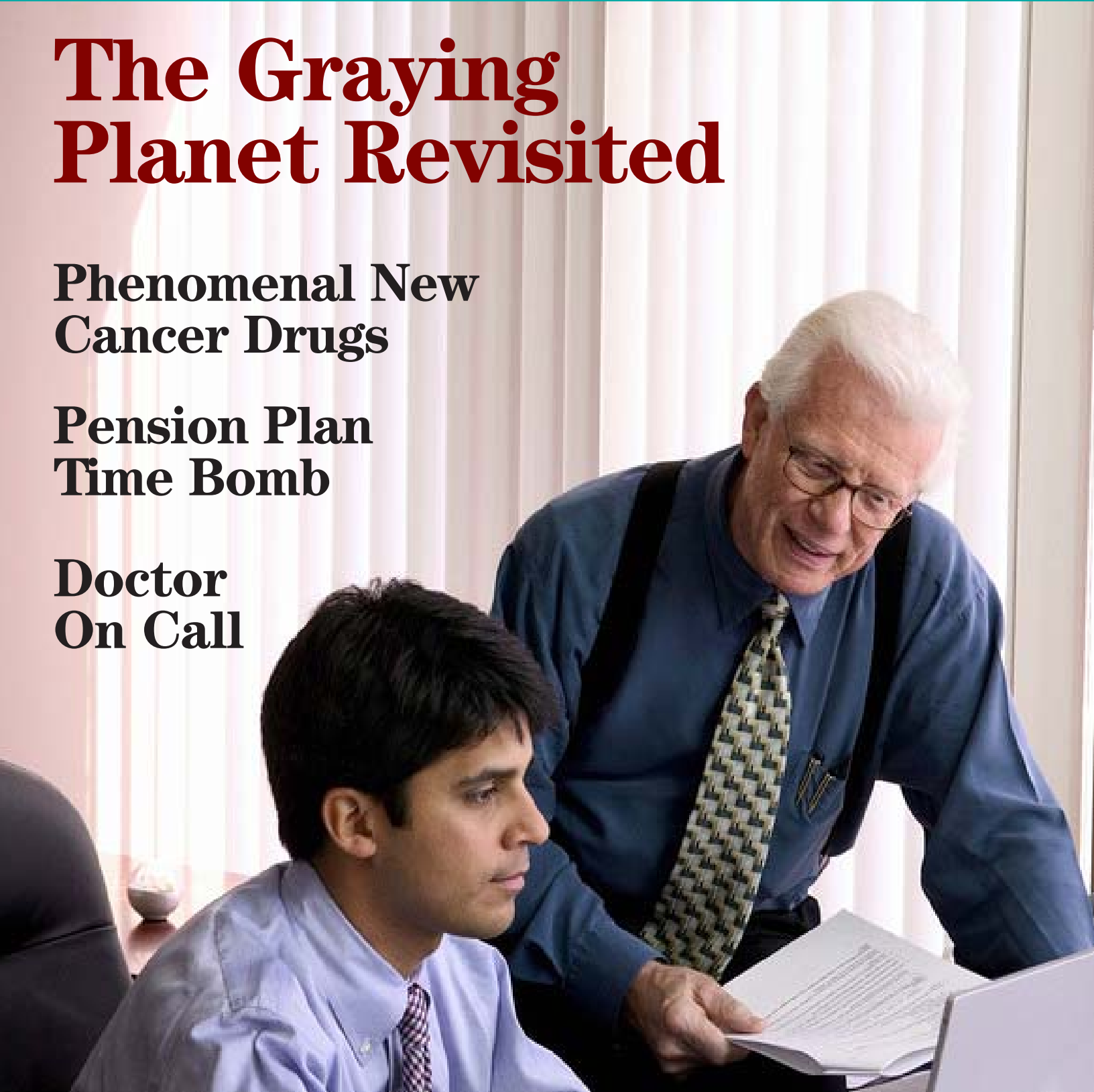


# The Graying Planet Revisited

**Phenomenal New  
Cancer Drugs**

**Pension Plan  
Time Bomb**

**Doctor  
On Call**



**PLUS: The Military Recruitment Shortfall**

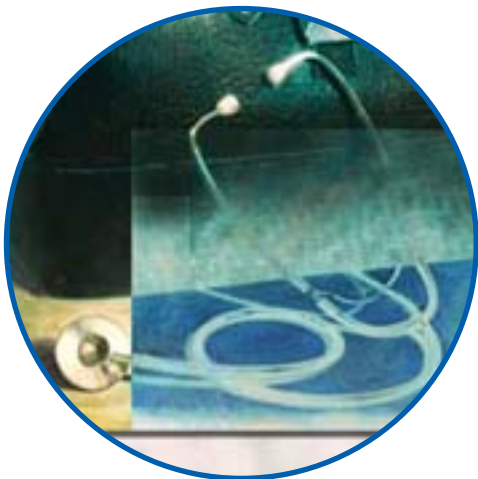


## **Trend #1:**

**page 4**

### **New Weapons Are Poised to Win the Battle Against Cancer**

A decade ago, there were fewer than a dozen drugs to treat cancer, and most of them were extremely toxic. Now there are more than 400, and most are biotech drugs that have few side effects and target cancer cells directly. Newer and better ones are being discovered almost every week. As a result, the future is getting brighter every day for cancer patients. What does this mean for business, society, and investors? We'll explain.



## **Trend #2:**

**page 10**

### **“Doctor on Call” Redefined**

Worried about the high cost of health care? Frustrated with how you get health care? Find it hard to get your doctor on the phone for *routine* medical matters? If you answered yes to any of these questions, you'll be happy to hear about a new trend that is going to make it much easier and cheaper for people to resolve their non-urgent health problems. We'll explain how it works, and look at the consequences.



