

Primary Care Cures

Episode 54: Ashley Bacot and Kenneth Aldridge of RosenCare

Ron B.:

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 host Ron Barshop, CEO of Beacon Clinics. That's me.

Ron B.:

How would you feel if you discovered buried treasure of \$1 trillion and nobody wanted it? Well, that's the exact story of today's guests, and here's how I found them.

Ron B.:

Two years ago, I'm at an allergy conference in Orlando, Florida, and I was struck by a free magazine in my room with the owner on its cover. My first reaction you might think is the same you might have. "Who is this Harris Rosen guy, anyway? Frankly, this guy was painted as the Mother Teresa of hotels when it comes to employees.

Ron B.:

Then I Googled him, and then I started looking at TED Talks, and this guy named Dave Chase popped into my screen and started talking effusively about Rosen Hotels. That really had my attention now, and the more I started learning, the more I started getting excited, and the more I started getting excited, the more people I started talking to, including employees of the hotel.

Ron B.:

What I learned shocked me, because my family started a hotel business called La Quinta Motor Inns. Turnover in that industry is 74%, and Rosen Hotels' turnover was dramatically less. Every employee I talked to you would never imagine leaving that company. So it's pretty rare that you find such a highly regarded company by the people within. So do you know why the employees love that company? Because they feel safe with their care.

Ron B.:

Today I'm introducing you to Ashley Bacot, president of Proventure. He's with Rosen Care, better known as Rosen Hotels and Resorts. It's the company, and Ashley has played an integral role in helping Rosen Hotels and Resorts develop a benefits package that is so far superior to their competition and such a fraction of the cost, but they offered to give it away, and people were scared to take it.

Ron B.:

We're going to talk about that today, but let me give you some numbers. The company has saved \$315 million on their health benefits since its inception in the early nineties and could reduce the nation's healthcare costs by \$1 trillion annually, if implemented on a wide scale. That's the trillion dollars of hidden treasure.

Ron B.:

67% is the workers' comp reduction. We're talking about a lot of money. We're going to get to that, and the turnover is way below 74%, which is what the Bureau of Labor Statistics tells us the hotel industry has.

Ron B.:

So just those three facts alone gives Rosen Hotels a secret weapon, actually a second secret weapon and a third secret weapon, that allows them to literally not even compete in the same universe as the other hotels in the industry.

Ron B.:

So what if every employer self-funding gave their healthcare costs \$5,000 shave on a \$15,000 cost? Well, if you have 5,700 employees, like Rosen Hotels, that's like adding \$28 million to the bottom line, which means you've got to sell a whole lot of hotel rooms to bring that to the bottom line. If you do the math, it's almost a no-brainer.

Ron B.:

Ashley understands the ROI of an onsite employee clinic better than anybody in the country, and he's a very highly regarded speaker at places like the World Healthcare Congress and World Research Group conferences, among others.

Ron B.:

I also want to introduce you to Kenneth Aldridge, who has served at Rosen Hotels and Resorts since 1998 at the Rosen Medical Center, not only providing patient care as a nurse, but also now he's the Director of Health Services overall for the company and implements and is responsible for various programs for all of the 5,700 covered lives of Rosen. He has what most of us would equivocate as a CEO-level duty, because he's running a 12,000 square foot medical center and a place for healing and wellness.

Ron B.:

So I want to welcome you both to the show. Can't tell you how excited I am.

Ashley B.:

Glad to be here. Thank you.

Kenneth A.:

It's an honor.

Ron B.:

Did I hit those numbers right?

Kenneth A.:

Actually, I think that the savings has actually reached over 400 million. Is that correct, Ashley?

Ashley B.:

It has, and the turnover absolutely is well below the 70s that you had mentioned. We are at about 14% turnover.

Kenneth A.:

Also, the number of covered lives, we have a little over 6,000 covered lives on our health plan now.

