

Primary Care Cures

Episode 75: Jamie Legarde

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 buyouts, factory medicine, high deductible insurance, that squeezes the docs, and it's 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 us. Ron Barshop of Beacon Clinics. That's me.

Ron Barshop:

Two sacred trusts are violated daily due to high deductible plans and spoiler alert, we have a happy ending to this tale through our guests today. The first sacred trust is between employers and employees, and we once felt safe within a company plan, we had left the wild for a safe nest that protects our family and our finances with good health insurance. For most people in their mind, translates to good health care, although they're completely unrelated. Today, our average family deductibles around \$4,500 and those deductibles are well over half American's ability to save. So the average American ... well, 56% of Americans earn under \$20 an hour and most of them cannot put together \$1000 in savings to meet that \$4,500 deductible. And a lot more percentage of Americans don't have anywhere close to \$4,500, so they are what we call functionally uninsured. Is it really health insurance if you don't have the savings to equal your deductible?

Ron Barshop:

So health insurance has sort of become ... particularly high deductible health insurance, like a country club. And it's pitting really good people against each other here in America. We have white collar pitted against blue, haves and have nots, the reds and the blues, the older and the young. And it's tearing at the fabric of this great nation and the world really needs a strong, it's desperate for American leadership. So there's a really much at stake to offer every single employee a ladder into that tree house of care, to restore a sacred trust that employers and employees have had lost or more accurately have had stolen by big healthcare, better described now as transaction care.

Ron Barshop:

The second sacred trust is the doctor patient exam. It's the very backbone of healthcare, which is the mouth of the river, where it all begins. A primary care visit is a cornerstone of a \$3.6 trillion ecosystem that it revolves around that visit. But the sacred thing feels today more like a DMV visit than anything resembling an intricate intimate health visit of yesterday. Navigation into post-primary care today feels like a cornfield maze with financial bear traps at every dead end and the dominant issue is there's 12 to 14 admins around every PCP visit with high deductible care today.

Ron Barshop:

So here's our happy ending where integrity is restored. The doctor patient exam, the employer has a safe nest. Both of these sacred trusts are now a choice for everybody listening to this show. My story is that of 500,000 American stories, all members of direct primary care and there's hundreds of thousands more that have direct contracting. I'll use it as an example, Walmart's 2.1 million partners, the largest employer in America. They all have a doc that is feeling more like a doctor patient visit than a DMV cornfield maze.

Ron Barshop:

I pay \$105 a month with a company called Redirect Health, which means that me nor none of my employees have a premium, a co-pay or deductible, and we never will again, we'll never go back. We have a direct relationship with a PCP of our choice, the chiropractor of our choice and routine labs all paid for by Redirect Health, no additional costs. And they can text or call the nurse 24/7 in two languages and most of my employees are Hispanic, single females. So that's a really good idea to be able to call 24/7 when a kid has an infection in their ear or a pinkeye. I've pioneered this with a company called Redirect, as I said, and three of my first five shows were with Dave Berg, it's CEO.

Ron Barshop:

So get this, my turnover last year was zero, zilch. Hiring is a joke because I got four A players, normally it takes 60 to 80 people to source four players and we literally found them in our first four interviews. What tight labor market, I ask, in Houston? So absenteeism is also way down too, we are about half where we were before we had free healthcare for everybody.

Ron Barshop:

So wait a minute, Ron Barshop, what do you do for catastrophic cancer or cardio or car accidents and things like that? Well, the same thing big employers do, I use a company that accepts the risk called Sedera Health. Not all of my people want or feel they need catastrophic risk, but they're my umbrella, my risk share, my catastrophic teammate. So it's a proven of what Berkshire Hathaway does for large companies, they reinsure the risk and take it off my back.

Ron Barshop:

I want you to meet it's CEO today, the CEO of Sedera, Jamie Lagarde brings over 15 years of healthcare experience and over 20 years in operational and information technology expertise to the team. And Sedera was recently identified as a high flyer in high flying Austin, Texas, which is [inaudible 00:04:35] high fliers, so what a compliment. His daily mission is to empower individuals to radically change the way we pay for healthcare, one member at a time. All right, so Jamie, explain to our listeners what high level risk sharing is all about? How does this work?

Jamie Lagarde:

Well, Ron, first, let me thank you for having me on the show today and I'm excited to dig into the details about how Sedera Medical Cost Sharing helps employers around the country. And your point about Redirect Health or other virtual primary care or direct primary care providers is a great one, we definitely need to talk about that as well. But let me start with Sedera.

