in geriatric medicine for physician house calls is merely one component of the industry's bounce back. There are a number of medically valid reasons for physician house calls. The *AAFP House Calls* article points out that even though there are legitimate reasons for a given patient to receive a physician house call, "The choice of location of care is [still] heavily dependent on the physician's opinion." More will be said on the medical benefits of house calls versus a physician's preference in practicing medicine. The AAHCM says: "Lack of primary care access is one root cause in the genesis of higher health care costs... Instead of receiving appropriate primary medical care as chronic conditions destabilize or new problems develop, these persons get care in expensive ER's and inpatient units. And who are these people? Everyone — upper and middle class Medicare recipients as well as the poor." The Call Doctor Medical Group in California studied the cost difference between treating pneumonia in the home rather than the hospital [ER], using 2001 Medicare data. Average cost for hospital treatment was \$5,159 while treatment at home cost \$1,000. In 2016 dollars, this would be \$6,954.26 and \$1,345.38, respectively.

The AAHCM posted a Public Policy Statement on its website, vis-à-vis, their formal position on home-based medical care. The essence of the AAHCM statement is: The American healthcare industry needs a major, multi-institutional paradigm shift to make home-based medical care a workable business model for everyone. These institutions include: Federal, state and local government; insurance carriers and claims processing houses; hospitals & outpatient surgery centers; medical schools (i.e.; Johns Hopkins University, et al); pharmaceutical companies; doctors and group medical practices. Doctors and group medical practices were deliberately listed last to emphasize the point that the onus is on the other five industry groups to be the main forces-of-change in home-based medical care. Doctors alone, cannot be the catalyst for change.

ISSUES FOR THE PHYSICIAN

AAFP's House Calls, said: "House calls can provide a unique perspective on a patient's life that is not available in an office visit or during hospitalization. A house

call can foster the physician-patient relationship, and enhance the physician's understanding of the patient's environment and support systems." Circling back to the comment about physicians strongly influencing the choice of location for practicing medicine, many of them, metaphorically speaking, subscribe to the time-honored philosophy of, "you can lead a horse to water, but, you cannot make them drink." The vast majority of physicians tend to be pragmatic in their work, especially those in private practice, or a small professional group. The molding of a physician's philosophy on practicing medicine is a slow, methodical process; it starts before they enter college. The FSMB's *Journal of Medical Regulation* in 2015 stated, "Across the period of time representing the continuum of medical education, from baccalaureate to graduate medical education, it typically takes more than nine years after entering college to successfully become a licensed physician in the United States." During their decade of schooling, the educational institutions they attend are largely responsible for the medical practice philosophy absorbed by students-turned-physicians. The philosophical molding cannot be overstated. Research uncovered several instances of medical school deans stating on-the-record their professional lack of regard for home-based medical care. To create an industry paradigm shift that supports physician house calls, it needs to start during primary medical training at the universities. But, if a school's dean does not subscribe to the house calls business model, how likely is it that his/her school is going to adopt it as part of the curriculum?

In a June 2014 article from DPCJ, entitled, "Trend: The house call makes a comeback," it featured Dr. Michael Farzam, who converted exclusively to physician house calls in 2001. The primary focus of the article is to demonstrate to the reader some of the fundamental methods a physician needs to adopt in order to make physician house calls a workable business model. One of the primary advantages Farzam has is: He is his own boss. Whether a particular facet of his physician house calls practice works or not, is entirely on him. A key factor in his success is he embraced the electronic age early in his practice. The DPCJ article states, in part, "...he speaks with patients on the phone before making the trek in LA traffic to their home." Taking advantage of technology puts Farzam ahead of the power curve for adopting a cell phone-based mobile application to quickly connect patients and physicians on a near real-time basis.