Ron B.:

Well, and, again, if you do the math on 6,000 covered lives and that kind of turnover, your costs of running the hotel are dramatically less, because your training is down, your recruiting is down, but you've done something else remarkable, is with that 400 million in savings, Mr. Rosen has done a brilliant thing. Tell us what he did with the neighborhood that brought crime down to essentially zero and gangs down to zero.

Ashley B.:

Yeah, it's absolutely phenomenal what he has done over the years. I want to say roughly 25 years ago, he adopted an underserved community in our geographic region, and his thought was, "If I can give these folks hope, they can dig out of the mess that they're in socioeconomically and from a crime standpoint," that sort of thing.

Ashley B.:

So the name of the neighborhood is Tangelo Park, and every two-, three-, and four-year-old in Tangelo Park, Mr. Rosen pays for their childcare. He also gives parenting lessons so that parents can read to their children. We have tutors that read to those children, and so most of them start kindergarten reading better than my kids ever did and folks at a much higher socioeconomic level.

Ashley B.:

Then the next part of the program is, as soon as these children graduate from high school, Mr. Rosen pays for their full education, not only tuition, books but the full ride. What we've seen over the years is crime has come down dramatically. Graduation rates are almost 100%, and then those who go to college are graduating at a very high rate.

Ashley B.:

So he has since adopted another neighborhood that's three times that big, and his hope is that employers across the country can do the same thing. With their healthcare savings, they can not

only fix healthcare, but they can fix education and change the face of America, one underserved community at a time.

Ron B.:

So the numbers are for the poor, underserved communities, the bottom decile. Maybe 20 to 25% are going to make it into a college or some type of community college, and you're telling me you're at 100%.

Ashley B.:

Yeah, I don't know the exact numbers, but I believe that high school graduation is almost 100% now and that college education, the ones who graduate high school and go to college, I want to say it's maybe at 75%. does that sound right, Kenneth?

Kenneth A.:

That sounds about right.

Ashley B.:

The ROI on it, when it was done several years back, for every dollar that Mr. Rosen invests in an underserved community, society gets \$7 back, because think about it. No longer do you have crime, which was a negative ROI, people going into prison and us paying for their stay in the prison. That's a negative ROI, and now they go to graduating from high school. When one graduates from high school, I believe the number is around they make 500,000 more over their lifetime than someone who has not. Then those who go to college I believe make \$1 million more over their lifetime than if someone had not gone to college.

Ron B.:

The beautiful part of this story, you guys, is that we don't have any lobby that was needed, no regulations created, no politician promises. There was no required march, no banners, no torches, no pitchforks. This is a movement that happened from a market-based solution, and what a market-based solution it is. Now, the unintended consequence of this action, just this simple action, has actually expanded into the school district in a wonderful way. Can you tell that story of what's now happening with the school district employees?

Ashley B.:

Yes. Kenneth, do you want to talk a little bit about that?

Kenneth A.:

Yeah, so what Mr. Rosen has created from the Rosen Care standpoint and onsite medical center and then also a lot of the initiatives, the cost containment initiatives, he has offered to the school district of Osceola County, and the school district has accepted us into their arms to run their onsite facility that they currently have. We're setting it up very similarly to the medical center that we currently have, with a lot of the various services within the facility not focusing on acute care and occupational medicine, per se, but moving it, shifting to a population health, primary care, and preventative medicine standpoint.

Kenneth A.:

This district has over 10,000 covered lives, and anything that we can do to prevent illness or to control a chronic care condition, such as either diabetes or hypertension or high cholesterol or asthma, the better it's going to be from the bottom line for the school district. About 75 to 85% of healthcare spend is going to be spent on those chronic care conditions.

Kenneth A.:

I know that we all know that some of that is going to be lifestyle-driven, yes, but we also have to take a look at it from an accessibility standpoint. Unfortunately, healthcare has gotten to a point that we're doing cost shifting. We're shifting more of the cost of healthcare to the employee.

