

Primary Care Cures

Episode 74: Ashley Bacot and Kenneth Aldridge

Ron Barshop:

Most problems in healthcare are fixed already. Primary care has already cured. On the fringes, reversing burnout, physician shortages, bad business models, forced buy outs, 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 cost 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.

I'm speaking today with Kenneth Aldridge, who is the Director of Health Services responsible for over 6,000 employees working at Rosen Hotels and Resorts. He's been there since '98. I'm also talking with Ashley Bacot, who is the President of Provinsure, which is better known as RosenCare. Welcome to the show.

Kenneth Aldridge:

Good morning.

Ashley Bacot:

Good morning. Thank you.

Ron Barshop:

Let's start with you, Kenneth. Tell us about some of the outcomes that you're getting with your programs. I know you do smoke cessation. I know you do pre pregnancy counseling. I also know you do diabetes and prediabetes counseling as well as hypertension counseling. You're focused on the chronic issues that are really the most costly issues for any company. What are you all doing and what kind of metrics are you seeing as a result?

Kenneth Aldridge:

Well, let's start with the pregnancy. On the pregnancy stand front, to give you a metric, in Orlando the premature rate is about 10, I think it was like 10 or 10.5% premature rate. At Rosen we're running a little over 7%, which is a great number. I mean, we don't want to have any premature babies, yet we do have some mothers that come to us and maybe they've had several premature babies prior to working at Rosen Hotels. If we can get them from their previous pregnancy at 26 weeks, which could cost us hundreds of thousands to even millions of dollars, if we can get them to even 34 weeks or 33 weeks, then that saves, number one, the patient, but number two, saves us the healthcare dollar. I don't ever anticipate every having a 0% premature rate, especially if we have a high risk population of 56% of the pregnancies are high risk, but having a number of 7% is, in my eyes, spectacular.

And again, knowing that we have twins that are high risk or advanced maternal age where somebody might be 45 or close to 50 having a pregnancy. So those types of things. We're proud of our program's having a nurse, having that nurse responsible for every part of the continuum to make sure if they're going to their appointments. And also the prenatal vitamins.

Another area that you had mentioned was on the smoking cessation. Back in 2008, Rosen Hotels moved to a no smoking policy. We've still got our programs available for smoking cessation, but yet we don't have people coming to work for us anymore who are previous smokers because it's part of our policy.

On the hypertension front, we monitor patients taking any kind of cardiovascular medication. So we're always looking to see are individuals getting the medications that they need? And number two, are they taking them? So we run compliance reports and then we can drill it down, down to the individual patient, to make sure that they're getting what they need and also taking what they need. So in the cardiovascular realm, we're running 95% medication compliance. And the other piece, the other part of it, that other percentage, they're being followed by the nurses to figure out, "Okay, Oh, it's because you flew to Haiti and you didn't have enough medicine at that time" or whatever it might've been. We're always trying to mitigate those kind of risks because if individuals are not taking their hypertension meds, could be too high blood pressure and a stroke, or even a heart attack. So on that realm, we're running about 95%. On the hypertension compliance, meaning their blood pressure is 140 over 90 or below, we're right around the 74%. We're still working towards getting and improving that number, but still, 74% compliance is still something to be very proud of.

On a diabetic realm, our diabetics, we're monitoring, again, to make sure that they're getting what they need as an oral medications. Are they getting their foot checks? Are they getting their eyes checked? Are they getting the appropriate care that they need? On a diabetes realm, we're running about 95%. also on the medication compliance.

We have all of these programs. We have nurse case managers who, as we drill down in the data, we can make sure that they're assigned to. Or if they're already assigned, to figure out, "Okay. What's going on with that individual?" Maybe the individual didn't know that they could get it for free. Maybe the individual didn't understand how to take the medicine. There's many reasons why individuals are either nonadherent or noncompliant, and some of those can be that they're afraid of the medicine. Maybe they started it and they didn't realize that they'd have a little GI upset for a little while. But that's where we can jump in and making sure that they understand why it's important to take those medications.

Ron Barshop:

Listen, there's still people in your population that think sucking on a copper penny is going to reverse the flu. I mean, you've got all kinds of cultures in your employment base.

