

# Primary Care Cures

## Episode 58: Clinton Phillips

Ron Barshop:

You know, 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.

Ron Barshop:

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 Barshop:

Healthcare is an epic profit center for most companies that they're completely unaware of. Your benefit advisor is a dinosaur, walking dead, if they're lacking this next generation healthcare agenda.

Ron Barshop:

So, here's really good offerings that should be on their menu. Value-based insurance design. Even better is reference-based pricing models. And above that is captive medical plans, and then next gen association plans. Those are all even better. And even the best is direct contracting for surgery, direct contracting for imaging and pharma. Virtual care, who's going to be our guest today. We're going to learn a lot about that today.

Ron Barshop:

Direct primary care, which I've talked a lot about. Medical tourism, which includes medications and surgery. And high performance centers of excellence, which Walmart has mastered, and saved \$1 billion on their spend this year. So Walmart would have had to sell \$96 billion in retail goods, or drop a billion to their bottom line with their health care division, if you will, and they saved it on healthcare division with centers of excellence.

Ron Barshop:

I think of the latter five like a massive stimulus package for employees who choose to opt out of their plan, because if they're spending 800 to \$2,000 on one of these direct contracts, versus \$8,000 a year spent on old world care, that is a mortgage. That's a \$95,000 mortgage. That's like paying off all the debt they have on their credit card, on an average credit card today. That's a savings account, and that's their first maybe real vacation.

Ron Barshop:

If you ask your employees that are making under 20 bucks an hour have they ever had a real vacation in their lives, you will be shocked at how many say they don't know what that even looks like. So it's a massive stimulus package for employers, too. We would love to double or triple our sales, and squeeze easy money margins like this baked into our benefits. And that's effectively what Walmart has done.

Ron Barshop:

They could have opened up 1400 stores, or taken the money that's fat and fluff out of their health benefits budget. So, think of it like chocolate magma inside a cake that nobody thinks about or looks at until you dig in. Think about it like a golden ticket in a chocolate bar, It's just a very nice surprise built in and baked into all of our health benefits for those that use traditional benefits all these years.

Ron Barshop:

This is the era of heroes coming out of HR and finance, if the CEO's are still asleep. But they will awaken, because this is going to go around like a contagion, all of these high end benefits that have money baked into them. And the payers are being told by their very best customers, they've got maybe three years, and then we're never going to look back after we say goodbye to you. Well, for me, this changed our culture at Beacon Clinics. Our healthcare is now an epic profit center for us.

Ron Barshop:

Let me introduce you today to an expert on virtual care, who has a very personal mission here. And he's got a long bio, but bear with me because it's really worth listening to. Clinton Phillips is currently the founder and CEO of Medici, a global healthcare communications platform. Medici has raised over \$40 million, and has acquired DocbookMD and Chiron Health. And they now have over 20,000 doctors communicating on its platform monthly. No slouch.

Ron Barshop:

Prior to Medici, Clinton created 2nd.MD in 2011 after his daughter suffered a stroke and was left paralyzed. 2nd.MD is a virtual second opinion platform that provides video access to the world's best doctors at the top 17 US hospitals. Again, no slouch. And it does a lot more than just virtual second opinions, because they're in the top hospitals combined and have over 10 million members helping them out, as well.

Ron Barshop:

Their clients are little tiny companies you may have heard of like Morgan Stanley, KPMG, Ernst and Young, United Healthcare, Aetna, Bloomberg, Waste Management, and over 30 other Fortune 100 companies. In philanthropy, Clinton is recognized as one of the largest sponsors of orphans at World Vision and other organizations. So, the man's got a brain for business and a heart for orphans.

Ron Barshop:

In sports, Clinton's recognized as the US national champ in the 400 meter dash and the javelin by the US Track and Field Masters. So, he's an older guy, not a young punk anymore. And he's also enjoyed the opportunity to speak at Rice, MIT, Princeton, churches all across the country, and has been featured on all the major networks and all the major media. Clinton, welcome to the show.

Clinton Phillips:

Thank you, Ron. It's a great honor to be talking to you about a subject, healthcare and healthcare costs. It's where we live and spend our time. So thank you so much for having me.