Jamie Lagarde:

So Sedera is a medical cost sharing community, it's a group of people who have come together to share each other's medical bills. And Sedera, the company, facilitates that sharing process across the membership. And so there's actually, just to be really clear, there is no insurance or transfer of risk, actually at all with a medical cost sharing organization. It's just a group of members who are working together to share each other's medical bills. And we do that every single day for our membership and we've got about 25,000 members all around the country who were participating in that sharing process every week.

Jamie Lagarde:

And it's incredibly effective at controlling costs and helping to provide an affordable solution for people who so desperately need it. And so I think that one of the slogans we talk about the office around here, Ron, is that everyone needs access to healthcare, but health insurance is only one way to pay for it. And so Sedera is one of those solutions that's emerging, people need more options not less for their healthcare. And so we're excited to offer this as, again, a non-insurance approach that can deal with those car accidents, the serious cancer diagnoses, the premature children who are in the NICU for weeks on end. We've got members who are unfortunately dealing with very serious medical conditions every day and they have a community behind them to help share those medical bills when they reach a certain threshold. So that's what we do for our members every day.

Ron Barshop:

So give us an example of somebody who's petitioned you for something unreasonable that you can't expect a cost sharing community to absorb.

Jamie Lagarde:

Well, it's a good question. We have as part of the membership, let me start by saying that part of the membership, the way it works is there's guidelines and the membership guidelines define how the sharing process works. Look, when people come to us with their medical conditions, we look that one document helps to define how the sharing process works across the entire membership, everyone's in the same community. And so there's occasionally things that are outside of those guidelines, for example, wisdom teeth. Now it's a relatively small thing, but this isn't a dental sharing community, this is a medical cost sharing community. And so wisdom teeth aren't typically shared with the community.

Jamie Lagarde:

If there's ever a question against the document and again, it's publicly available for people to see. If there's a question about whether something's shareable or not, there's a process that ultimately results in the members deciding. So if there's ever a situation where a member feels like something that should be shared wasn't shared, then they can appeal to their fellow members. And we bring together a group of randomly selected members to come together and review the case. And if the members feel like it should be shared, then it will be shared. So Sedera, the company, actually doesn't even make the final decision.

Jamie Lagarde:

So again, we're dealing with small bills, large bills every day, that are presented to the community for sharing. And what happens is we don't pay providers directly, we pay the member and then the member pays the facility or the doctor. And so that's what a really important point is, all of the Sedera members are really self pay members or they're really cash pay members.

Jamie Lagarde:

And what you have as part of your membership with the community, you have what's called an IUA or initial un-sharable amount. That IUA or initial un-sharable amount is the amount that you're going to pay before the community starts kicking in. So for example, for my wife and our three boys who are absolutely crazy, our IUA is \$500. And so we wanted the community to start helping us sooner rather than later and so when one of them had an ear infection that was going on then what happened was, is that we paid the first \$500 and ultimately resulted in tubes in the ears. Then everything after that would have been fully shared with the community. So we would have been out \$500 and the rest would have been fully shared with the community.

Ron Barshop:

So is it \$500, Jamie, per incident? In other words, the ear infection for one and then let's say they get a tonsillectomy three months later, is it a new re-up for the \$500?

Jamie Lagarde:

So it is on a per incident basis, but it's cap. So it's three for an individual or five for a family and after that, the IUA effectively goes to zero. So Ron, let's say ... I'm going to pick on you for a second, if that's okay. If you broke your ankle and you tore your meniscus in your knee on a separate instance, and then you a severe asthma attack that resulted in you going to the emergency room. All of those would be medical bills that would cross that \$500 threshold, the incidents would. And so we'd look at those as three separate incidents, you'd pay up to \$500 for each of those. After that, everything would be fully shared with the community. If you had anything else go on in that membership year, then it would be fully shared with the community with zero out of pocket for you.

Ron Barshop:

So I'm going to assume that most Americans, this is going to be a fit for, but there's got to be some population that Sedera will not be a fit for.

Jamie Lagarde:

You're right, Sedera is not for everyone. So let me kind of go into some details on who it's good for. So Sedera is a healthy lifestyle community, so we want people to be on a journey and care about their health, not everybody is focused on this. But the vast majority of people are on a journey towards health and that's the kind of folks that we're looking for. And when you partner or pair Sedera membership with a direct primary care practice, then that makes the total solution, again, no insurance in any of this, work even better for folks and work for more folks. The power of being able to take direct primary care and the personal attention and detail, I call direct primary care almost advanced primary care.

