

# Primary Care Cures

## Episode 120: Dave Chase

Ron Barshop:

Welcome to the only show dedicated to a new way of delivering healthcare. This new model has no name, but let's go ahead and call it direct contracting or digital first care. The new way centers on opting out of the games bigs play with their rigged dice, their crooked game board and their purchased referees. And if you're looking for a future where everyone wins, that's the doc, the consumer, the employer, and with assured amazing outcomes and measurably lower costs that are ranging up to 60%, you're in the right place. I'm Ron Barshop, your host. I'm glad you're here. Welcome to the new healthcare economy.

Ron Barshop:

The monster, United Health Group, reported 2020 profits of \$15.4 billion, which is up from pre-pandemic 2019. Humana's profits were up 40% from 2019. And Cigna's up 66% from 2019. And in 2020, we had price increases that were double inflation of 500 prescription drugs. So the bigs, which includes pharma and hospitals, of course the insurers, thrived in this pandemic and we don't really need these giant middles as employers. They are the cornerstone of the problem with healthcare. Our economy is heavily an hourly one and over half of Americans make under \$12 an hour. And 21 million Americans are holding, as of a few months ago, \$46 billion in medical debt and they face aggressive collections. And half all Americans regularly poll that they're concerned that a major health event would bankrupt their household. And it is the leading cause of bankruptcy, medical debt, to six to one over all of the reasons combined for bankruptcy and aggressive debt collecting never dies.

Ron Barshop:

It passes on to your kids and their kids, so it's endless. Healthcare is really crushing America, and it doesn't even work for the wealthy who can afford it, which is about 20% of Americans because they're dying of lifestyle diseases. 85% of deaths today are lifestyle related. So the incentives are simply not lined up to ever change the economics or outcomes. Our guest today calls them preservationists. The bigs don't want to see change. They want to see more of the same because of offsets. So let's talk about Haven, a high profile venture that crashed and burned. And today's guest predicted it, literally the day they [inaudible 00:01:45] out. Because he said when they announced just that these large collaborations have zero history of working, and it did fail. And now Amazon and Berkshire and Morgan Chase are trying something new alone. If Jamie Diamond and Warren Buffet and Jeff Bezos want better outcomes and way lower costs, they can engage in a new ecosystem that rejects these middles, these bigs that are profiteering off of the misery of all of us.

Ron Barshop:

So the PPMs are the insurers today. There's no separation. They are the same companies. They are the said middles. And today 25 million Americans as patients and 14,000 providers no longer use middles. Let me explain that. That's my new discovery on this show the last two weeks. Amazon started by just engaging Crossover Health, a direct primary care and virtual care offering with a million patients today. You met his two principals, Scott Shreeve and Jay Parkinson, as recent guests. And they help a small portion of Amazon and will eventually probably help all of Amazon employees. Their outcomes are up and their savings are significant. So like many of the Silicon Valley brethren of Amazon, they're all getting it. And Amazon bought their own pharmacy PillPack too, so they're now jumping into healthcare in a big way. Jamie Diamond announced this week that they are direct contracting for parts of their \$1.3 billion healthcare spend at Morgan, but they also are keeping the middles.

Ron Barshop:

Yeah. Good luck with that. That's the fox in the hen house. So direct contracting digital first care, whatever you want to call it, is where you skip the middles. And enlightened firms have direct contracts with pharmacy, labs, imaging surgery, primary care, and they tie it up with a nice, neat, catastrophic plan with somebody like Sedera or Zion. And then they use the TPA to steer employees to the right folks, boom shakalaka. And when you do that, everybody wins. The consumer, the employer, obviously docs, cost, outcomes. Everybody wins. Forget the triple aim where two of these three winners are supposed to be possible. This is literally the quintupling for 25 million Americans, direct contracting. The 25 million that are enjoying this and the 14,000 providers that are now in it, both feet in the water with direct contractors have been on the show. We've had Premise Health.

Ron Barshop:

They're the biggest. We've had Crossover Health. We've had Nextera. Paladina, the second largest, also known as Everside today. Medici Health. We just had Clinton Phillips on. 98point6, Green Imaging, Santo Surgery, all of these CEOs and they're chief medical officers have been on this show and we'll have pretty soon the chief medical officer from London based Babylon Health, who is doing the same kind of thing, but in the Medicare space, which is very interesting. They're focused on seniors and they raised over a billion and a half dollars in the last several years. There's a couple of others I haven't even found yet, but two have gone public the past year. So now Wall Street is hot on the trail of this new vertical called direct contracting. So how do you find an advisor if you're an employer, to help you through all of this? Because it sounds kind of complicated. Well, easy peasy. You can call today's guest, Dave Chase. Health Rosetta is a national network of fee transparent benefit advisors who are highly trained and understand direct contracting at its very base. So Dave, I'm so glad to have you back on the show.