Ron Barshop:

You have a very personal reason why you got involved with your second offering. Tell us about your daughter's situation.

Clinton Phillips:

Yes, Ron. I had a clinic in Aspen, Colorado, and we were living a wonderful life, my wife and I. We're South Africans, and we had this clinic at the St. Regis Hotel that helped people avoid back surgery. And we had helped over 1900 people avoid back surgery. And we were struck with a tragedy of our own in that our little girl had a stroke and was left paralyzed down the right side of her body.

Clinton Phillips:

And we went to our pediatrician. The pediatrician said, "I can't help. You need a pediatric neurologist." We went to one who said, "Your daughter will never walk or talk, and she suffered a severe bleed. Not much can be done. Good luck." We obviously didn't accept that, and we didn't know if this was a good doctor or not. It's very hard to tell who's a top doctor and who isn't.

Clinton Phillips:

So we went to Texas Children, who were ranked very highly for pediatric neurology. Four-month waiting list to see a pediatric neurologist. We saw this doctor and she said, "Oh, I don't work with stroke." I said, "Are you kidding me? We've been waiting four months. We've submitted everything, it's all about her stroke." And she said, "Don't worry, I've got another great doctor for you." Three-month waiting list for that doctor.

Clinton Phillips:

And when we got to that doctor, they didn't really have much of a solution. So, along this way we had this God given idea to start a network of the world's best doctors who would be available virtually to do a detailed second opinion across every specialty. And so, that was the start.

Clinton Phillips:

And if we fast forward, that company now has got 13 million members, eight, nine years later. We have got 700 of the most incredible doctors. And we save lives, we manage healthcare costs. We have an impact that I could never have dreamed of when we started this for my little girl.

Ron Barshop:

Okay. So we have to know what happened to your daughter. Is she recovered in some way?

Clinton Phillips:

My little girl is in regular school now. She walks, she talks. She doesn't use her right hand. So she does a lot of therapy to try and get her right hand. But her right leg has come back for the most part. So she can play soccer now. Last year we were in... She skied, and we were on the mountain in tears watching her ski, which they said those things would never happen.

Clinton Phillips:

And the year before that, I was standing in the ocean watching her learn to surf. And so, she is a little champion. She is smart, and beautiful, and strong because she has to work through this every day. She's an amazing little mascot, and if you ever visit the office of 2nd.MD in Houston, there's a big picture of her on the wall and she's the little mascot for the company.

Ron Barshop:

What a beautiful story, Clinton. Thank you for sharing that very personal journey. What is the deal? Why hadn't somebody thought of your solution beforehand so that you could quickly get her taken care of?

Clinton Phillips:

You're no stranger to the challenges in healthcare. Doctors have always known that there has to be an easier way to get this knowledge out of their head. The best specialists in the world are frustrated that the only people who they can really help are the ones who can get to them. And they know that they could be helping people across the world.

Clinton Phillips:

But it's not always easy to get to Boston. It's not always easy to get in to see a busy doctor. And so, doctors didn't have a technology that they could do. They also didn't have a legal structure. So we asked our doctors that we were talking to, "Could we Skype with you?" And they said, "No, that doesn't sound safe." So we had to create a legal model. We had to be able to build a technology that allowed for video and medical record uploading.

Clinton Phillips:

And then we had to create a payment model. And that was really hard, because consumers didn't want to pay out of pocket for this. They wanted the insurance to pay, but insurance wasn't willing to pay a top doctor a good amount, and pay them quickly and easily for these opinions.

Clinton Phillips:

So we struggled for the first two years until we pivoted to the employer market. And we realized we could have a huge impact at these employers, and we could solve the payment model whereby, instead of trying to bill an insurance company, which would never work, we could charge an employer a PEPM, and we could take care of the doctor and we could really align.

Clinton Phillips:

So we had to innovate financially, we had to innovate technologically, we had to innovate legally. And you have to have a really strong cause behind you to beat your head against all three of those walls every day for years.

Ron Barshop:

Well, it's interesting that you had the PEPM model, because what you're saying is, even though 95%, 99% of the employees aren't going to need a second opinion because they're going to lead a nice healthy life, at the moment they need a second opinion, they need it right now. I mean, stroke, the more time you wait, three months, four months, seven months in your case, the more the condition debilitates, the ability to recover.