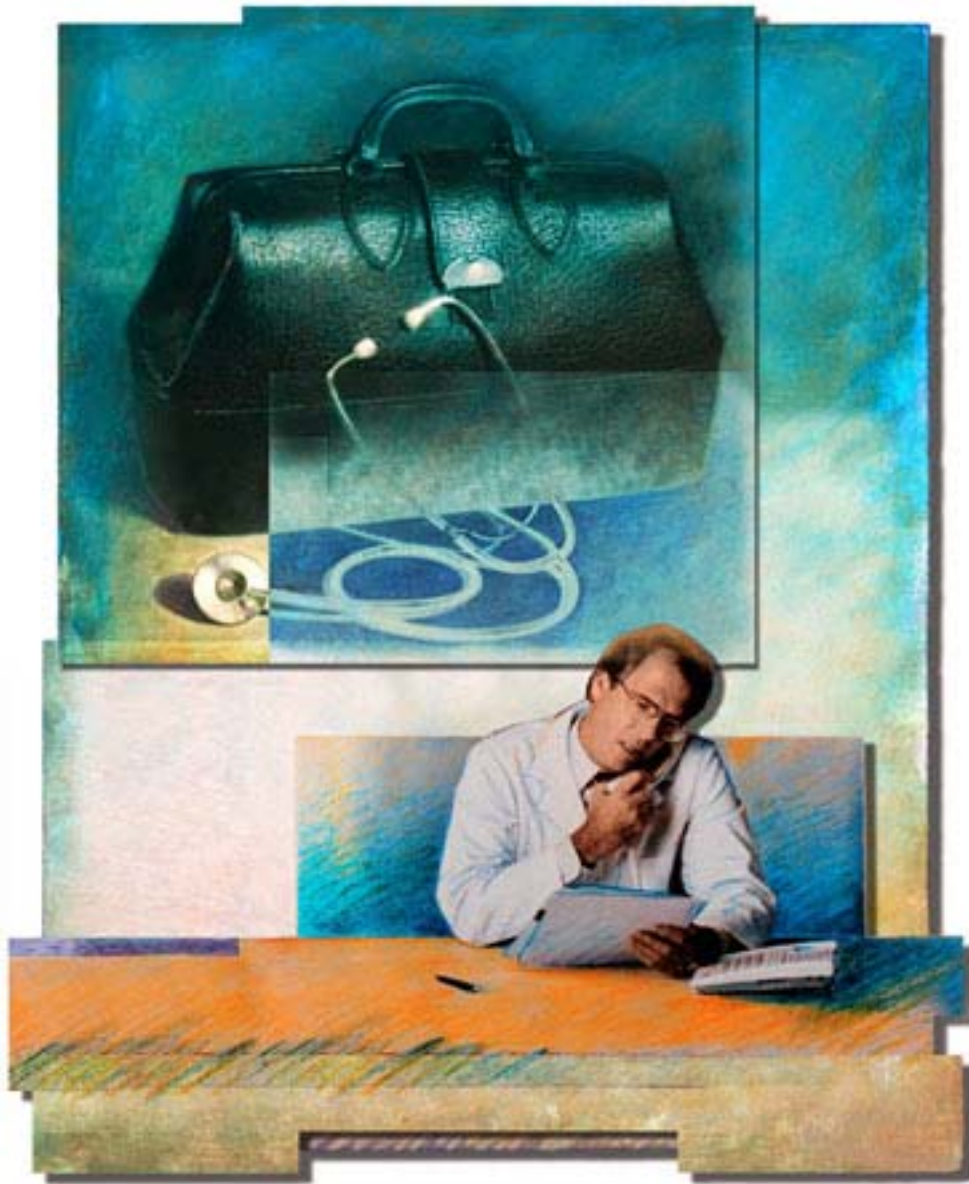
## **Trend #3:**

**page 14**

### **The Military Recruitment Shortfall**

Since September 11, 2001, the United States has been embroiled in a new type of warfare. After an initial wave of patriotic support, the all-volunteer Army is finding it increasingly difficult to attract the necessary talent. Most people realize that a traditional draft is not the answer. But what is? We'll explain.

# “Doctor on Call” Redefined



Anyone who has ever had to wait for hours in a doctor's office or an emergency room knows the feeling of frustration involved in accessing health care, not only when you need it, but when you want it.

Likewise, anyone with a health complaint or concern who has tried to call his or her own family doctor knows another type of frustration: The doctor knows you and *still* doesn't call you back. It's even

worse for people who don't have insurance. They are forced to go to urgent care clinics or emergency rooms and not only pay the high prices but again, wait and wait.

But there's an emerging trend that promises to resolve these problems. It's epitomized by TelaDoc, a national physicians' association licensed in all 50 states. TelaDoc is the brainchild of Dallas-based doctor and entrepreneur, Michael Gorton. It provides its patients, referred to as members, with doctors who will call them back within three hours — 24 hours a day — to diagnose medical problems and even prescribe drugs over the phone.

Gorton founded TelaDoc to help drive down the cost of medical care and to provide a more convenient alternative to high-priced options. The need for this service is obvious: Urgent care facilities cost about \$225 for each visit. Emergency rooms can run up to \$1,000. Visiting your own family doctor can cost \$80 to \$100, or more. By contrast, TelaDoc consultations cost a flat \$35, which counts against the patient's insurance deductible.

TelaDoc is meant to resolve routine medical issues at a fraction of the cost of a normal visit to the urgent care facility, the emergency room, or the doctor's office.