Kenneth A.:

Well, those employees cannot afford healthcare with high deductible plans or high co-insurances or high premiums or even high copays. So all of those barriers to the access of care only delays care. So I've seen numbers. 22 to 35% of Americans are delaying care. You hear that on the streets, and you see it, where people will say, "I can't afford that insulin, because it's going to cost me \$100 deductible. I can't afford to go get that screening, CT scan for something that they're concerned about, because I can't afford the \$300 or \$400."

Kenneth A.:

Well, our team is bringing in solutions so we can focus on the access, the quality, the service, the cost and innovation so we can take a look at and lower the barriers to care so that we can give those individuals the tools that they need to optimize their healthcare.

Kenneth A.:

Let's get that diabetes under control, where the national average is what, \$13 to \$15,000 per diabetic? Well, why is that? You see it in the newspaper all the time, where people can't afford that \$700 or \$500 or \$700 insulin. So those types of programs are the same kind of programs that we're bringing over here to the school district to, again, give the accessibility to those members.

Ron B.:

What woke me up is the 56% number that make under \$20 an hour in America. So most of those Americans do not have \$1,000 in the bank. When you're looking at a \$4,500 family deductible, which is the average today, it's as if you don't even have insurance. You don't have the money for the copay. You don't have the money for the deductible, for sure, and you're putting these premiums out kind of in this netherworld, because you'll very, very rarely tap into that catastrophic situation.

Ron B.:

But let me ask you this question. There's been another unintended consequence for the school district turning around, the neighborhood turning around is you don't have any trouble finding employees now for that 13% turnover, do you?

Kenneth A.:

So you're talking about for Rosen Hotels' standpoint?

Ron B.:

Yeah, Rosen Hotels has a giant labor pool all of a sudden from the neighborhood wanting to work there.

Kenneth A.:

Yeah, absolutely. The fun part is that we have generations of families that are coming to work for us now. I know a family that are four generations deep working for Rosen Hotels because of the various programs and college and those kind of benefits that Rosen Hotels offers.

Ashley B.:

Ron, I just wanted to once again just comment on the out-of-pocket for our associates is very minimal compared to others, as far as the weekly deduction that they pay for their premiums. Our benefit is extremely rich. So there's no deductibles, zero, no co-insurance. 90% of our drugs are for free. At the same time, our costs ... So a much richer benefit, and our costs are 40 to 50% less than our identical demographic would experience in the conventional healthcare setting.

Ron B.:

Wow. So we're talking about a lot more than 28 million that I presented earlier. I said that if you save 5,000 on a \$15,000 cost, that would be roughly 28 million for 5,700, but you actually have 6,000. So it's hard on the show to get into numbers, but you have a lot higher bottom line than \$30 million. So that's a lot of hotel rooms you don't have to go sell because of that savings you found in your healthcare spend, and it's not that new for y'all.

Ron B.:

So you've got hardly any turnover compared to the industry, one-fifth of the turnover of the industry. You have a greater bottom line in return, because you now have a healthcare division that focuses on bringing that cost down. You have employees that probably have less absenteeism because you have a healthier employee. Have y'all done those numbers?

Kenneth A.:

No, we haven't delved into either absenteeism or presenteeism, but that is something that, intuitively, we know has improved. Yet maybe in the future, that would be something that we will measure.

Ron B.:

Yeah. With all of these amazing numbers and statistics ... and, by the way, with your worker's comp being down, what kind of dollars are we talking about for worker's comp savings of your EMR being so low compared to what it should be in the hotel industry?

Ashley B.:

Yeah. We save roughly about a million dollars a year. So our costs would be a little bit more than double what they are now, if it were not for the worker's comp experience mod being so incredibly low.

Ron B.:

Okay, and that has something to do with access to chiropractic care at the clinic. It has something to do with access to them getting immediate help when you're not feeling right. So if you do have some type of an injury, you're housekeeping and your back goes out or something, you get carpal tunnel and you're working in the offices, you have an immediate spot to go to, and it doesn't cost you time. You pay for that employee when they go visit the clinic. Is that right?