Ron Barshop:

And so, you have a second opinion now instantly, but are you charging the member as they're needing it, that 1%, or are you charging the whole rest of the members that may not need it?

Clinton Phillips:

Ron, good question. Interestingly, about eight to 10% of people will go through something in a year that is costly, that is complex, and will need to get a second opinion. So the number's a little higher. We get about a third of those people. So we get about 3% of those people will engage in having a second opinion of a population.

Clinton Phillips:

So that 3% of people that we help has to be able to cover and have the impact for the 97% of people who won't use the service. So we're always trying to increase it from three to four to five to six as we go and looking at ways to be able to drive utilization, because the impact obviously increases significantly as we go. But we price it to say it's a very low cost per employee per month. But there's no additional cost when that employee uses it.

Clinton Phillips:

So for an employee, they never think about finances in this part. We say, "We are here to get you the best opinion. Your company cares about you, and they have provided this service to make sure that you get the best clinical guidance possible." The wonderful outcome... The employee may or may not care, but the outcome is the fact that when you get the right care, you save a lot of money.

Clinton Phillips:

When you don't get an unnecessary back surgery, when you don't take the wrong chemotherapy, when you don't stay in a hospital for six weeks because there's actually a treatment that can get you out in four days. These are impacts that you have that the company cares about the person, the company cares about their bottom line. And the beautiful thing with 2nd.MD is that you don't have to choose. You can do good and do well financially in the model.

Ron Barshop:

I always have a million questions when you talk. We have so many interesting subjects. So, let's talk for a second about the actual savings. Do you have any stories, I'm sure you do, of actual savings of companies that don't need the spinal surgery, that don't need the six weeks in the hospital, in terms of dollars and cents? What does that look like for maybe your best employer, your favorite story? What does it look like for a typical employer?

Clinton Phillips:

Yes. Well, the nice thing is that we've been doing this long enough now that we can tell a company, "We guarantee you that this will never cost you money, our program. At the end of the year, we'll tally this up, and if we haven't documented the impact that we've had, we will pay you the difference." And so, we can do that with confidence. And our goal is to do a lot more than meet our cost. We want to have a much bigger impact.

Clinton Phillips:

It's companies like Chevron who are a great client who've presented us with. And they have imposed a penalty that if you have a procedure and you don't use 2nd.MD, you're going to pay 400 bucks for that procedure. Now, that makes people use it, which is wonderful. But sometimes people begrudge, "Hey, I'm forced to use the service." Fortunately those people that go through the experience and they say, "Oh my goodness, this was hugely impacting."

Clinton Phillips:

So, that's an example of an incentive to make sure that you use it. For most clients, they don't have to put in an incentive. For companies like Waste Management, they now offer it for the parents of the employee. Because they know that this has such an impact just on retention alone of their people, and cares for their people, that the savings just around retention are well worth the program, nevermind the actual impact.

Clinton Phillips:

So, the biggest savings we ever had was we helped somebody avoid a unnecessary liver transplant. We're talking \$1 to \$2 million upfront, and then hundreds of thousands for years. And that person did not need a liver transplant. Talk about a game changing saving. Back surgeries, about 30% of people who access our service will cancel their surgery. And our job is not to help you avoid surgery, our job is to get you the best clinical advice.

Clinton Phillips:

And sometimes you need that surgery. But the beautiful thing is when you have an independent doctor who says, "Listen, if you were my kid, if you were my friend, there's no way I would let you do that surgery. I would never do it on you, and here's why. Nobody does that procedure anymore." He has the data on that procedure. There's a 50% chance that you're going to have worsening symptoms with that procedure.

Clinton Phillips:

And so, these are independent people who we don't pay to avoid. They don't let us tell them what they can and can't do. We pay them the same amount whether they tell you to get the surgery,

whether they tell you to not get the surgery. There's a wonderful layer of independence that gets to happen here.

Ron Barshop:

Nice. 80% of back surgeries resolve, but 20% don't resolve. Whereas, when you go to a chiropractor, which is your training, virtually 95% of conditions resolve with good ones. And the cost of \$400 versus \$108,000 to \$180,000 for a back surgery is not even in the same ballpark.