To use the service, all you have to do is sign up for a small fee and provide the same sort of information you would give your own doctor on the first visit. Patients who use the service will talk to real physicians who are board-eligible internists, family practitioners, and urgent care doctors licensed to practice medicine in the state where the patient is a resident. If the doctor doesn't call back within the three-hour window, the consultation is free.

Who's using this service? It primarily appeals to individuals, self-insured employers, and small business owners who need high quality, more cost-effective medical care.

Gorton talked with the *Trends* editors and had this to say about the genesis of his company: "The initial idea came from myself and a former NASA astronaut, Byron Brooks, who is an MD. He was sitting at Mission Control and basically using telemedicine to monitor guys in space. Then he built a telemedicine facility for the state of Texas." He said they realized there was a major gap in traditional health care.

"When you go into a doctor's clinic," he said, "you've got nurses and physicians' assistants and testing equipment and doctors and all kinds of things for something that is simple."

When the AMA reported that most medical issues could be resolved on the phone, Gorton envisioned his business model.

Here's how the service works: When a doctor returns a patient's call, he already has the patient's medical records in front of him, so he knows the basic details. He'll know what surgery she's had in the past, what prescriptions she's using, whether she's allergic to any medications, and any other relevant information.

The doctor then questions the patient about the particular complaint and any recent changes in her health status. In most cases, the doctor can make a diagnosis on the spot and develop a plan for treating the condition. If need be, the doctor can phone in a prescription to a pharmacy near the patient. And if it's something that the TelaDoc physician feels he can't treat over the phone, he refers the patient back to her own physician.

This is obviously not a service you'd use for urgent medical attention, such as in the case of a serious accident or illness. But the fact is, most medical treatments are for relatively minor complaints. If a child has an earache in the middle of the night, it can be a nightmare trying to get a simple prescription for an antibiotic.

