

Primary Care Cures

Episode 52: Bill Hennessey

Ron Barshop: Most problems in healthcare are fixed already. Primary care is already cured on the fringes, reversing burnout, physician shortages, bad business models, forced buyouts, factory medicine, high deductible insurance that squeezes the docs and is totally inaccessible to most of the employees. The big squeeze is always on, for docs. It's the acceleration of costs and the deceleration of reimbursements. I want you to meet those on this show that are making a difference, with us Ron Barshop CEO of Beacon Clinics, that's me.

Ron Barshop: Today's guest taught me that 80% of us will not ever meet our deductible in our health plan. So we paid for all our care out of pocket essentially for 80% so why even have health insurance and maybe why not just pay cash for care? Insurance is for a catastrophe and cash is best suited for a routine care and 80% appears to be routine. So every single doctor in America honors cash pay customers. In fact, they love them because they don't have to go through their billers and coders and have other people feed off that dollar that comes in. It's straight to the bottom line. So why don't more people opt out when there's only about a one and a half percent chance of a collision or a cardio or a cancer incident?

Ron Barshop: Well, we're going to talk about that today and there's also a separately 12 to 16 pay related clerks attached to every doctor patient exam in primary care. They all go to medical assistant schools to learn how to do things like phlebotomy, but all they're doing when they get out of school is coordinating referrals and taking your copay and handing you into clipboard and billing and collecting and coding, and they enter the clipboard into an EHR system so the doctor can get paid. In fact, of the 12 to 16 folks attached to every doctor patient exam, only one of them is about care and it's usually the person doing your triage, getting your blood pressure cuff on you, your weight and all of that. In fact, your family doctor will get, if they're independent, 25 cents on that dollar that comes in the door, and if they work for a hospital that's closer to eight cents on the dollar, the rest is going to administrations, administrators I should say, en suits and is entirely divorced from care. It's all about pay.

Ron Barshop: So really our healthcare system should be called our pay care system. This pressures everybody in this golden triangle that I have been talking about lately, that the golden triangle consisting of doctors, patients and employers. Those are the three that are really mattering in terms of what

it's going to take to fix primary care and health care by extension, so enter the door, our guest Bill Hennessey, he helps employers sort all this out and whole lot more. Dr. Bill Hennessey is the CEO and the founder of Pratter, which is a merger between the words price and matters and it's a medical cost savings and transparency company and not only is he an entrepreneur and a doctor, but he's been doing this for 25 years and he's the son of a C-Suite hospital exec. He's now CEO and founder of Pratter, a leader in medical cost, transparency and savings for employers and more. His passion is to fight for everybody to have affordable access to medical care. Dr. Hennessey has been on the front line in the trenches to bring this one of a kind reality into our lives. Welcome to the show Bill Hennessey.

Bill Hennessey: Well, thank you very much and happy Pratter day.

Ron Barshop: Happy Pratter day. That's pretty nice. Well, that works every day of the week, doesn't it?

Bill Hennessey: It's always Pratter day. You're correct.

Ron Barshop: So what I love about your solution, Bill is, in fact I want you to describe your solution, but what I love about it is you're basically simplifying the decision making for self-insured employers and their advisors. Is that right?

Bill Hennessey: Yes, we are. The typical carrier network permits 1000% pricing variation for the same care item in the same network, in the same city, and employers are paying \$30 per employee per month to access such a network. Well, if that was a car buying network, today you'd pay \$30,000 for the Ford Escape. Tomorrow you might pay \$300,000 for the same Ford Escape. That's your health plan if you're thinking the way the carriers want you to think. It's not the way me and you want to think.

Ron Barshop: It's not that they're getting away with murder as much as, do you think it's inefficiency or do you think it's actually part of a larger evil plan?

Bill Hennessey: Well, their fiduciary is quite clear. It's their investors. The stock of those that are publicly traded like Anthem Blue, Shield, United, Cigna and Aetna. Take a look. It's about 800 900% up since the Affordable Care Act passed. Our salaries aren't, and every Christmas we all get demoted as insurance prices go up more than our salaries, we need to separate, as you said, health care from health insurance. I didn't say the care went up every year. I didn't say the price of care did not near as much as the price of health insurance does.

Ron Barshop: Well in other countries we have about 14% of that OACD dollars spent on primary care, in America it's half that. And exactly the other half, the other

7% is below and administrative waste, which are these clerks that are surrounding every transaction that need to make sure the pay happens. There's no other industry where there's 14 billing clerks around buying a car to use your example.