Kenneth A.:

That's correct.

Ashley B.:

Also, our physical therapists are able to go out to the properties and really show folks, ergonomically, the best way to make a bed. If you're vacuuming and you're making a lot of beds every day, leaning over, bending, it's so important that you do it correctly. So those are some other areas where we're improving the health and the savings.

Kenneth A.:

Ron, it's also important to know that one of the other benefits that Rosen Hotels offers, from an accessibility standpoint, is if you don't have transportation to get to the medical center from one of the properties, Mr. Rosen will provide transportation from the property to the medical center while you're still on the clock.

Ron B.:

But the medical center is right in the heart of your campus, isn't it?

Kenneth A.:

Yes, it is in the middle of all of our hotels, correct, the area.

Ron B.:

Okay. I call it your ranch. Well, so that's a very helpful thing. Now, if I'm Marriott or I'm Starwood or I'm Hilton, and I'm going to say to myself, "Yeah, but these guys have such a nice central concentration. This model works for them. That isn't going to work for us," how do you disavow them of that?

Ashley B.:

Well, I think one way of doing it ... Again, this entire landscape, with all these disruptive solutions, is just kind of a fledgling right now. But one thing that is occurring out there is direct primary care doctors. A doc, for example, who already has bricks and mortar somewhere and is exhausted and so disappointed with the current way he or she has to practice in dealing with all the barriers in the healthcare market, they are becoming direct primary care docs.

Ashley B.:

So the employer that's a Marriott or some employer that has employees and members spread out all over the country can tap into these little markets, these little networks, I should say, of direct primary care docs and get many of the same tools that we're able to provide out of the medical center, perhaps not completely as comprehensive, but a huge step in the right direction.

Ron B.:

So in the trajectory of your story, you have offered, initially, to give to this great ... Let's call it these three secret weapons. You've offered to give this away for free, and what happened when you went out and offered to give this away for free?

Ashley B.:

Well, we don't know exactly. We have had folks come to our medical center to take a tour, large employers from all over the country, and we give them all the secret sauce. It is our belief that that most, if not all, are not really doing anything with it. I think they are intrigued by it, but they tend to maybe go back to their home state, to their home office, and just kind of continue on with the status quo, or if they do something, they might hire an on-site clinic company. There are on-site clinic companies all around the country, some better than others, and they think they are getting what we're doing at Rosen Care because they have an on-site clinic. We have an on-site clinic.

Ashley B.:

But I tell people, "When you drive by our on-site clinic, the Rosen Care Clinic, at 35 miles an hour, it looks and just seems like any other on-site clinic out there. But when you really, as a plan member, as a plan participant, really get a good feel for it and taste it, it's a totally different model than most out there."

Ron B.:

So let's describe, Ken, the services that y'all have on site. What are you offering currently?

Kenneth A.:

So within the facility, we have on-site x-ray, and, again, no charge for that, on-site ultrasound so we can do echos and transvaginals and renal ultrasounds, because, remember, in healthcare, patients are going to see their primary care doctor, and they're jumping to other facilities. So they're gone for about two to four hours, on average.

Kenneth A.:

We also offer, within the facility, full physical therapy. We have an on-site gym that's accessible to all of the members so that they can come and exercise in the morning. We have an on-site pharmacy. We have a chiropractor. We have, what is it, five MDs, I think three nurse pracs, two PAs, and we have a podiatrist. We also have a dietician, a full lab.

Kenneth A.:

So we have all the services all under one roof so you can go in, see your doctor, doctor says, "You know what? For this back pain, I'm going to have you see physical therapy and chiropractor," and they can all have a communication within the facility for that one patient and work as an integrated health system for that member.