Most physicians aren't even available during holidays or after office hours, and find it hard to schedule face-to-face appointments on short notice. Many don't even do phone consultations, because their managed care practices won't pay unless they actually see a patient in person.

Because TelaDoc specializes in non-urgent and routine medical care, it can resolve 90 percent of cases quickly and satisfactorily. In fact, before the company was founded, industry research already showed that 75 percent of cases resolved with a doctor visit could have been settled over the phone.

TelaDoc represents a new trend in medical care, according to a recent article in *USA Today*.<sup>4</sup> It's not like Nurse Lines or "nurse-in-a-box" mini-clinics in retail outlets, mainly because TelaDoc physicians have a relationship with their patients, in the respect that these patients have provided their medical histories which the physicians can easily access. That allows them to provide a specific diagnosis and treatment, not just general information.

The drivers behind this trend are numerous. Not the least of them is the fact that health care is expensive and getting more so every day.

The average self-insured company spends \$80 every time one of its employees or covered dependents goes to the doctor. When the doctor's not in, an emergency care facility visit costs even more. Those companies that permit their employees the option of using a phone consultation service can save hundreds of dollars per employee every year by using a phone consultation service.

Another trend driver is that people are more demanding and more pressed for time these days. They don't want to sit in a doctor's waiting room if they can get their allergy medicine over the phone, or resolve a simple case of bronchitis with a call.

Physician phone consultation services, like TelaDoc, are on the cutting edge of a broader health care trend: *convenience medicine*. In fact, there is a general movement toward consumer-oriented health care that lets patients pick the time, place, and method of getting treatment or advice.

Of course, this new development is not without its critics. Traditional doctors and medical institutions are wringing their hands about the idea of a doctor treating patients without knowing them personally or seeing them in person. On the other

hand, it's done all the time. In fact, when it comes to not knowing a patient intimately, it's done almost continuously in hospitals, where doctors typically rotate in and out on a schedule.

In addition, doctors routinely ask other doctors to cover for them while they're away. No matter what your medical care arrangements are, chances are that you're going to see or talk to a doctor you don't know if you get sick on a holiday, a weekend, or even at night in some cases.

For routine matters such as allergies, colds, sprains, urinary tract or yeast infections, and the constant parade of minor illnesses children get, TelaDoc makes perfect sense. "We believe we can address 75 percent of the issues," Gorton says.

The business started in January 2005 and Gorton predicts that its membership will increase to half a million people by the end of the year.

In light of this trend, we offer the five following forecasts for your consideration:

**First, controversy will rage around this business model for a time.** Already, New Jersey is eyeing whether or not the TelaDoc approach to medical care is legal in that state. The

state medical board has suggested that at the very least, it's not "standard care" to treat patients over the phone. Certainly, too, there will be the odd malpractice suit from someone who feels mistreated or who subsequently gets very sick. But the *Trends* editors are certain that the model will take hold in some form, despite a few bumps in the road.

**Second, look for competitors to begin cropping up as the logic of this scheme becomes clearer.** People have been consulting with their doctors, or doctors they don't know personally, over the phone for as long as there have been telephones. There's no reason to expect them to stop, but there is reason to believe that they'd like to make it more predictable, convenient, and inexpensive to do so. Since TelaDoc is not meant for urgent or serious medical problems, there appears to be nothing standing in the way of the model working for this and other companies.

**Third, with the trend of everyone staying connected all the time, not only through cell phones but also PDAs, Blackberries, and laptops, this sort of anywhere-anytime medical service will only proliferate and carve out its own market niche.** It's not for every-

one, of course. Some people will continue to want to see a doctor face-to-face. But with managed care pushing people farther and farther from the doctor's office and pushing them out of the hospital faster and faster, this is likely to become the first line of defense in health care for large numbers of people with routine complaints.

**Fourth, smaller companies with big insurance premiums — or ones that insure themselves — will begin using this type of service to defray part of their operating expense.** At the same time, large insurers will see savings by encouraging the use of a telephone consulting system, and are likely to encourage it as a first step in investigating minor medical problems and a logical alternative to going straight to the doctor or emergency room. Some will set up rules that require patients to use the service first if the complaint comes on a weekend, at night, or on a holiday.

**Fifth, in the long term, computers will take over the function of performing the initial diagnosis of a patient.** If that sounds shocking, consider that there are already diagnostic programs running that outperform many physicians. It's a short step from there to a simulated doctor who listens to your symptoms

and tells you what you've got.





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