Bill Hennessey: You're absolutely correct. So to your point on the care versus insurance, if we had a state farm or all state policy for our homeowners and let's say we needed some electrical work or plumbing, we don't call up all state or state firm and say, "Is this going to be a covered service?" No, you just pay it and I will tell you on average their bills are going to be higher than those of your primary care physician. So it's doctors are a great, great deal. We need to separate that out. The State Farm or Allstate don't pay to mow my front yard either. It's okay to pay the doctor cash for a visit. Insurance is for a catastrophe, which generally means hospitalization and then you got your in between and that's what Pratter is for outpatient care.

Bill Hennessey: Once you leave your doctor's office, you have to sometimes get blood work, imaging, surgery center care such as cataract surgery, GI scopes or carpal tunnel surgery and sometimes today people even use some urgent cares. But we fix a lot of that by the facility fees. When you go into these centers, anytime you're a center, a hospital or a surgery center, your fees get a lot higher and we are able to go ahead in all 50 states, tell you at Pratter which are priced the best Google markers on a Google map. We have the pricing structure and we've interviewed every single one of them undercover, all 50 states.

Ron Barshop: Yeah, but I love you also have an outcomes report next to it. So you're not just talking about price because price does matter, but it's very confusing for most. I think when you show your two and three and four star ratings, that really reinforces that this is a place that knows what they're doing.

Bill Hennessey: The ratings for surgery center care when they're hands on, the doctor must touch you and interact with you to provide the care. For blood work, there is no doctor. For imaging the doctor interprets, but it's the same Siemens equipment at a hospital way and imaging center be. But the pricing can vary as you know by hundreds if not thousands of dollars. So we point out the better price places again for commodity care where so much as machines are involved and not doctors. When doctors get involved then quality matters some, if it's really routine care, there's only very little difference in quality, but a whole lot of difference in pricing. That's the mismatch, right? So you can get a carpal tunnel surgery. The doctor's going to cost you \$250 no matter where he or she does it, but the hospital's going to get a \$2,000 facility fee.

Bill Hennessey: A free standing surgery center might get \$800. It's a five minute procedure. What value is there in the extra \$1,200 to you? The answer is

there is not. So to get to your point that we can certainly save money by paying for our primary care visits and we can choose wisely how to limit facility fees and still see really good doctors when your doctor has to refer you out for other care.

Ron Barshop: So Bill, there were three unrelated news pieces that came out in December that really tied together beautifully to what you're saying. Walmart, out of a \$4 billion healthcare spend shaved \$1 billion off by paying intense attention to their primary care visits with their employees, with their partners. Kaiser Permanente shaved a billion also for their five million members and they were able to give a 10% discount on the membership fees back to all of their members with an intense focus on primary care. The brand new head of UnitedHealth Groups, Optum, which now controls 43,000 physicians, most of whom are PCPs. So they're the biggest PCP group in the country. Made a similar quote in the same week. And he said that if you spend 5% upstream in primary care, you save 95 cents downstream in all the other areas.

Ron Barshop: Those are all basically pointing to the fact that if you actually address primary care as a low cost, it's not a low cost, but I think fair priced place of business that you're really going to be cutting off a lot of these other issues at the mouth of the river if you will. Does that make sense?

Bill Hennessey: Yes. It speaks to what's easier to fix, a small problem or a big problem? The answer is a small problem. How do you fix small problems? You give everyone access to doctors. What is the era of the high deductible done? The answer is simple. Nobody goes and gets care. You're afraid to get a high surprise medical bill. Nobody's telling you the price tag so you delay, delay, delay and next thing you know you're paying for it both physically and financially. So what you just said, access to care at a fair price is an obvious cost containing solution, but it also produces both a physical wellness and not just a financial wellness.

Ron Barshop: If you really take a Walmart's annual reports out and look at what they have to produce to drop \$1 billion to their bottom line, there's no difference between their healthcare spend and another division of Walmart. But if they're spending on \$4 billion and dropping a billion to the bottom line, they would have to be selling about \$6 billion worth of goods to equivocate that. Well when you're competing with Amazon and you can put a billion on your bottom line with paying attention to one [inaudible 00:11:15] on your books, that's a pretty big indicator to the rest of us to start paying attention to our healthcare spend, isn't it?

Bill Hennessey: It is. And hopefully Walmart will renew its stocks with Pratter. They have focused on quality and I said that their value is defined as cost plus

quality. They put pricing on their website for their goods and services. We can get them to extend that into the healthcare arena.