Dave Chase:

Looking forward to our chat, Ron. Thanks. Thanks for having me.

Ron Barshop:

So what are your comments on what I said, because I want you to use that as a springboard to talk about whatever you want to talk about.

Dave Chase:

Well, I mean, it really echoes the first chapter of my first book that we've gone to war for less than what the status quo health care system is doing to America, emulate it out really well. Don't need to read my net chapter, for anybody that's listening because it summed it up pretty well. And I guess where I would use it as a jumping off point is, of course that can be pretty depressing, but also you touched on all of the folks who are essentially opting out. I tend to think of the trillion dollars that we waste every year in health care is essentially a tax that none of us voted on, that is inflicted on us by Wall Street and the folks who carry their water are essentially the bigs that you talked about, they're acting rationally against a set of irrational set of objectives. And the good news is, healthcare isn't expensive.

Dave Chase:

After all clinicians are only taking home 27 cents of every dollar ostensibly spent on healthcare. What's expensive is profiteering, price gouging, administrative bloat, fraud, and sometimes inappropriate care. And so if you don't want all that garbage, then you can spend half of what a typical organization is spending and have health benefits that if you look at the health outcomes, it would be the blockbuster drug of the century, if you could put it into a pill. So the irony is ,the best way to slash healthcare costs is to improve benefits. And we see that all the time and the organization level is terrific. And we talk about a Pacific Steel that went from spending \$8 million five years ago and they had a bad year last year and it was up to \$3.6 million after they got it down. But the real story and the part that gets me the most excited is the everyday Joe. And so, or everyday Frank, I call him Forgotten Frank. So I'll pause there, but I could talk a lot more about that if you wanted to. And maybe we can use that as a jumping off point.

Ron Barshop:

Yeah. Tell us about every day or Forgotten Frank.

Dave Chase:

Yeah, I mean, Forgotten Frank is the middle America hardworking guy that hasn't seen a wage gain in over 20 years. Not because the employer isn't spending a bunch more money on Frank, problem is all of those dollars have been stolen away by the bloat and waste that I mentioned a minute ago. And so another way to look at this scenario is there's tens of millions of Franks. And the real aha moment for me was actually March 9th, 2016, I'd kind of been working on this, but it was a real crystallizing moment. I don't know if you remember back to what was going on then, but that was the morning that I woke up and in the news, there was a results from the Michigan primary and Bernie and Trump had won. I was like, huh, that's not a standard sort of event, what's going on here?

Dave Chase:

And you started hearing terms like populism and kind of heard that term and what exactly is that? When does it rise? When does populism rise? Well, one of the times it tends to rise is when there's an economic depression, okay, what exactly is the definition of a economic depression? There's a few, but the one that's relevant to Frank is that two or more years of wage stagnation or decline is the definition of economic depression. By that definition, Frank and his counterparts who are the... Essentially half of America are in the working and middle class. They've been in

an economic depression for over 20 years. This is more than twice as long as our Great Depression, you're talking longer than 1930s Germany. And it was kind of daunting when that sort of aha happened in my mind. And I was like, crazy stuff is going to happen.

Dave Chase:

Not saying that polarization and violence, no matter where it comes from is a good thing or acceptable, but it's understandable why that would happen. And so that's the thing that like, Frank's been forgotten in this and people have treated the healthcare spending like it's some other separate magic pot of money. But it's the thing that has stolen away the American dream for Frank and his counterparts. It's what's devastated funding for what drives 80% of health outcomes, which aren't the healthcare system. It's having a decent job with decent pay and benefits. It's having educational opportunities. It's having the ability to live in a decent home, in a decent neighborhood with clean air and clean water. That's what healthcare is stolen away from. And so that's what we're... We focus in on, okay, like there's almost nothing to save about the system other than the great clinicians we have in it.

Dave Chase:

So it's a reset moment. And I think that's where COVID is this inflection point, just like World War II, there's a pre COVID world, a post COVID world. The other thing that really kind of why now? Why is it going to be different? Is the largest generation in history, the millennials, are the biggest chunk of the workforce today. In five years, millennials and post-millennials will be 75% of the workforce. I've yet to meet the person who thinks that anything about the status quo healthcare system would be acceptable to them. And they're now in their early forties, right? They are having some of their own health maladies. So they're out of that invincible stage of life. They're having their own kids. Maybe they're caring for elderly parents, so they're starting to pay attention to the system. And so I think that's a tremendous opportunity. Ultimately, I think we all want what you could say millennials want, but I think they will be a big catalyst.

