

## Virtual Clinic Model for Self-Insured Companies



**Ralph C Derrickson - CEO**

### **About Carena**

Carena, Inc. provides software, staffing, and operations expertise to health systems seeking to expand their reach with telemedicine. Carena also operates virtual clinics for self-insured companies that want to better manage employee healthcare costs without compromising the quality of care offered. Carena's technology-enabled virtual clinic model allows patients to access healthcare 24-hours a day, 365 days a year via telephone, online video and the traditional house call.

Carena is based in Seattle, WA. Our mission is to redefine healthcare by changing how patients access care and how providers deliver it. Carena provides virtual clinic services to Franciscan Health System based in Tacoma, Wash. and KentuckyOne Health in Kentucky. The company also operates virtual clinics for Boeing and Microsoft. In total we provide care for over six million members and patients in Washington, California, Illinois, Missouri and Kentucky. You can read more about Carena at [www.CarenaMD.com](http://www.CarenaMD.com).

**Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine**

**CEOCFO: Mr. Derrickson, your site indicates Carena is redefining the delivery of medical care. How so? What are you doing?**

**Mr. Derrickson:** We provide software, 24/7 staffing, and operations expertise to allow patients to receive medical care in the privacy of their own home, via webcam or telephone. We call it our virtual clinic.

**CEOCFO: How is it possible to do this without being in person at your doctor's office?**

**Mr. Derrickson:** We started the company back in 2000 doing house calls. When patients needed to see a doctor, we went to their house. In 2009 we began a study of our experience to see if we could deliver the same patient experience with a "virtual house call." We looked at about 35,000 encounters to see if we could have delivered appropriate medical care. From there we began developing software to support the providers in deciding under what circumstances they could provide care safely to patients. Today we develop guidelines and standards using some of the best evidence-based medicine, and then we build those standards and treatment guidelines into software tools. This makes it very easy for our providers to only offer the best medical care under the right circumstances and ensure patient safety.

**CEOCFO: What were some of the challenges in creating software to get it right?**

**Mr. Derrickson:** Too often clinicians and software engineers do not get a chance to work together. At Carena, we bring these different disciplines together. We have a software engineering team, a medical leadership and clinical team and marketing people who all work together to try and create solutions that work for customers. The biggest challenge was really having everybody understand how they could work together and not confuse each other with jargon of their discipline. For example, when you say "protocol" to a doctor it means one thing, "protocol" to a software engineer means something else altogether, and for marketing people it's, "what's a protocol?" A lot of it was unpacking the jargon and the different professional language people use, then working together to create a great patient experience. A great experience clinically is obviously getting them the right medical care and the best medical care, but it has to be in a timeframe that makes sense for the patient.

**CEOCFO: What is your business model?**

**Mr. Derrickson:** We license software, provide 24/7 clinical and non-clinical staffing and operations expertise for organizations looking to provide a virtual clinic. We make money through software licenses, tiered monthly service plans and business and consulting services.

**CEOCFO: Who would your clients be?**

**Mr. Derrickson:** Our clients historically have been large, self-insured Fortune 50 companies such as Microsoft and Boeing. They offer our services through their employee health benefit programs. Carena also works with hospital systems

that are looking to extend the services they provide to patients. We provide services to Franciscan Health System, a health system in Tacoma, Wash., and Kentucky One Health, a health system in Kentucky that allows them to offer virtual urgent care to their patients. Both of these systems are owned by Catholic Health Initiatives (CHI) based in Denver.

**CEOFO: *What hospitals might be likely to look at your services?***

**Mr. Derrickson:** We see a world where more companies and governments are facing a health care affordability crisis that is driving them to defined contribution, away from defined benefit. This change is forcing health plan members to become health care consumers. This new health care consumer's expectations have been set by the Internet, where they can buy goods and services 24/7, where pricing is transparent, and they can get their needs met any time. Organizations that are trying to provide services for this emerging health care consumer line up well with us. They tend to be forward-looking employers, who want to provide options for their employees or hospital systems that are competing for patients. To see a doctor today you start by making a phone call to get an appointment. Assuming you can get one, you pretty much have to take a day off from work, drive to doctor's office, park, check in and wait. Technology that allows someone to request and receive care via a website in the privacy of their home or office anytime makes a ton of sense, especially if they are the one paying for it. Our hospital system clients are going after patients who want a higher level of convenience and service. Very often, these patients do not have an existing relationship with a doctor. Maybe they have moved and are in a new location or they are a young person and they have not yet gotten established. Those are the patients that hospital systems very much want to attract and bring to their system. Right now, they do not have an offering that makes sense for that patient. The patients are going to urgent care centers or the emergency room, and they are not really being good health care consumers.