Ron Barshop: I'm going to ask Jeremy to post a tape of one of your reports on the webpage for this show, you have this beautiful image of Green Imaging, which was one of our past guests, Kristen Dickerson compared to the [inaudible 00:12:00] nationals and her fees in Houston, Texas a few blocks from where I live are one fifth of that of the [inaudible 00:12:07]. So you can go to her green imaging facility on Richmond Avenue for 325 bucks. You'll get the precise, exact same service for \$1,500 with any of the larger national. And then I looked on your pricing list and this just continues on and on, just not even shockingly, it looks just very normal for the two or three times markup. When you go to what you say are the facility fees, services agencies, the primary care physicians owned by systems, the systems themselves, they're not ashamed of their pricing, are they?

Bill Hennessey: No, and I wish there's more of them. There's about 60% of the 900,000 physicians who are employed by hospitals. There's a blow over 300,000 of those 900,000 are in private practice. To stay that way, those doctors work their tails off and provide a great service at a great price. That it includes but is not limited to Dr. Dickerson. We have a partnership with Green Imaging. We do display their 1000 facilities across the United States and their cash prices are listed including radiologic interpretation. We did a retrospective spend on a prospect to be client 30,000 or so members, subscribers about 90,000 altogether. But on those 30,000 members, let's call them 30,000 employees, had they been using Green Imaging pricing, they could have saved \$3 million to the bottom line as an organization.

Ron Barshop: Again, 10 million are, let's say their EBIT has 10% that's 30 million in sales they have to equivocate for that. That's not small dollars we're talking here.

Bill Hennessey: That's, if you're taking one of my messages, but yes, spot on. That's a 30 million's worth of conversation. There shouldn't be many people that shouldn't pick up the other end of the phone for that kind of money.

Ron Barshop: Yeah, you can kick the back of the sales managers chair and ask them for more or you can just start paying attention to your own. Let's talk about the Pratter report. What does somebody get when they get the ultimate and medical cost transparency?

Bill Hennessey: We are telling employers the names of the medical tests, the names of the medical providers and the real prices paid for their cost drivers. Every year in the fourth quarter they say, "Why am I paying fill in your expletive more for healthcare this year than last?" No one's telling them until now. Pratter takes de-identified privacy compliant claims data from employers

and unions and we make it second grade easy to understand. We do put it through a 20 step process, two different sets of custom software, but all of a sudden your top 10 or 12 cost drivers make up half your spend. All you got to do is focus on a couple of those to create savings. So just like the rest of your business and personal life, you get to see an itemized bill. Pratter is bringing that to America for every employer union.

Ron Barshop: Why do people tell you no, Bill? I mean that seems so logical, simple and clean. What's going on?

Bill Hennessey: Well, you got two words. You got status quo, so you do have publicly traded brokers and you have publicly traded insurance companies who are advising their clients that, "You don't want Pratter." We do that. It's always the answer. We do that, "Oh no, there's no value in that. You wouldn't want to do that." They want to keep \$3.6 trillion a year secretly priced. We don't. We want to reveal it all and as it relates to your direct primary care interest, which we have also at Pratter always in the top 10 care items are level three and four followup doctor visits. There's significant upcharging to a level four. They come in levels one, three, three, four and five for those listeners that don't know that and they commonly have pricing variation from \$50 to \$500. 1000% pricing variation for that 15 minute followup and there's always ER visits there are in there and there's top spend. Listen, a whole lot of about four or five of their top 10 cost drivers involves better access to primary care and better pricing for primary care.

Ron Barshop: Well, that's the beautiful thing about direct primary cares is it sidesteps all of the reports that you have to run through because when you started dealing directly with the surgery centers, directly with the imaging centers, directly with the primary care doctors, your life is easier. Unfortunately, there's not enough DPCs out there that are systematically, I'll call it an operating system that allows somebody who's a major employer in Texas to know where to go. They're going to have to go to 12 separate Kool-Aid stands in Houston, so we're getting that changed. Now, let me ask you another question, Bill. Do you get excited about the future when you see more and more employers are waking up to their healthcare spend and the fact that the brokers... If you buy a beer for any broker and really find out how many checks they get on a typical case, they call it a case, their customer is going to be paying them unintentionally.