Clinton Phillips:

Absolutely. And knowing that 80% of people who have, for back surgery, are going to need a second one. And 80% of those people who have a second one are going to need a third one. So when you can catch that person before their first surgery, or if you can catch them even at their second surgery.

Clinton Phillips:

One of my favorite stories is one of our early clients, a 500-company employer. First week, this person was about to have their sixth back surgery. And our doctor said, "Listen, did the fifth one solve it? Did the fourth one solve it? Did the third one solve it? What you're about to do is not going to fix your pain. It's going to make your MRI look better, but it's not going to solve your pain."

Clinton Phillips:

They canceled the surgery. The company said, "Your program just paid for itself for 15 months on the first week of the program." So that's the beautiful part is we have an impact on the first day that people hear that they've got access to this. We solve things on day one, versus waiting three years for maybe a wellness program to kick in and have an impact.

Ron Barshop:

What kind of questions... Well, what kind of reticence are you getting from employers that tell you, "No thank you"? What possible reason could they give you to say no, when you have this kind of data and evidence that it works?

Clinton Phillips:

You know, Ron, that's a great question. The number one thing is, "We're busy." I've presented to, I remember a giant company in Houston who we worked out had 1100 people who would get cancer that year. And we could solve this, and we'd put all of our fees at risk, and it would be minimal work. And they were like, "No, we're launching some payroll thing, and we just couldn't be bothered right now."

Clinton Phillips:

So, sometimes it's you're competing for priorities. And so, we've had to make sure that our program is very easy to implement. Other times there have been services before ours where you get a written second opinion. And some companies have had one of these services that will get you a written second opinion.

Clinton Phillips:

But only 0.02%, or maybe 0.1% of the people were using these programs. But to HR they were like, "Hey, we've checked that box. There's a second opinion. Yes, it takes six weeks. Yes, you never speak to the doctor. Yes, you just get a report. But you know what, we checked the box. And so, we're not going to bother with that type of thing now."

Clinton Phillips:

So, fortunately for the most part, we win a lot more than we lose. But employers, you understand, are being bombarded with loads of different offerings. And it sometimes is not easy for them to tell the high quality from the promiscuous. There is a lot of noise that they have to face every day.

Ron Barshop:

And also I think, I don't know about your world, but in my world, there's a lot of mercenaries that are in it strictly for the money and they're not interested in outcomes. And then there's a lot of missionaries that are interested in the outcomes and the money is secondary. It'll come if the outcomes are great. I think you're probably certainly in the latter, but you're competing with the others.

Clinton Phillips:

Indeed. So fortunately our clients know why we do it, and that becomes the best reference possible.

Ron Barshop:

Let's talk a little bit about Medici. That's a half hour in itself, so I don't want to give it disservice. But let's, can we in just three or four or five minutes give a high level of what Medici is doing for the employers?

Clinton Phillips:

Medici is about to roll out an employer offering. So Medici has not gone live with employers yet, we've been testing it with a few small companies. Medici... One of the things we learned with 2nd.MD is somebody would say, at the end of a consult they'd say, "Clint, that was life changing. Last night I sat at home with a doctor that I never would have dreamed of having access to. I had my family sitting with me. My brother-in-law's a doctor, he dialed into the video conference. And we spoke to this incredible doctor, put our mind at ease. We didn't have to fuss with paperwork, we didn't have to fuss with insurance. It was incredible. Our notes were available the next day."

Clinton Phillips:

And then they would say, "Well, could you connect me to my own doctor, because it's really hard to communicate with them." We said, "We don't know your doctor. We don't have a relationship with all doctors, we've only got this very specific group." But we heard that hundreds of times. And at some point I said, "You know what? We've got to make it easy for people to be able to connect with their own doctor."



Clinton Phillips:

So Medici was born out of the idea that we wanted to be able to connect you via an app just like you're texting, just like WhatsApp or Facebook Messenger, to allow healthcare communication to really change the foundations of healthcare. So we launched Medici with the idea that a doctor could now more easily manage their patients. They could prescribe, they could treat, they could charge. They could loop other doctors into the conversations, if needed. They could loop the admins into the conversations.