Jamie Lagarde:

And so we've seen with our population, that that our members that have a direct primary care membership save the community money. We actually lower our membership rates in the Sedera community if you have a direct primary care or virtual primary care membership. It's our way of trying to incentivize people to do what you've done, if that makes sense, Ron.

Jamie Lagarde:

But to go back to your specific question, if someone's got a serious medical condition going on right now, the time restrictions on preexisting conditions, it might not make sense for them to join the community. Or maybe they need to join the community and have some other product as well. So I like to say Sedera works for eight to nine out of 10 people, maybe a little bit more. If you pair Sedera with the direct primary care or virtual primary care membership, it's going to work for more, but it's not 10 out of 10 people.

Ron Barshop:

So I would love to talk more about GPC in a moment, but I want to talk about one of my employees has kind of a chronic condition, auto immune disease, it's Hashimoto's. And that person is going to have a lot of healthcare bills over the next 20 years, 30 years, because it leads to other problems. It's just sort of like a door open for any kind of a flu or pneumonia can get very, very serious very quickly when you have that type of a disease state. Is Sedera a possibility for that person? Because I guess, are we insuring against cancer and car accident and cardio instead of all of the offshoots of Hashimoto's?

Jamie Lagarde:

Well, again ... let me start by saying, first of all, that again, just to remind listeners, there is no insurance in it. But the answer is for Hashimoto's would be looked at as a separate issue and any other things that resulted from that would be treated separately, it would not be considered a preexisting condition. So I know we have members of our community that do have Hashimoto's and the community solution works really well for them. But of course, we'd have to understand the details of that person and explain it to them. At the end of the day, Sedera doesn't tell anybody no. So it's up to the member to decide whether or not they want to join and we'll explain to them whether there's any sharing restrictions or not based on any preexisting conditions.

Ron Barshop:

So I'm a member of Redirect Health now for two years, I was patient one in Texas and also employer one in Texas. And I just-

Jamie Lagarde:

Congratulations.

Ron Barshop:

Couldn't believe that none of my employees ... well, thank you. I mean, I had nothing but good experiences, a couple of small things where somebody asked for a co-pay after a visit and I said, "This is a cash visit." And they didn't get it. I mean, Redirect sent me a \$20 check right away, it

was kind of a funny beginning. I didn't get any arrows on my back, but I got a couple of little splinters on my back.

Ron Barshop:

But in the end, what happens is Redirect if they're doing their job and they're excellent at doing their job with primary care visits, they're going to keep pretty much everybody off the Sedera plan by making sure before they go to an ER, that ER visits coordinated. If they have chronic care issues, there's a master plan and a mapped out plan for asthma and mental illness and mental disease. And all the cardio and any type of diabetes or prediabetes or hypertension, those are folks that are handled beautifully by Redirect Health. And they should be able to keep them off your rolls by treating them aggressively, making sure they have everything they need so they never get into an emergency or an expensive situation. Is that something that makes sense for you?

Jamie Lagarde:

Oh, it makes a great deal of sense. When you see what an organization like Redirect is doing for folks, not only dealing with those middle of the night avoidance of going to the ER. I mean, if someone needs to go to the ER, they need to go to the ER, emergencies happen. But if you're debating and want to speak to a physician right away, Redirect can help you. And there's all these other things that Redirect or a group like them or direct primary care practice does where if you've got chronic conditions, the management of chronic conditions can definitely save ... whether it's insurance or a sharing community or the individual themselves, their out of pocket costs. They do such a great job at recommending high quality, efficiently priced or lower cost solutions to help the members not only get better, most importantly, but to control costs.

Jamie Lagarde:

And that's what we're about, that's one of the things that we're focused on is providing an amazing experience for members to access the healthcare they need. But with a monthly membership price that is not going to break the bank.

Ron Barshop:

So how do you measure your quality metrics or your customer appreciation metrics or net promoter score, whatever you want to call that, to make sure that the customer is getting an amazing experience? Is there something having to do with time before they get their check or how much of the check they can get compared to what they were expecting? How do you not only meet, but exceed expectations at Sedera Health?