Ron B.:

How does that support somebody who has, say, prediabetes or prehypertension, and they're about to fall into a high-risk category because of their weight or because of their exercise habits? How do we know that you're moving the dial on that?

Kenneth A.:

Yeah, so we have programs. We do have an incentive program under Rosen Hotels and Resorts, which is looking at a health risk assessment and then your lifestyle and looking at ways to move that needle associated to that. We have an on-site dietician to help with weight loss. We also have a lifestyle management program for individuals to help with weight loss or prediabetes or insulin resistance, whatever that might be. Then we also have a comprehensive mental health program within Rosen Hotels and Resorts or mental health issues, which can lead to obesity and those type of things.

Kenneth A.:

Within our program, too, we do have those with comorbidities that, as they've tried and attempted and tried and attempted various of our programs, at a certain point, we will work together with that member to determine if bariatric surgery is an option for them. But we have really strict guidelines and programs to use prior to getting to that point. But we have that in our toolbox if we need.

Kenneth A.:

As you know, if somebody gets a gastric bypass, their diabetes is almost eliminated, where they don't even need medications. But we don't want to go there without changing the lifestyle and the behavior, the mentality of that individual, and the eating habits.

Ron B.:

Do you have any sense of how the well that's working in your population?

Kenneth A.:

We have a lot of work to do. I can tell you that. Nationally, the national average is 39% are obese and 66% are overweight. We have a lot of work to do, and we have some challenges associated, too, culture and language and things like that. But we bring in those tools so that we can make sure we communicate with those individuals. But we, just like everybody else out there, have work to do.

Ron B.:

Well, here's the languages I heard in your halls when I was walking the halls, is I heard Creole. I heard French. I heard pidgin English. I heard a lot of things that usually come from Caribbean

countries, because you, being in Orlando, are going to attract that labor force. How do you deal with prenatal counseling when you have four or five different languages in a circle of people?

Kenneth A.:

Yeah, so within the pregnancy realm, in the medical center, we have medical assistants that speak Creole, we have nurses, and we also have providers. But talking specifically about pregnancy and prenatal, we offer all the prenatal counseling, but we also have a nurse that is responsible for every one of our pregnancies.

Kenneth A.:

56% of our pregnancies are considered high-risk. So we're talking either advanced maternal age, or it could be HIV. It could be hypertension or diabetes. So every patient that we diagnose as being pregnant, we're monitoring them from the very beginning to the very end to try and make sure that they meet or reach that goal of at least 35 weeks or better, and with 56% high-risk, there's some risks that we have to try and mitigate. So there's that counseling that happens. But if we need to, we'll send them to a high-risk OB. But having that nurse with those touch points is absolutely valuable.

Ron B.:

Well, I'm not aware of any other company in America that has quite the offering y'all have and quite the workforce complexity y'all have. Is this a pretty unique offering in the country? I mean, you guys know what's going on out there.

Kenneth A.:

I think there are other companies that are doing similar type things. Some are here in Orlando, but, again, it's more of acute care, occupational injury type of facility, and that has its place. I mean, you want to have that available. But if you're really looking at moving the needle and controlling healthcare costs, a \$60 visit for a cough and a cold, it's going to save you, yeah, maybe \$60, but if we can spend the time on that diabetic or that hypertensive that is not compliant with their medications, or if, culturally, they're preferring voodoo over traditional medicine, that's where we can save the money.

Ron B.:

I don't know if you saw the headlines of late December, but Sir Andrew Witty, who's the new CEO and chairman of United Optum, which Optum is the largest primary care group in the country, next to Kaiser. He said that if you spend 5% on primary care upstream, you save 95% of the dollars downstream. You guys have proven that out.

Ashley B.:

Absolutely, absolutely. Every dollar that we invest into primary care is returning huge dividends on the back end. That's one thing that we noticed early on, was we need to spend more time with the patient. I mean, right now, to this day, the last sliver of the healthcare dollar in the conventional healthcare setting is spent on the primary care doc. That's why a lot of these doctors say, "I can't do this anymore. I'm going to become a direct primary care doctor."