**“Everybody cares about getting great health care, and there probably is not a reader out there who, if they could speak to a doctor in under 15 minutes from the time it popped into their head that they needed to see somebody, would not want to talk to Carena.”**

**- Ralph C Derrickson**

**CEOFO: *Would you describe a typical interaction and something that might be a little bit outside the norm?***

**Mr. Derrickson:** Patients can call us or they can go to one our client's websites to request care. The first thing we do is ask a series of questions to ensure that they do not have any conditions that would require treatment in the ER. From there, one of our clinicians will conduct an assessment to help them understand what they probably have and whether virtual care would be appropriate. We want patients to know if we can treat them, and how much it is going to cost, so we tell them that up front. The kinds of things we end up treating very often are upper respiratory infections, urinary tract infections, rashes, headaches, colds, scrapes and bumps – pretty much the standard things that would show up in a primary care doctor's office if he or she could take a patient on an on-demand basis. It takes about 12 minutes on average from the time a patient asks to see a provider to the time they are either seeing one with a webcam or talking to one on the telephone. The visit generally lasts another 20 minutes beyond that. The whole health care encounter—from the time you think you want to see somebody to the time you have actually gotten an electronic summary of your visit in a note and survey request—takes about 35 minutes.

**CEOFO: *Do you find that most people know when they should be using your service intuitively or do people try to get in where they really should not?***

**Mr. Derrickson:** Most people have a good sense of whether something is serious enough to go to the emergency room. That said if they come to us and they need to be in the ER we will direct them immediately. Assuming they don't need to go to the ER, the issue becomes helping people understand what care they need, where to receive that care, and what it is going to cost. The funny thing about our medical system today is that you have to make an appointment with a provider to find out whether you need care, and you have to take the medical care that's offered before you have any idea whether it is going to work or how much it is going to cost. It is completely upside down. What we try to do is reverse that and say: “Here is probably what is going on with you, here is whether we think we can help you and here is how much it is going to cost.” Do you want to take the next 20 to 30 minutes and find out whether we can help you or not? It is a complete reversal of the way health care is set up today, and it is consistent with what you would expect from a consumer service. In that conversation, we tease out whether a patient really belongs with us or not. Sometimes we are just helping somebody who is nervous and just needs some reassurance, and there is not a lot of medical care. Other times, we know it is a serious condition and they need to go the emergency room, and we tell them why. We do see a mix, but most people do have a good sense for when something is serious and they do not come to us for that. We make sure that if they do, they will get directed to the right place.

**CEOFO: *Tell us about the medical professionals. Is there a particular demographic? When would a doctor choose to work with Carena?***

**Mr. Derrickson:** We hire only family practice physicians and advance registered nurse practitioners, or ARNPs. We do not use moonlighters—anybody working for us is employed through one of our medical groups. Our providers are

selected, first and foremost, for their medical credentials. From there we are looking for people who are very comfortable using the technology and are natural educators. We want people who are naturally strong communicators who can build relationships quickly and can really help a patient understand what is going on. Sometimes, we are just helping them understand what is appropriate for them in addition to providing them medical treatment. We err on the side of hiring providers who are very friendly, natural educators and have a passion for using technology. We will not just use somebody who is part-time, doing this while are on-shift at another clinic. We want people who are committed to this, and all of our providers are committed to telemedicine as a way to practice their medicine.

**CEOCFO: *Do you find doctors are more attracted as a result of Obamacare?***

**Mr. Derrickson:** There are a couple things going on. For a long time, primary care providers have been at the low end of the totem pole. We've gotten to the point where people think they should start with the absolute best specialist they can find, when the reality is that a good primary care doctor is the best place to start. Obamacare is shining a big spotlight on the fact that specialty medicine is very expensive. So often, if you had just known how to manage your condition or had started with a primary care physician who is a lot less expensive, you probably could have managed your condition and received good treatment without incurring all that additional expense. The big thing for us, and why we were able to attract great doctors, is because it is a great way to practice medicine. They are not cranking through patients in the office in three-minute appointments or six-minute appointments and being paid based on how many visits they do. We pay people a salary. When they are working, they are working, and when they are not, they are not. They can rely on a lifestyle of work, and the patient interactions with the doctor are longer. The quality of the interaction is much more of the way many of our providers thought they would be practicing medicine when they started in primary care.