Jamie Lagarde:

It's a constant project that we're working on, on a daily basis. And so we do survey our members, we look at everything from how long people stay in the community. We look at how quickly members get reimbursed on bills that they've needed to go to the community to be shared. We look at anytime we send an email to a member, there's an opportunity for them to provide feedback on what kind of job we did. We survey everyone after they've had a need, we survey them every single time they've had an interaction with our team. And our scores are really, really good, I think I'm very proud of our team and our ability to serve our membership. At the end of

the day, we're in the business of service and I think we can get even better. And we've got some fun things going on in the workshop for how we even elevate that experience for our members even further.

Ron Barshop:

You're an interesting business because you're not only business to consumer, but you're also B2B. And I'm going to imagine that a big opportunity for you is for you to get engaged in direct contracting with employers, is that a future for you?

Jamie Lagarde:

Ron, it's a great question. We actually started our Sedera ... when we started the Sedera medical cost sharing community in 2014, we started working with employer groups. And the employer groups that we identified that were underserved, were the smaller employer groups. So the three, four employees up to 50 employees. And so we have ... gosh, maybe not a thousand, but close, of employers all around the country that are using us instead of a health insurance plan. Many times purchasing a group health insurance plan was financially not an option for them anymore.

Jamie Lagarde:

That's most often what the client that we end up picking up, they have turned to us, they may not have heard of us before. But someone introduced them to us and they said, "Well, look, we can't afford this group insurance plan anymore. Let's give this a try and see how it works for our employees and their families." And I'm happy to say that the vast majority of the time, it works really, really well. But the focus initially for Sedera was on the small employers and providing them a solution for, again, their employees and their families. One of the differences about Sedera and in our employer solution, which we call Sedera Select, it's one nationwide rate. So whether you're in Florida, Texas, Louisiana, North Carolina, it doesn't matter. The monthly contribution rate is the monthly contribution rate, we're all contributing effectively the same.

Ron Barshop:

It seems like Sedera is really playing to kind of a macro trend because there's a lot more direct contracting going out there with employers, large and small. What are your tealeaves that tell you that this is a movement that's growing besides ... my gosh, I went to a barbecue in Austin that you spoke at, you had 14,000 or 18,000 members. And here we are less than a year later, and you've got a lot more members, 24,000 to 30,000 members.

Jamie Lagarde:

Well, we've been on a phenomenal growth curve and to grow quickly, you've got to do two things. You've got to one, find new people who are interested in your membership offering. And two, you've got to hold onto the members you have and that means having a great experience for them. And I'm very thankful that our team is doing a great job with both of those efforts of finding new members and doing a great job for our existing members.

Jamie Lagarde:

One of the ways that we kind of control costs behind the scenes is make opportunities available for our members to go to facilities that ... they're not direct contract, but bundled surgery. So for

example, if we've got a member who says, "Look, we don't have a network." Ron, it's important to point out, so there's no in network, out of network concerns. At the end of the day, the member chooses where they want to go, which is definitely a big difference. So let's say you have a hernia repair that you need to have done, you've gotten a diagnosed. And the doctor's like, "Okay, we can have it done here locally." And so you have an IUA, let's say you're on Seder's membership type, which has a \$1,500 IUA. Well, we may make it some options, you can go there and pay your \$1,500 and the rest would be fully shared with the community. Or there's a few other options that are nearby that have phenomenal quality scores and by the way, we'll waive your IUA entirely and cover maybe your travel costs, whatever travel costs you had.

Jamie Lagarde:

So essentially you'd have your hernia repair for zero out of pocket costs. Now, at the end of the day, the members choosing what's best for them, whether they want to pay that \$1,500 or not. But it's not a direct contract, but it's making available to members lower cost options for how they get the healthcare they need. And I think one of the ... Ron, if there's something I think that's missing in the third party payer system today, it's that members are not involved in their healthcare. They get a card and they think they turn it over to someone else to deal with. And so we need our members to be involved in the shopping for healthcare, just like they are when they go to the grocery store and they pick up two bars of soap. Do I want the pink one? Do I want the blue one? This one costs \$3, this is \$4.50.

Jamie Lagarde:

People think they can't shop for healthcare, the reality is you can. In non-emergent situations, you can shop for non-emergent healthcare. And people just need to be reminded about how they can do that and they just need a little bit of coaching and then they can do it. Emergencies are different, those are outliers, people should go to the emergency room and get whatever issue, serious issues going on, resolved. But what we need our members to do is shop for non-emergent healthcare and we can help them do that with just a little bit of effort.