Ron Barshop:

So if you could wave a magic wand, I think you are doing it with Health Rosetta. I think what I would guess, I'm not trying to put words in your mouth, you would want to see employers jump on the bandwagon of giving health benefits that work. Not using these bigs, but using direct contracting with the local economy. Am I getting that at least sort of right?

Dave Chase:

Yeah. We're all about empowering community owned health plans and we define communities broadly, a community can be an employer, could be place-based. And so it's really shifting from the status quo. The status quo is really those words flipped on their head, not empowering community on health plans, but the status quo is disempowering Wall Street rented sick care plans. That's what we have. And when you shift from a renter mindset to an owner mindset, you wouldn't accept what's going on. You wouldn't accept that the status quo has given us not only an economic depression, it's sort of codified preventable medical mistakes as one of the leading causes of death. It's enabled and fueled the opioid crisis and the rising benzos crisis. The opioid crisis I wrote about in my book, the Opioid Crisis Wake Up Call, where I looked at the healthcare system through the prism of the opioid crisis.

Dave Chase:

And the basic takeaway is, the opioid crisis isn't an anomaly. It is our healthcare system. And so there's times when I get introduced as a disruptor and I really take issue with that. I'm not a disruptor. I'm a restorer. What's disruptive is the status quo that's given us the opioid crisis, the benzos crisis, undisputed world leadership in medical bill driven bankruptcy. All of the things that have led to record levels of burnout and even suicide amongst the people who care for us in our most vulnerable moments, doctors and nurses. That's what's disruptive. We're just restoring sanity to a system that has gone off the rails. And so once you have that awakening and that mindset shift, then everything becomes relatively easy, but nothing happens until that mindset shift happens.

Ron Barshop:

So Health Rosetta has done a remarkable job I think in the past year creating what I call kind of like a care stack or Lego stack, so that the individual advisors and associated with y'all can now put together plans that are local and community centered and also eliminating these giant middles. You want to talk a little bit about that?

Dave Chase:

Yeah. I mean, essentially the name health Rosetta, comes from the metaphor of the Rosetta Atone and you could say essentially, I've been on a dig for the last dozen years. I didn't scramble to the top of some tall mountain and cross my legs and bring this stuff up. All I did was go on this dig, looking for the people who'd decoded this kind of indecipherable system and what the Health Rosetta is, is just this open source blueprint, anybody can grab it. And frankly, it's pretty simple, right? It's complex by design to get people to kind of give up and throw up their hands. If you look at most of the health plans out there, they're filled with band-aids on broken primary care. So we have this radical idea. Since there's no well-functioning healthcare system in the world, not built on proper primary care, this radical idea, how about we rebuild primary care?

Dave Chase:

Sure, it took us 20 years to destroy it. That doesn't seem too revolutionary actually. And then yeah, you need to have some decent drug coverage. You need to have access to specialists and imaging and hospitals. And then for a true outlier claims that's where only about 15 or 20% of the spend is truly an insurable event. The rest of it, this is entirely budgetable, you know over a certain number of lives, you're going to have a certain number of doc visits, images, hospitalizations, cancers, knee replacements, whatever, right? This is not rocket science type of stuff. So unless you like shoving stuff through the 40% insurance bureaucracy tax, it's what you talked about earlier. You remove value extracting middlemen, and you just pay for great care in a fair way. Then it's a straightforward process.

Dave Chase:

So yeah, we have this blueprint that just, like you said, it has those stack of items rather than 15 band-aids on broken primary care. Let's just pay for good primary care and fully actualized primary care. The things that people enter the healthcare system for, 90% of them can be fully addressed in a fully actualized primary care setting. That includes things like behavioral health and physical medicine. These type of things. This, again, this is not rocket science. It's not a state

secret. We're saying let's rebuild it and you see particular locales, I think you have had Rachel Means on before. You look at a place like East Texas, they pretty much are rebuilding primary care there and it's largely... It's well on its way, I don't know if it's done, but it's well on.