Ron Barshop: They don't even know it, 17 different checks from 17 different insurance companies, 17 different sources. It's incredible that why would they want to give that up? It doesn't make any sense. So do you get excited when you think about where this is going? Because if I'm a broker and I'm basically an ear whisperer to these larger employers, it seems to me another person can go and whisper in their ear and saying, "Well, we're saving 30% on

primary care, 20% on imaging, 40% on surgery. Should we be talking?"
Do you think that that is a weak position they're in?

Bill Hennessey: There's going to be more of that. Let's face it. The employers until now recent haven't been able to have a Pratter report an itemized spend. So in a way I don't blame them for not asking for all their medical claims data. They wouldn't know what to do with it. Well now they know what to do with it. Give it to us. We'll give it back to them on a silver platter and we can't give it to some consultants. What we're finding is the more seasoned consultants, the ones that have already done all their learning in their 20s and 30s and now they're into their 40s and 50s of age, they're experienced, they understand where it's broke, they understand where it's needing fixed, they're looking for innovative solutions.

Bill Hennessey: Those are the ones that Pratter is partnering with. It's just a matter of time, and I'm not thinking much more time before there is going to be significant cost transparency, which is going to lead to significant capitalism as it does in every other sector of our economy. So it is happening right now. Our phones are ringing off the hook. President Trump has done a nice job of mentioning medical cost transparency, signing an executive order, and further attempting with his administration to abolish surprise medical bills.

Ron Barshop: It just amazes me that hospitals are suing POTUS to prevent that and trying to explain it as a lipstick on a pig. It's just the worst optics possible to sue the president of United States against transparency for all people. It just, you can't make that look pretty.

Bill Hennessey: No, it's definitely ugly. The more that people like us band together as organizations, innovators and employers, we will have group purchasing power and a say, if we ignore this, we don't. But now it's come to the time where no one has affordable access to care and your most traditional health plans in the past and when health care and health insurance were blended, that hides the pricing from soup to nuts. If you separate them and make all the outpatient care commodity care with a price list just like a grocery store, but then just have hospitalization insurance, you're really covered. Only one out of 100 is going to have something catastrophic on average, it's going to need an inpatient hospitalization and then only may be two or three out of 100 is going to exceed \$125,000 inpatient bill for being hospitalized.

Bill Hennessey: So if you had 150 or \$200,000 of just hospitalization insurance, which you can get for three or \$400, you don't need to pay 30,000 a year. You could pay three or \$400 a year and then you'd have plenty of leftover to go see your primary care doctor and get your cholesterol level and everything else you want the whole year.

Ron Barshop: It seems to me that right now, 2020 we're talking about maybe hundreds of brokers are starting to see the light. Do you think when we have this conversation on our show in 2022 at the same time, we'll be making a statement that you're either a broker who sees the light and are producing results for your employer or you're going to be replaced by a broker who sees the light and is producing results for your employer?

Bill Hennessey: That's definitely going to happen. It's going to be, are you loyal to the employer or are you loyal to the insurance company? It can't be both and because of the high cost of care and because of the innovation that's going to be available right now and even more over the next two years. Yeah, you're going to be taking sides and there's going to be quick stereotyping going on of who's loyal to who.

Ron Barshop: Okay, so I want to go back into your products, Bill and tell us about Search and Save and then after that I want to hear about Money Map. Very exciting products.

Bill Hennessey: Sure. Search and Save is we'll take any employer's data. We took Walmart's data. If they will give us their privacy compliant portion of their medical bills today. We'll put them through our 20 step Pratter process and we'll make them all searchable on our search engine tomorrow. That'll be available for all of their members, all of them. Test name, zip code and now they can see the real prices paid by Blue Shield, United, Cigna, Aetna. It's also for the Independent Health Plan, TPAs. It's available for their customer service representatives to better service someone who has to pay out of pocket for care. They'll get to see real pricing and better advocate for the member to get care. So that's it. We just always thought that there should be Amazon and Priceline, and Walmart. They've done pretty well putting their prices online.

Bill Hennessey: Pratter thought we should do that for medical care. There's only one definition of cost transparency, real name of medical tests, real name of medical provider and real price paid, that's what we do. Yeah. Right now it's confusing for most lay people, until you can purchase any one of the 10,000 healthcare items that have price tags, that's how many there are. Until you can purchase it like a gallon of milk where you pick it up and you know it's \$4 that's easy to understand. Because you have to understand the big words like charge, claim, allowable, copay, coinsurance, deductible. No one's going to do that work. It's purposefully intimidating. So Pratter came up with a Money Map. Nobody wants to understand all those pricing numbers. Nobody wants to read a health plan. Hardly anybody even knows what their health plan is. So for all 50 states in any network or no network, Pratter knows the best price blood work centers, imaging centers, surgery centers, and urgent care centers, [inaudible 00:23:56].

