

## Concierge Medical Practice Network Acquired by P&G

Cleared by the Federal Trade Commission on December 11, 2009, Proctor and Gamble (P&G), a Cincinnati based consumer and household product giant, will be acquiring complete ownership of MDVIP, Inc., a concierge medicine network that they had acquired a 48% minority stake in 2007.<sup>1</sup> Based out of Boca Raton, Florida, MDVIP serves over 111,000 patients in 28 states and the District of Columbia through a network of over 310 physicians.<sup>2</sup> Each physician's practice case load is limited to a maximum of 600 patients, allowing them provide more timely and customized service to each patient, in addition to providing a more comprehensive personal healthcare plan.<sup>3</sup>

Physicians in concierge medicine provide care to their patients for an annual retainer fee, a significant portion of which is retained by the physician.<sup>4</sup> Although the services provided by these physicians are similar to those provided by traditional physician offices, concierge medicine allows for same day appointment availability; longer patient visits; and, home visits, benefits which are often not feasible in modern primary care delivery.<sup>5</sup> Additionally, concierge medicine often provides a greater proportion of health and wellness services, which emphasize preventative care and cooperative care plans.<sup>6</sup> Patients benefit from increased access to physicians, who assist in guiding them through the continuum of care.<sup>7</sup> Benefits to physicians include a lighter patient load, more time spent with individual patients, and less administrative paperwork.<sup>8</sup> Although hospitalizations or other problems that cannot be dealt with in-network are not covered by the concierge fee, patients can often supplement their concierge network with insurance coverage or pay out-of-pocket for these services.<sup>9</sup>

P&G currently have no reported plans to change the management or strategy of MDVIP, which will continue to operate, for now, as a wholly owned subsidiary.<sup>10</sup> Prior to purchasing MDVIP, 20.8% of the products sold by P&G were products related to health and wellness.<sup>11</sup> However, in August 2009, P&G announced plans to sell its prescription drug operations to Warner Chilcott Ltd. allowing P&G to invest in its more lucrative consumer healthcare businesses.<sup>12</sup> The acquisition of MDVIP marks P&G's continued expansion and growth within the healthcare industry and the growing popularity of concierge medicine as a healthcare delivery model.

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- <sup>1</sup> "P&G Buying Remaining Stake in Concierge Doc Network MDVIP" by Andis Robeznieks, Modern Healthcare, <http://www.modernhealthcare.com/article/20091218/DOSE/312179938> (Accessed 1/5/2009); "Proctor & Gamble Taking Ownership of Concierge Network" Modern Physician, December 28, 2009 <http://www.modernphysician.com/apps/pbcs.dll/article?AID=20091228/MODERNPHYSICIAN/312289943> (Accessed 1/5/10);
- <sup>2</sup> "MDVIP Corporate Fact Sheet" MDVIP, <http://www.mdvip.com/newcorpwebsite/aboutus/aboutmdvip/corporatefactsheet.aspx> (Accessed 1/2/2009).
- <sup>3</sup> "MDVIP Corporate Fact Sheet" MDVIP, <http://www.mdvip.com/newcorpwebsite/aboutus/aboutmdvip/corporatefactsheet.aspx> (Accessed 1/2/2009).
- <sup>4</sup> "Proctor & Gamble Taking Ownership of Concierge Network" Modern Physician, December 28, 2009, <http://www.modernphysician.com/apps/pbcs.dll/article?AID=20091228/MODERNPHYSICIAN/312289943> (Accessed 1/5/10); "Retainer Practices Discussion Paper" By American Academy of Family Physicians, <http://www.aafp.org/online/en/home/practicemgt/specialtopics/designs/retainer.html> (Accessed 8/03/09), p.1.
- <sup>5</sup> "Do Boutiques Deliver Better Care" By Scott MacStravic, HealthLeaders: Information to Lead, February 9, 2004, <http://www.healthleaders.com/news/print.php?contentid=52125> (Accessed 8/04/09).
- <sup>6</sup> "Do Boutiques Deliver Better Care" By Scott MacStravic, HealthLeaders: Information to Lead, February 9, 2004, <http://www.healthleaders.com/news/print.php?contentid=52125> (Accessed 8/04/09).
- <sup>7</sup> "The Elephant in the Room: Why does nobody talk about the real problems with healthcare today" By Nancy Wilson Ashbach, Family Practice Management, Vol. 9, No.9, p. 12.
- <sup>8</sup> "The Elephant in the Room: Why does nobody talk about the real problems with healthcare today" By Nancy Wilson Ashbach, Family Practice Management, Vol. 9, No.9, p. 12.
- <sup>9</sup> "Boutique Medicine: A New Threat to American Health Care or a Logical Way of Revitalizing the Doctor-Patient Relationship?" by Jennifer Russano, Journal of Law and Policy, Volume 17 (2005), p. 324.
- <sup>10</sup> "Proctor & Gamble Taking Ownership of Concierge Network" Modern Physician, December 28, 2009, <http://www.modernphysician.com/apps/pbcs.dll/article?AID=20091228/MODERNPHYSICIAN/312289943> (Accessed 1/5/10).
- <sup>11</sup> "Proctor & Gamble Taking Ownership of Concierge Network" Modern Physician, December 28, 2009, <http://www.modernphysician.com/apps/pbcs.dll/article?AID=20091228/MODERNPHYSICIAN/312289943> (Accessed 1/5/10).
- <sup>12</sup> "P&G Drug-Unit Sale is Seen Signaling More Shuffling" The Wall Street Journal, August 25, 2009, <http://online.wsj.com/article/SB12511103292353427.html> (Accessed 1/13/10).

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**Robert James Cimasi**, MHA ASA, CBA, AVA, CM&AA, President. Mr. Cimasi is a nationally recognized healthcare industry expert, with over 25 years experience in serving clients, in 49 states, with a professional focus on the financial and economic aspects of healthcare industry including: valuation consulting; litigation support & expert testimony; business intermediary and capital formation services; certificate-of-need and other regulatory and policy planning; and, healthcare industry transactions, joint ventures, mergers and divestitures.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, and several professional certifications. He has been certified and has served as an expert witness on cases in numerous states, and has provided testimony before federal and state legislative committees.

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