Ron Barshop:

Oh I would call it done when you have a pandemic and you have the chicken factory there, the only one nationally that doesn't close or doesn't have to reset. She had primary care doctors onsite measuring their temperatures, figuring out how to separate the employees, how to take the factory line and turn it into something healthier. So the only one in the country that didn't have to shut down. We had-

Dave Chase:

... yeah. Imagine if we had that all over the country, how different this pandemic would have been, right? If we actually had proper primary care. And then on top of that, we hadn't stolen away dollars from public health and social services and some of these other things, it would have built up our resilience a lot more. Instead, we had a brittle system that basically crumbled under stress, which is the last thing you'd obviously want in a pandemic. As you mentioned earlier, how upside down is it that in the midst of the pandemic, independent medical groups are having to shut their doors or lay off people. The people who want to be, who need to be on the front lines. And the mega players that you mentioned earlier are having record earnings. If that doesn't tell you a system is broken, I don't know what will.

Ron Barshop:

I got to tell you when Rachel had her a client on Mr. Cano, I asked him a question and I did the same with one of Dave Berg's clients. Would you ever go back to the old buka system? Get an Aetna plan, get a Cigna plan and get a Blue Cross plan and go back to what you did before. They both laughed and said, oh no, hell no. And I would imagine that most of the Rosetta clients are going to say the same thing. They can't imagine going back to a system that was broken. I left the system four years ago when I joined Redirect Health, as I think patient zero and employer zero in Texas, I was one of the first and it was a revelation to me how much better the care was. And when I tried to like, I can't fire my people now they will not leave.

Ron Barshop:

They love working for zero healthcare costs and zero premiums, zero copays. And when I attract new people, when I hire, I used to have to interview 60 people, now I get four people in four interviews and I'm done. So it's just, it's incredible how it's changed my company. I used to go around and talk about company culture and value and missions. Now I say, how's your husband doing with that sleep apnea? Have you called in to Redirect health to get that fixed? So it's a different culture when I'm in their face about their healthcare. I want them healthy and productive. I don't want them going to a Medicare clinic for pinkeye with their kid and taking a day off for work.

Dave Chase:

Yeah. Yeah. I mean, it's... I've said for a long time that we've been paying Cadillac prices for Pinto health outcomes and essentially COVID rear-ended that Pinto and it blew up. And so like,

Hey, if we're paying Cadillac prices, how about we get a darn nice experience instead of this Pinto married with a Yugo married with who knows what, some other beater. We don't need to have kind of a beater health care system and beater health plans when we're spending so much money.

Ron Barshop:

So your last conference was in Colorado, which is the home base for Nextera Health, with Clint Flanagan and Everside, which Gaurov Dayal is the COO and president there. But so Colorado has kind of been central command headquarters for the change of primary care. And now rural areas are getting doctors for the first time because employers are bringing them in, school districts and counties are now bringing them in. And tell us about what you learned when you were in Colorado at your last event?

Dave Chase:

Yeah, I mean, Bennett, Colorado, good example, 45 minutes to an hour outside of Denver, small farming community, Nextera went out there, they didn't have any primary care in Bennett. You needed a doc, you got to drive into Denver and deal with the traffic and the distance. And so they put in one of these plans with Brian Perez, one of the Health Rosetta advisors worked with that. So they are basically spending half what they were spending before with much better health plan, including great primary care. And they were I think the only school district that's been able to give teachers raises over the last few years. Everybody else has just not only been able to not give raises, but has jacked the cost sharing, which is really just the cost shifting to the teachers who aren't exactly the highest paid people to begin with. And so that's the type of thing where... And Denver area is another good example.

Dave Chase:

Pretty much primary care, great primary care is accessible from probably north of Boulder down to the Springs and east to Bennett. And so it's there, right? Because of [inaudible 00:23:11] Group, PeakMed, probably some Paladina, I mean a number of some independent DPC. You can get primary care in the very much greater Denver area, wherever you are now.

Ron Barshop:

And you also had at your conference, I met in Dallas, Jamie McKella Rosen Care, who was subsequently on my show twice. What a story that is. Will you tell the Rosen Care story.

Dave Chase:

Yeah, it's an incredible story. It was a focus of my Ted Talk. I mean, they... The only thing that really makes them unique, they just been doing it for 25 years and they have cumulatively saved while having the best benefits package I've seen of any company, including, I was at Microsoft in their heyday, better than that great primary care. They cumulatively saved for over \$425 million since they began benchmark against like employers who are other hotel companies. What that's allowed them to do is grow debt-free. Pay... Not only have these great health benefits that allows them to pay for their employees college education and their employees kids college education. Imagine what the turnover is in a high turnover industry, it's like one six. And if that wasn't enough, they took a fraction of what we call the Health Rosetta dividend, which is that

money when you stop squandering healthcare, that trillion dollars of waste when it's redirected to what actually drives true health and wellbeing.