Bill Hennessey: And we've color coded them and our mobile experience follows you around. We did all the thinking. So you don't have to, you just know if you go to those places financially, you're not going to get ripped off. You're not going to get a large surprise medical bill again, we call all of them undercover. We've asked very specific questions, billing questions, and we've used our cost infrastructure.

Ron Barshop: I got to tell you, I'm married to a Midwesterner, my right hand and my left hand and my company are both Midwesterners. I don't know if Pennsylvania qualifies as Midwest. Maybe not. You're very plain speaking guy. You just tell it like it is very black and white.

Bill Hennessey: Well I could do it because I'm not smart. Like I said, I finished in the top 90% of my medical school class, so don't tell my mother. It's all in how you message it.

Ron Barshop: Yeah. You're on the Dean's list and it's not the good Dean's list.

Bill Hennessey: Yeah. So, hey, feed me a banana at the right time and I can learn. We've got to keep it simple. As one professor of mine in college said it had nothing to do with his courses. In fact, it's the only thing I remember is of course he said the ability to communicate is a sign of intelligence. How can we use the fewest words to convey the most meaning to someone else? Is it a picture? Is it three or four words? That's our Money Map. Tap the map, you get affordable care.

Ron Barshop: My economics professor, fresh class freshman year, University of Texas said, "Stand up if you barely got in this university." And about three or four of us stood up, very embarrassed. And he said, "My experience after 30 years of teaching economics is most of y'all are going to be working for those three guys."

Bill Hennessey: Yes, I've heard that before. Well good. I hope you have a lot of people working for you right now.

Ron Barshop: We're doing just fine, Bill. Thank you. Bill, I really enjoyed this conversation. There's a whole lot more to talk about and I promised you only 30 minutes, but I do want to ask you just from a macro level over the next five to 10 years, what is the salvation of the golden triangle? In other words, how does everybody win the future if they're an employer, if they're a employee/patient, and if they're a doctor, how do we achieve that?

Bill Hennessey: Well, we are going toward this model of health care is different than health insurance. We see more and more offerings coming out. We see healthcare co-ops, Christian shares, regular shares, more variations, and all

the supplemental health policies. No one can afford a current carrier plan paying two to \$3,000 a month for family. Business is cyclical. It's going to take care of itself. We're going to have medical cost transparency. We're going to therefore have capitalism for all the outpatient care, more hospitalization insurance type of coverings. And they're going to be health plans that compete against the large four companies that we know are the largest four insurance companies. I'm privy to a couple in which we're going to be a part of that I can't say yet, but trust me, there are going to be health plans that compete against the status quo. Our solution is going to be a part of it.

Ron Barshop: I'm not a journalist, but I want that scoop.

Bill Hennessey: Yeah, just think of this. There's four buckets of spend. So the health plan of tomorrow has to have solutions for doctor visits, outpatient care, inpatient care and pharmacy. If you put solutions in all of those buckets and you put it with a transparent processing health plan, third party administrator and deliver that to employers, that's the winner and there's going to be multiple winners that come out.

Ron Barshop: It's a simple dashboard. You want A, B, C, or D. I love it. So Bill, how do people find you if they're looking for either Pratter or for Bill Hennessey?

Bill Hennessey: We put our email addresses right on our website for each of us. The website is pratter.us as in United States. It's bill.hennessey like the cognac except E-Y H-E-N-N-E-S-S-E-Y@pratter.us. It's always Pratter day. We get back to people seven days a week. We're excited about what we're doing and we are called to serve others.

Ron Barshop: Well. I want to honor you and I'm really glad a guy like you is on our team. This is exactly what we need. Is clarity and cleanliness, simplicity, and you've done a beautiful job explaining yourself today and I thank you.

Bill Hennessey: Well, thank you for your time and interest in what you do also.

Ron Barshop: Okay, I got one more stumper everybody has to answer. If you could fly a banner over America, what would it say to all Americans?

Bill Hennessey: Happy Pratter day.

Ron Barshop: Okay. Just blatantly self-promotional, not even trying to hide. I love it.

Bill Hennessey: It's an uplifting message.

Ron Barshop: Very nice, sir. Thank you for your time, doc. I'll talk to you soon.

Ron Barshop:

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