Kenneth Aldridge:

Yeah, you're absolutely right. We also are coaching and counseling individuals who believe in voodoo or believe that they drink X, Y, Z tea, and it will heal their high blood pressure or something like that. So we try and work with that individual and guide them to where they need to be.

Ron Barshop:

Yes. Ashley, let's talk for a second about you. First of all, I cannot imagine Kenneth, why 5% wouldn't say yes to free healthcare. But I faced that myself with my own company. I had to go around to those folks that weren't subscribing and I said, "What part of free do you not understand?" Isn't that the most powerful word in the English language? And they finally got it when I started talking about their kids' health conditions and the long waits at Medicaid clinics and the long waits to get a well visit.

It's 30 days here in Texas before you can see a doctor that's a Medicaid doctor. And if you go on a sick day, you usually got to schedule three or four days in advance. But if the kids are really sick, you don't want to go to the ER, you're going to have to wait. Sometimes you'll have to take a day out of work. So just reminding them that framing's free and less aggravation and less time suck.

So Ashley, my question of you is why isn't every red blooded, American CFO buying Provinsure and RosenCare when it's just so obvious how huge the benefits are.

Ashley Bacot:

I think we are at a tipping point. Employers for years would come in, they would look at what we were doing and they didn't seem to do much with it. They thought it was quite intriguing, but again, maybe it was too heavy of a lift for them. Pushing the easy button, as we say is just kind of staying where you are right now, maybe with a traditional carrier and continuing to have the unsustainable trajectory of cost increases and lower coverage.

Doing what we're doing requires some effort. You have to think out of the box a little bit, but the beauty of it these days, we are able to spend time if an employer says, "Boy. Ashley, I don't want to do this all by myself." We can help them. There are others out there who can help them along the way. So I really believe that you're going to see more and more employers over the next few years begin to do, maybe not everything that we're doing, but certainly dip their toes in the water. And the more that do this, and the more who tell others about their success, I believe we are going to see a huge change and the face of healthcare over the next decade.

Ron Barshop:

Walmart last year shaved a billion dollars off their healthcare spend by an intense focus on primary care, but also centers of excellence. Meaning here's the best places to go for this type of surgery, this type of imaging, these types of diagnostics. Here's where they have the most success and the least cost. And by steering their employees to those locations, a billion dollars to Walmart with a 1.6% margin is like 96 billion in sales. So they would have had to open up over 1400 stores to equivocate a billion dollars dropping to the bottom line. And I'm thinking that maybe if the employer learned a different way of thinking about the savings of healthcare as, "This is money you don't have to go generate in sales tomorrow" maybe they would wake up. I don't know. Do you think that \$96 billion number is kind of a wake up call for Walmart?

Ashley Bacot:

I do. And that is one of the things when we meet with a C suite, we tell them, look, look at your past three or four years of trend. If it's going up at 5, 10, 12%, whatever the number is, run that out for 10 years. And then if you were to use our model or something similar to it and run that out for 10 years, and then that delta at the end of 10 years, if you just tell them, or ask them if they would run that through their metrics to show what that would do to their EBITDA. And that

really is an eye opener when you just talk to them in their terms about increasing the value of their company, but at the same time, having happier and healthier employees that want to stay with them. So run the numbers on the diminished turnover, and the numbers are staggering.

Ron Barshop:

Oh my gosh, yes. My whole healthcare spend is about three days of turnover. If I can reduce turnover by three days, I've just paid for my benefit. And no question in my mind that with zero turnover, I used to be at 20%. That is a no brainer for us.

So again, looking at the Walmart as an example. A billion dollars. I'm going to say that the average retail store is going to have like a 17x EBITDA. Maybe it might be 20x. That's a \$17 billion valuation that they added to their EBITDA with this health care reduction. So that's another way to look at it. You don't have to go out and sell open 1400 stores, or you just got yourself a bump in the stock market, and you're scaring Amazon.

Ashley Bacot:

Absolutely.

Ron Barshop:

Do you ever, I hate to say sell from fear, but do you ever tell them... I know you may not want to do this, but, "We're also talking to your competitors"?

Ashley Bacot:

Yes, absolutely. When they hear about the competitive advantages of lowering their costs, increasing the value of their company, they are going, "Who else is doing this out there?" Because let me tell you what, if there is a hotel across the street that's doing something that is putting them at a great, competitive advantage, you can bet that Harris Rosen would want to do the same thing, and any other CEO would want to do the same thing,

Ron Barshop:

But they're afraid to, because they're afraid to lose the brand that they've been attracted to, or maybe they're afraid of getting fired, because it's such gigantic step away from what they've done for 50 years.