Dave Chase:

They took 5% of that, not even 5%, and invested in nearby once crime ridden neighborhood that was where people went when they were at the tourist destinations there, but they wanted drugs they'd go to Tangela Park. In fact, they might even have gone to the elementary school. The principal had to show up early every morning and pick up needles left behind. They decided we're going to invest in kids and education, daycare, pre-K, afterschool programs. So far over 400 college educations. So they went from the odds of four year college achievement was 9%, it's now 78%, which is higher than the highest quartile income. Communities crime was down 78% from what it was when they began. It's truly a remarkable story.

Dave Chase:

And it worked so well and was so cost-effective. Seven to one ROI in terms of kind of return on the dollar spent a lifetime earnings that they adopted a neighborhood five times that size. So, that's what's possible when you don't buy into the myth of healthcare costs going up. About the only place healthcare costs have really gone up is specialty drugs, but prices have gone up, that's a very different thing. But if you look at the actual inputs into healthcare, are doctors and nurses paid fundamentally different? No. Are supplies fundamentally different? No. There's this whole mythology around medical trend that people have bought into, but that's just not the real story. That's how Rosen and can spend 55% less per capita with the best health plan you could see anywhere, anywhere in the world, in fact.

Ron Barshop:

So on my show, I've had guests that are totaling... you add up all the patients for Premise and Paladina, et cetera, we're talking about 25 million patients are now in this direct contracted world that Health Rosetta that is helping to get more people involved in. And when the movement really started in 2013 or '14, there was less than a million. So it's really... While did the DPC movement talks about half a million people to a million people that are participating, it's much larger than DPC because there's surgery direct contracted, there's imaging, Green Imaging has been on the show, lab and of course, primary care. So 25 million people, that's not a small number. That's nothing to laugh at.

Dave Chase:

Yep. I mean, and the thing is, it's the old scifi quote, "the future is here". It's just unevenly distributed because it's not all in one place or equal all over, it's easy to miss. But that's tends to be the nature of any grassroots movement. It's diffuse, off the radar. And then it grows. And then that's where you see in a place like East Texas, when you get a density of activity, you have this kind of rule of threes. Three employers do something to market, nobody notices, but you're building muscle and building infrastructure. Nine, some people notice. Some of the providers actually recognize these health plan cards that don't have some expensive national logo on them. Yet 27, game over. People like Charlie Cano, you mentioned he can't keep his mouth shut, or his counterparts. They're spending 40% less with better benefits, even though it might only be 5 or 10% of the employers in that locale, that's when the market tips. And so that's where I look



forward to the day and in the Denver area, I think that's going to be one of the first big markets to tip.

Dave Chase:

But you see these different pockets. That's the way these things, whether it's a local food movement or the way buildings are built and remodeled, that was the same thing. There were a ton going on and in Boulder and Portland and Seattle 20 years ago, but it probably took 15, 20 years for it to get fully mainstreamed in all communities around the country, to where it's just the way things are done today. Where buildings are just much more efficiently operated, more environmentally friendly built, all that. I use that analogy because the built environments kind of like healthcare, where it's very local and very entrenched. It wasn't like there was some magic day where all the whole buildings that were polluting got raised and the next day it all magically green built any more than... It's not like all the old broken healthcare systems going to get raised tomorrow and the new will replace it the day after. Just the old wanes over time, the new rises over time. And it's just a matter of which communities actually have the leadership and will, because that's all it takes is leadership and will.

Ron Barshop:

That's a good point to end this on. I want to thank you Dave, for your time. If you people want to reach you, what is the best way to find Dave Chase?

Dave Chase:

Yeah, just [Davidhealthrosetta.org](http://Davidhealthrosetta.org), [healthrosetta.org](http://healthrosetta.org). We've got contact there. I'm @ChaseDave on social media. You can Google me. I'm not the Sopranos producer. So if it's not the Sopranos producer, good chance it's me. So pretty accessible and happy to help people get pointed towards the right resources if I can.

Ron Barshop:

And your book is free [inaudible 00:30:16] you can give them that on the Health Rosetta. If you could fly a banner over America with one simple message, what would that be Dave?

Dave Chase:

Healthcare is fixed. Join us to replicate the fixes. So it's a true and aspirational statement.

Ron Barshop:

That's the title of my book, healthcare is fixed. Hey, Dave, thanks for your time. It's always great to talk to you and hear your latest thoughts. Thanks again.

Dave Chase:

Thank you.

Ron Barshop:

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