

Direct Care Dermatology: Weighing the Pros and Cons for the Early-Career Physician

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PRACTICE POINTS

- Direct care practices may be the new horizon of health care.
- Starting a direct care practice offers autonomy but demands entrepreneurial readiness.
- New dermatologists can enjoy control over scheduling, pricing, and patient care, but success requires business acumen, financial planning, and comfort with risk.

As the health care landscape continues to shift, direct care (also known as direct pay) models have emerged as attractive alternatives to traditional insurance-based practice. For dermatology residents poised to enter the workforce, the direct care model offers potential advantages in autonomy, patient relationships, and work-life balance, but not without considerable risks and operational challenges. This article explores the key benefits and drawbacks of starting a direct care dermatology practice, providing a framework to help early-career dermatologists determine whether this path aligns with their personal and professional goals.

The transition from dermatology residency to clinical practice allows for a variety of paths, from large academic institutions to private practice to corporate entities (private equity–owned groups). In recent years, the direct care model has gained traction, particularly among physicians seeking greater autonomy and a more sustainable pace of practice.

Direct care dermatology practices operate outside the constraints of third-party payers, offering patients transparent pricing and direct access to care in exchange

for fees paid out of pocket. By eliminating insurance companies as the middleman, it allows for less overhead, longer visits with patients, and increased access to care; however, though this model may seem appealing, direct care practices are not without their own set of challenges, especially amid rising concerns over physician burnout and administrative burden.

This article explores the key benefits and drawbacks of starting a direct care dermatology practice, providing a framework to help early-career dermatologists determine whether this path aligns with their personal and professional goals.

The Case for Direct Care Dermatology

Autonomy and Control—Perhaps the most compelling advantage of the direct care model is clinical and operational autonomy. Without insurance contracts dictating codes, coverage limitations, and documentation demands, physicians regain full control over their practice—how much time they spend with each patient, what treatments they offer, and how they structure their schedules. This option is ideal for those who want to practice medicine the way they were trained—thoroughly, thoughtfully, and without rushing.

Improved Work-Life Balance—The direct care model allows for smaller patient panels, longer visits, and more flexible hours. In contrast to the high patient volumes required to maintain profitability in insurance-based models, direct care dermatologists often can sustain their practice with a smaller number of daily appointments. This results in reduced administrative overhead and the potential for substantial reduction in burnout, a concern that has been well documented among dermatologists in high-volume settings.¹⁻³ As a result, physicians are less likely to rush through patient visits or be consumed by

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concerns of falling behind, ultimately causing them to question their career choice.

Closer Patient Relationships—With fewer patients and longer visits, dermatologists often find the direct care model fosters a stronger therapeutic alliance that can improve treatment adherence, outcomes, and overall patient satisfaction. Additionally, patients often appreciate transparent pricing, the ability to reach their dermatologist more directly, and a sense of being truly seen and heard. This, in turn, can make dermatology more rewarding for the provider.

Entrepreneurial Opportunity—Direct care offers entrepreneurial individuals the chance to build a brand and shape a niche. It also provides the flexibility to explore complementary or alternative practice models.

The Challenges of Going Direct

Despite its appeal, starting a direct care practice is not without substantial risks and hurdles—particularly for residents just out of training. These challenges include financial risks and startup costs, market uncertainty, lack of mentorship or support, and limitations in treating complex dermatologic conditions.

Financial Risk and Startup Costs—Launching any solo practice involves a considerable financial investment up front, including rent, medical equipment, electronic medical record systems, malpractice insurance, marketing, and staffing. In a direct care model, there is the added pressure of building a patient base without the referral stream of insurance contracts. In the first 6 to 12 months, income may be minimal, making this route challenging without savings, a financial cushion, or external funding.

Market Uncertainty—The success of direct care dermatology depends heavily on local market dynamics. In affluent or health-literate communities, patients may be more willing to pay out of pocket for expedited or personalized care; however, in other areas, patients may be unwilling or unable to do so—especially if they are accustomed to using insurance. Physicians may find that some of their patients will choose to see a different dermatologist for certain procedures because it is covered by their insurance.

Lack of Immediate Mentorship or Support—Transitioning from residency to independent practice (in any model) can be difficult. Residency provides a structured, team-based environment with colleagues and mentors at every turn. A solo or small-group direct care practice may feel isolating, especially in the early months. Without senior physicians to consult with on challenging cases or administrative decisions, the learning curve can be steep. Early-career dermatologists must be confident in their clinical acumen and be prepared to seek out alternative mentorship or continuing education opportunities.

Limitations in Complex Medical Dermatology—While direct care excels in most general dermatology visit types (from medical and cosmetic to minor surgical), this model may be less suited for patients requiring complex care coordination. Patients with high-cost conditions such as immunobullous diseases or those needing systemic immunosuppressives may still require referral to academic centers or insurance-covered specialists. Additionally, costlier procedures such as Mohs micrographic surgery may not fit well into a direct pay model, which may limit the scope of practice for direct care dermatologists in this subspecialty.

Considerations for Residents

Before committing to practicing via a direct care model, dermatology residents should reflect on the following:

- Risk tolerance: Are you comfortable navigating the business and financial risk?
- Location: Does your target community have patients willing and able to pay out of pocket?
- Scope of interest: Will a direct care practice align with your clinical passions?
- Support systems: Do you have access to mentors, legal and financial advisors, and operational support?
- Long-term goals: Are you building a lifestyle practice, a scalable business, or a stepping stone to a future opportunity?

Ultimately, the decision to pursue a direct care model requires careful reflection on personal values, financial preparedness, and the unique needs of the community one intends to serve.

Final Thoughts

The direct care dermatology model offers an appealing alternative to traditional practice, especially for those prioritizing autonomy, patient connection, and work-life balance; however, it demands an entrepreneurial spirit as well as careful planning and an acceptance of financial uncertainty—factors that may pose challenges for new graduates. For dermatology residents, the decision to pursue direct care should be grounded in personal values, practical considerations, and a clear understanding of both the opportunities and limitations of this evolving practice model.

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