Ashley B.:

But the more time that a doc spends with a patient and builds that relationship with a patient, not only are you going to have a much a healthier employee and their families are going to be healthier, you're going to have a happier employee, and your savings are going to be huge.

Ron B.:

A pretty strong example of primary care saving the healthcare is that Kaiser Permanente this year, in December, also quoted, the same day that Sir Andrew Witty spoke, and the CEO said that they spent an intensive focus on primary care this year, and they saved \$1 billion. So they were able to give a 5 to 10% dividend over 5 million of their members.

Ron B.:

So, again, we know primary care spend upstream saves massive money downstream. What do you guys think is a resistance for companies to take this on? Are they just in love with these brands, the BUCAs, or what's going on there? Are they afraid to get fired because you can't get fired for hiring IBM, and Cigna's IBM? What's going on there?

Ashley B.:

Well, I think some are just beginning to learn that they have a fiduciary duty to be sure that they spend every healthcare dollar as wisely as possible. So I think there is a ... Well, I know there's beginning to ... I believe we're at a tipping point. Employers are talking with us more than they've ever talked with us before, and we see a sincerity in our engagement with them that it's not going to be like I mentioned in the past, where they're going to listen to us and then not do anything. The C suite is really starting to get involved.

Ashley B.:

So we do believe that a groundswell is beginning to occur. There are a few employers around the country who are dipping their toes in the water and doing what we're doing. I think it's a grassroots kind of a move. As soon as one employer in Dallas does it and talks to her other CEO friends, they begin doing it, and we will absolutely be changing the face of healthcare in such a good, positive way over the next few years.

Ron B.:

Yeah. I think people are going to look back and wonder, "Why did we ever have PBMs, and why did we ever the BUCAs?" It's not going to happen anytime soon, but there's going to come a time when this direct contracting just is going to make too much not only economic sense, but look what it's doing for your company's savings and on a micro level. You take that out macro, and we're talking ... Y'all have calculated \$1 trillion. That might be conservative, don't you think?

Ashley B.:

It may be. I mean, I guess we're at 3.7, 3.8 trillion nationally now. If we can cut that in half, that's certainly a bigger number than a trillion. But one thing that we've been telling employers, CEOs across the country is your second largest line item, right after wages, you're looking at healthcare. If you're spending 30 million, 50 million, 100 million on healthcare, you're in the

healthcare business. You need to learn what it's all about and learn the most efficient way to deliver it.

Ron B.:

Well, very good. Well, there's about seven other subjects I want to talk to you about, but I promised you two 30 minutes. So I'm going to sign off unfortunately too early, but we'll schedule another one or several of these. So I always like to ask my guests at the tail end, what, if you could fly a banner over America, would that say?

Ashley B.:

If it were relating to health care, I would say, "Just do it."

Ron B.:

Okay. I like that. How about you, Kenneth?

Kenneth A.:

Probably say, "The change in healthcare is here, and the change is now," probably something like that.

Ron B.:

So you've been listening to folks who are living in the epicenter of the earthquake of what is about to change healthcare, and they've been doing it since 1993. This is not a new, fresh movement. This is a movement that's now gathering steam for a lot of different reasons.

Ron B.:

So I'm happy to be in the movement. I'm happy to talk to these two guests who are rock stars in the movement and to get to know them better over the years ahead as we march into this together, this very bright future where everybody wins. So thank you for listening, and thank you, Kenneth, and thank you, Ashley.

Kenneth A.:

Thank you very much.

Ashley B.:

Thank you for having us.

Ron B.:

Thank you for listening. You want to shake things up? There's two things you can do for us. One, go to primarycarecures.com for show notes and links to our guests. Number two, help us spotlight what's working in primary care by listening on iTunes or wherever you get your podcasts and subscribing, and leave us a review. It helps our megaphone more than you know. Until next episode.