But, what about physicians who currently do not make physician house calls; can anyone simply make the leap? In June 2015, the AAFP published some key information that is essential to anyone interested in moving into the physician house calls industry; this includes the technology providers of the mobile application, and the physicians. For the most part, physicians are not positioned to simply make the switch to doing house calls as their new business model, regardless of utilizing a mobile phone

application. The AAFP information indicates that 83% of American physicians are not the sole owner of their medical practice. Of the 83%, $\frac{3}{4}$ of those physicians have no ownership stake at all. The crux of the situation is: Even if a physician wants to convert to the house calls business model, regardless of using a mobile phone application for booking business or not, he/she is not the sole decision maker, if at all. So, any business plan to capitalize on the physician house calls resurgence has to include how to sway multi-owner medical practices, or those with a CEO or managing partner who makes the heavy business decisions.

CALCULATING CALIFORNIA'S CURRENT PHYSICIAN HOUSE CALLS POPULATION

It would be nice if one or more of the previously noted institutions had already undertaken to determine California's market penetration for physician house calls; unfortunately, they have not. The net result is: It requires pulling together statistics from multiple sources, and making some assumptions. A testament to how small the market penetration is, is looking at AAHCM's provider directory. Considering that AAHCM is the main standard bearer for the physician house calls industry, it would make sense to check their database of member/providers. Even if we make the assumption that the vast majority of the American population in any profession is not keen on voluntarily joining anything, then transfer that caveat to temper membership expectations of the AAHCM, and that California has the highest population of licensed physicians in the country (which is 55% greater than 2nd place New York, and nearly double the physician headcount of 3rd place Texas), anyone would be shocked to find AAHCM lists only 22 member/providers in California! By anyone's measure, there's a lot of opportunity for business in California.

When evaluating the physician specialties most likely to make physician house calls, it would be general/family practitioners, and internal medicine specialists; these were used in the following calculations. The MBC's 2014-2015 annual report says there are 10,115 licensed physicians in the state practicing general/family medicine. The report lists 28,415 physicians practicing internal medicine. Again, this is out of a total California-licensed physician population of 132,370.

AAFP's June 2015 published data indicates that nearly 84% of the physicians surveyed, work in an office or standalone clinic. The bulk of the remaining 16% work in hospitals, urgent care facilities, and residential institutions. The balance of the population, 2.6%, do not see their patients in any of these settings. If you combine together the general/family practitioners and internal medicine specialists, you derive the results below:

$2.6\% \times (10,115 + 28,415) = \sim 1,002$ licensed physicians practicing medicine outside of any sort of “brick n’ mortar” healthcare location. This is the broadest population possible of physicians practicing medicine in a home-based setting in California.

Let’s compare some findings from the new start-up physician house calls company in Southern California, “Heal, Inc,” whose practice is currently centered in Los Angeles County and Orange County. Heal uses the mobile application for connecting patients to their cadre of physicians. MBC data indicates that 29% of California physicians practice general/family or internal medicine. MBC states there are 38,974 physicians of all specialties practicing in the two counties. If we apply the 29% state population of GPs and internists to the two-county total physician population of 38,974, it equals 11,344 GP/internists in L.A. and Orange County. Referring back to AAFP’s 2.6% of physicians not practicing in a traditional healthcare setting, the following calculation results:

$11,344 \times 2.6\% = 295$ GP/internists not practicing in any traditional setting. Compare the headcount of 295 in L.A. and Orange County to Heal’s current practice cadre of 18 physicians, and we find a lot of room for growth in adopting the cell phone mobile physician house calls model. Even if Heal’s cadre were quadrupled to account for unknown mobile application physician/competitors, it would still be less than a 25% market penetration. There’s plenty of room for growth in just a portion of this large metropolitan area!

CONCLUDING COMMENTS

The U.S. marketplace, in general, and California, in specific, has a huge potential for expansion of the physician house calls industry. Likewise, there is even greater opportunity for incorporating a cell phone-based mobile application for connecting patients with healthcare providers specializing in home-based care. Quick action, however, is paramount in developing a viable business plan for both physician house calls practice adoption, and for the mobile application to connect market participants (i.e.; patients and physicians). Heal, Inc., for example, is expanding to 15 new markets in the next year.

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