Ron Barshop:

We have had as our guests, Devi Shetty, who at Medical City came in, has brought cardiac costs down from six figures to \$10,000, with much better outcomes. We've had surgery centers of Oklahoma, Keith Smith, publishing for now almost 20 years all of his pricing for every imaginable surgery. We'll have a future guests with Texas surgery centers of America. We have also had [Santo 00:24:03] surgery, who helps you navigate the surgeons that are the best and most effective outcomes and the lowest cost because they're more effective. And a future guest is going to be [inaudible 00:24:12] surgery who does the same thing and focuses on infection rates. So they're looking for the best in class there, too.

Ron Barshop:

What do you do for medications? Because we will be having a lot of guests this year talking about wholesale pharmacy pass through. What is that? How does that look on your plan?

Jamie Lagarde:

So medications, let's talk about a member who had a serious cancer diagnosis and had stem cell transplant and was on multiple rounds of chemotherapy. That person was on a membership type of \$500, IUA, that \$500 IUA and they develop cancer, went on for a couple of years. I'm happy to say the last time I talked to the member, he was doing quite well. But they paid \$500 and the rest was fully shared with the community, that included the medications.

Jamie Lagarde:

So when it's curative, when it's part of getting someone cured like a cancer diagnosis or an infection. The cost for the medication is included as part of the need, it's just part of the medical expense. When it's maintenance medication, Sedera will share those for the first 120 days on a new diagnosis, after that, we have other tools we provide our members and educate them about for how they can get maintenance medications at many times, significantly discounted prices. For example, a great tool is Good RX, an app you can download for free on your phone, does a phenomenal job with a lot of maintenance medications, but not all.

Jamie Lagarde:

We also offer a buy-up program today that allows people to get some of the more expensive maintenance medications at significantly lower prices. So there's a buy-up option that our members can choose from if they need it. Again, but there's so many ... I think 86% of maintenance medications roughly are generics these days. And if you use a tool like Good RX, many times, not always, but many times you can find good prices for various maintenance medications.

Ron Barshop:

Yeah and I'll back that up. We are going to have as guests, ScriptCo, which is going to be on your Fox News Channels tonight, there'll be in 16 markets. They're being interviewed today and tomorrow. Maybe it might be tomorrow, but it'll be on your local Fox. And they, for \$120 a month, there's a membership fee, pass on wholesale pharmacy rates directly to the consumer and then they'll mail them their medications. So in Texas, we have a problem with direct care docs dispensing drugs. But these guys get around it by mailing it directly to the patients and it's pennies a pill, maybe a penny a pill for Humira versus \$5,000 for an annual script of Humira if you were to go through a traditional route. So I think that's what you're talking about is going maybe not only generics, but going name brand through wholesale pharmacy.

Jamie Lagarde:

It's definitely a problem on the healthcare costs side and it's exciting to see free market solutions come up to try to solve this problem. So I'll look forward to watching that tonight, if I can.

Ron Barshop:

Tell me, if people were trying to reach you, Jamie, or trying to reach Sedera, what's the best way to get in touch with you guys?

Jamie Lagarde:

Well, the best way I would say it's just really go to our website and if you click on ... we have two products. So if you're an individual and want to learn more about Sedera, that product is

called Sedera Access. If you're calling about an employer, Sedera Select. And Sedera's spelled sedera.com. And so if you go to sedera.com, there's a contact form on our website, routes to the right person. So you can either go to our contact page on our website or you can learn more about each product on the website. But if you just fill out any of the contact forms on the site, we'll make sure you get connected with the right person.

Ron Barshop:

All right, my stumper that I like to close with, Jamie, and we'll do this again soon, we want to watch your progress as you march along the path of growth. But if you could fly a banner over America, what would that banner say?

Jamie Lagarde:

Oh, that's a great question. I would say something to the effect of, "We already know the solutions for fixing our healthcare problem."

Ron Barshop:

Yeah, that'll fly, that'll fly. Most of the answers I get are about a 400 mile long banner, so thank you for actually fitting in the banner requirements.

Jamie Lagarde:

Yeah, if you gave me a little bit more time, I would try to get it even shorter. But something to the effect of ... the alternate banner would be with the previous statement from earlier when we were talking, it's like, "Everyone needs access to healthcare. Health insurance has only one way to pay for it." That's a little long.

Ron Barshop:

No, it's nice, nice. Small font, but it fits the banner. Thank you. Jamie, we'll get you on the show again. Thank you for your time, this has been great and very instructive.

Jamie Lagarde:

Ron, thank you for the time as well. Enjoyed being with you and look forward to seeing you soon.

Ron Barshop:

Great.

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. 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 would know. Until next episode.