Ashley Bacot:

Yeah, certainly. The safest thing to do is to push that easy button that I talked about. If you were in a tight labor market and you're doing some of the things that we're doing, and for whatever reason, let's say you didn't roll it out well, and you started having some hiccups and some comments from your employees, that tends to put a little fear in employers and causes them not to do it. But I think the key is it's all about setting expectations with the C suite, setting the expectations with the staff, setting expectations with all the users of healthcare. And once you do that and you roll it out properly, I believe the kind of concerns that most employers had initially are kind of washed away, or certainly mitigated a good bit.

Ron Barshop:

Let's talk about retention, especially for technology companies that are based in Florida and your market. I'm going to make the assumption you can look any one of your employees in the eye and say, you've got the best health benefits of any hotel chain in the country and have no qualms about that statement. But if a tech company to make that same statement to their high value employees that are producing at the rate of maybe eight or ten other employees because the rock stars, what you talk about with regards to retention of key people?

Ashley Bacot:

Kenneth, do you want to touch on that?

Kenneth Aldridge:

So in regards to retention, I would focus on, from the Rosen Hotel side, the college benefits that are available, that helps retain our employees. Not only on the healthcare. Everybody understands the healthcare side of Rosen Hotels. But also these other benefits that Rosen Hotels offers helps people stay with the company. Number one is college. I mean, those tech individuals will want to get other degrees. Rosen Hotels will pay for it after three years. And on top of that, if they have any children that are going to be going to college, that is another benefit that is paid for by Rosen Hotels. And on top of that, the 401k. On top of that, the CEU, or continuing education programs. On top of that are the 401k benefits. Rosen Hotels offers a lot of other benefits on top of the healthcare provision.

Ron Barshop:

And I want to remind the listeners, if they didn't catch last week's show, that while turnover in the hotel industry is around 74%, your turnover numbers on the low teens. So you really actually don't have a real turnover problem. It's actually not something you'll have to worry much about.

Ashley Bacot:

Correct.

Kenneth Aldridge:

Correct. Yes.

Ron Barshop:

Secret weapon number two. Well, is there anything that I neglected to ask you, Kenneth, about your outcomes that I should have asked you about?

Kenneth Aldridge:

Well, not only do we have the preventative programs within the medical center and then also controlling the chronic care conditions, but we also offer within the company, Rosen Hotels, a program called Workout for Wellness, where we're offering various programs and incentives. We have a spinning classes within the company. We have Zumba, Tai Chi, kickboxing, Camp Gladiator. We have all of those programs where individuals can tap into, participate and achieve wellness. And it also helps them with their incentive program. So that helps us on the medical side, because if people are exercising and eating right, and Mr. Rosen actually pays for and

subsidizes individuals who want to join, it's called "WW" now, which is Weight Watchers. And those are offered throughout the entire company. Those are valuable assets to the overall healthcare system that we offer.

Ashley Bacot:

Ron, I would also like to add that there might be employers who are listening to us today and, for whatever reason, depending on where they came in on the conversation, may think that they must have an onsite clinic in order to make this work. One does not have to have an onsite clinic. If they have the critical mass to make it work, I think it's awesome. But there are many, many of the, the quality and cost saving solutions that we offer, and one does not have to have the onsite clinic component.

Ron Barshop:

The key takeaway I get from today, besides that every employer is crazy enough to say yes to you guys is the adherence rate and the compliance rate for patients can be in the high 70s, 80s, and 90s if they have no cost healthcare. Meaning no deductibles in the way, no copays in the way, no premiums in the way, people will comply. I think most doctors listening to this may believe that it's the patient's fault that they're not getting better. We've learned when you get the barriers out of the way, that solves a whole lot of problems for the patients.

Ashley Bacot:

It sure does.

Ron Barshop:

So I want to thank you both for being on the show. Can't wait to talk to you again next. And Ashley, I'll see you again on the 9th or 10th of this month, next week. Looking forward to meeting you.

Kenneth Aldridge:

Thank you.

Ashley Bacot:

Great. Same here. Thanks for having us.

Ron Barshop:

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. And 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.