Clinton Phillips:

The idea was that you would have a platform for communication that could solve a lot of frustration, it could solve a lot of wasted costs. Now we've built to add a 50-state network with a psychiatrist, dermatologist, family doctor, pediatrician. And we're making these doctors available to employers, and we're starting to wrap around very specific virtual networks that are specific to the type of company that we're serving.

Clinton Phillips:

So we can have on there a dietician, a nutritionist. We have thousands of vets, veterinarians now on Medici. So, somebody can sit at their office and without leaving work they can text the doctor, they can get a prescription refill, they can turn it into a video consult if the doctor needs. And they can solve things often in minutes that could be very frustrating.

Clinton Phillips:

And instead of getting a different doctor every time you call in like you do with a lot of the services today, you could be matched with the same doctor who's going to build a history and a relationship with you, if your own doctor is not already on the platform.

Ron Barshop:

Clint, I would like to put in the show notes the 20 reasons why virtual care is better than an in-office visit. You produced a really lovely piece of content that I want our listeners to be able to access. And it just was so logical and so well-reasoned. And it was just, it's undeniable.

Ron Barshop:

So I'm just going to ask you if you can send that to us so we can make sure they can read it. Because if they don't understand virtual care, they will certainly understand virtual care when they read that.

Clinton Phillips:

Yes. Ron, thank you, I will make sure to get that to you.

Ron Barshop:

And then, we'll do another show, but I want to honor the time you gave me. And I think you and I are going to be seeing each other I think in a few months, we're going to have a meeting. But I'm very excited about having you on the show again.

Ron Barshop:

And I always ask all our guests, number one, how do we find you if they want to reach either Clinton Phillips, or if they want to reach 2nd.MD, or if they want to reach Medici?

Clinton Phillips:

I'm on LinkedIn is a way to always get ahold of me, Clinton Phillips on LinkedIn. If you want to email me, my assistant is Suzanne@Medici.md. S-U-Z-A-N-N-E at Medici, M-E-D-I-C-I dot MD.

Ron Barshop:

Great. Okay. And what about 2nd.MD?

Clinton Phillips:

I can channel the same things there, that'll just be a single point of entry. I can direct you over to 2nd.MD as needed, or manage it there, Medici for you. So, whatever you need.

Clinton Phillips:

Additionally, you can find me on the Medici app. If you download the app, type in Clinton Phillips, Austin. I'll pop up there and we can chitchat, do a little video conference, or I can send you some exercises to fix your back.

Ron Barshop:

I've got to tell you, I'm really proud that Austin's able to produce a healthcare app. Because I love Texas, I'm born and raised here, I'm from San Antonio. I lived some of my life in Austin, and my kids are both living, two of three are living there. But Austin is not famous for funding healthcare ventures.

Ron Barshop:

It's really good at a lot of other things. But I'm really glad that's turning around, and you're able to build your company and grow your amazing platform based here in Texas. Because that's usually something you think of New York, San Diego. You'll think of Boston, but you don't think of Austin, Texas.

Clinton Phillips:

You know, Ron, I'm fortunate that... We didn't actually get our funding here. So there's a lot of great reasons to be here, and I think Austin, Houston have been incredible to us. So, we love Texas, and you can build a business.

Clinton Phillips:

We had to be creative and get our funding from whoever would support us. And we've got some amazing backers that Austin is actually getting much better on the funding side, as well, now. Every day I read of a deal that you go, "Wow, that's happening in Austin is very exciting." So Texas is great for business.

Ron Barshop:

I love it. I agree. Well, so my last question, and then I'll let you go and we'll pick this up again another time, Clinton, is if you could fly a banner over America to give a message out to all Americans, what would it say?

Clinton Phillips:

The banner would be that healthcare is incredibly solvable. This is very fixable. If you feel despondent that the system is so broken, yes, it is broken, but we're going to fix this. And there's some great people working hard, like yourself, like our people that are determined to make healthcare a remarkably easier, less expensive opportunity.

Ron Barshop:

There's a lot of room for fix. And there's a lot of room for companies dropping to their bottom line like I started in the show. So, thank you again. I really appreciate you being on the show.

Clinton Phillips:

Yes, thank you, Ron.

Ron Barshop:

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