**CEOCFO: *What has changed in your approach since you first started Carena? What have you learned that has altered your offering and made it better?***

**Mr. Derrickson:** The biggest thing is realizing the hospital systems and provider organizations are our best ally. When a patient is not feeling well or thinks they need help, they do not start by thinking about what their insurance company would want them to do. They start by thinking who can help them and what relationships they have that can help them. When we first started, we offered our services only through self-insured companies, and that has worked and been a very successful program with Microsoft and Costco. But, the reality is that we can have a bigger impact on health care if we are there to extend the availability of care through the hospital system. When a patient calls their doctor's office and their doctor cannot see them, they can get care from us. We treat them and get them back to their doctor along with a record of our treatment. The big shift in thinking for us has been realizing that our natural partner is the hospital systems and the doctors that are out there trying to take care of the patients right now. There are only so many hours in the day and so many people treated in their clinic. We can extend that and keep them within those existing relationships, and that is hugely important. Patients who go to the emergency room often lose track of their primary care relationship or get directed to a lot of specialty care. This creates care fragmentation that drives up costs for that patient. Our biggest shift has been recognizing that the hospital systems can benefit from our virtual clinic to improve service for their patients. Catholic Health Initiatives made an investment in Carena back in 2012. They recognized the importance of this kind of technology and these types of services in moving hospital systems forward. CHI has been a great partner in helping us evolve and grow our business.

**CEOCFO: *Carena is in a number of states. Is that opportunistic or by design?***

**Mr. Derrickson:** First and foremost, providers are licensed on a state-by-state basis so you we only provide medical care when the patient and provider are located in states where the provider is licensed. We strongly believe that all health care is local and we will only go to geographies where the medical board allows virtual medicine and where we can build a partnership with a local health system. Virtual care is only part of the health care solution, so we are looking for hospital system partners in different states that we can work with to extend their service offering and that we can refer to when virtual care isn't appropriate. There are companies that are doing national telemedicine programs, and we think that is a huge mistake. We think that all health care is local, and if we can take care of you virtually, we know many times you are going to need follow-up care with a local provider or resource, so we want to partner.

**CEOCFO: *What is next? How will Carena be different a year or two from now?***

**Mr. Derrickson:** I think the biggest thing is that we are going to expand beyond what we have talked about so far, which is episodic care or urgent care. The "It is 11:00 at night and Junior does not feel well; should I go to the emergency room?"—that kind of care. There are enormous opportunities to use telemedicine to take care of chronically ill patients who need to see physicians routinely, maybe for asthma, diabetes or hypertension. There is no need for that patient to travel into a doctor's office because it can be done with virtual medicine. We believe we can lower costs and improve patient compliance if they can see their doctor virtually. In the same way that the ATM changed the way people did their banking but did not change who they banked with, Carena is going to be changing how you receive your medical care not from whom you receive it. This will allow doctors to manage much larger patient populations and still provide a high degree of personalized care. The simple stuff will get handled virtually, saving time for in-clinic visits to manage more complicated medical issues. We believe our virtual clinic solution offered in partnership with health systems will allow us to

restructure care delivery and lower costs. We know the consumers are ready for it, so we are helping the health system enterprise get ready.

**CEOCFO: *Would you tell us a bit about the cost structure to your patients?***

**Mr. Derrickson:** The cost of a virtual visit is typically on the low end around \$35 and on the high end \$85. Our clients pricing varies in different markets, but somewhere between \$35 and \$85 is the sweet spot today. In general, it is patient-paid. Most of the patients are on high deductible health plans, so they are just paying using their HSA credit card. It is interesting that historically, health insurance and medical care was priced based on the level of the provider, not the convenience of the medical care. In consumer pricing, the convenience of a good or a service would often be as important as any other element, so we are starting to see that. I think there is going to be some interesting changes in health care pricing as we move away from the more Byzantine payment systems that have historically driven health care and we move to a small, medium and large or simplified pricing. You will see that within our services as well.

**CEOCFO: *Put it together for our readers. Why pay attention to Carena?***

**Mr. Derrickson:** Carena is right in a spot where everybody is looking. Healthcare is 17 percent of GDP, growing to 22 to 23 percent of GDP. Healthcare is not on a sustainable trajectory, so companies like Carena, that are offering services that can control cost and can address the needs of millions and millions of consumers, have a huge opportunity to make an impact on the landscape, whether it's a new consumer service or a dramatic cost or operational savings for a system. Everybody cares about getting great health care, and there probably is not a reader out there who, if they could speak to a doctor in under 15 minutes from the time it popped into their head that they needed to see somebody, would not want to talk to Carena.



**Carena**  
1525 4th Avenue  
Suite 300  
Seattle, WA 98101  
800.572.2103  
[www.carenamd.com](http://www.carenamd.com)