

Primary Care Cures

Episode 121: Dave Berg # 3

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:

All right. Well, how can I individually opt out of this terrible sick care system we all despise? Well, I did a few years ago, and here's how. Redirect Health, led by today's guest, offers a plan where for under 150 bucks a month, all of my primary care, most of my labs, and my routine, physical medicine, read chiro, back issues, are covered 100% by Redirect. No copay, no deductible. I also use Sedera, which is another guest on this show. And for a couple of hundred bucks more a month, my catastrophic is covered. So if I have cardio, or a car accident, or cancer, or any of those big, scary things, I have cost sharing to cover that. And I offer this to my team, and they simply love it. And so do I then when they love it.

Ron Barshop:

I feel like a VIP because docs love cash paying clients, which effectively I am. The second I leave the visit, Redirect gives them a credit card number, and they're able to get paid. No billing, no coding, none of that nonsense. So I get the doc's full attention because I always remind them, I'm your most profitable patient today. I'm a cash pay patient. And I get their full attention for an hour. And I get to skip all the clipboards and all the waiting rooms and all the ridiculousness that is healthcare today. And my savings are in the 40 to 60% range all in. I'll never go back. Never. Cole Johnson, who was a guest on show number 37, was also, a guest, as I said, and he said the same thing. He laughed when I said, "Would you ever go back?" And he's a top 10 drywaller nationally. Of course he uses Redirect too.

Ron Barshop:

Why never go back? Well, several reasons. Direct contracting 100% eliminates all the dumb middlemen foisted on us and on the doctors by these bigs. And as I said, no more clipboards for every dang visit. Even if I just saw a doctor a week ago, normally you'd have to fill out a clipboard again. No. You don't have to anymore. No more whipping out my credit card for copays or deductibles, or any of that jazz. No mas. No long waits anymore. I go right back and see the doc. I go right in. I'm straight in VIP. I get hour long exams, as I said, and I have 24/7 access to a nurse. So often I get scripts by phone, and I can skip the visit all together. And the

surprise bills are over. Doctors no longer have to worry about physician burnout, lost autonomy, waits and these DMV customer experiences they have to deliver. That factory medicine vibe that they all live in. The maligned and perverse incentives they all know about. They no longer have to order stupid and costly procedures and tests just for the sake of it.

Ron Barshop:

No more coding and billing, no more giant staffs. In fact, no more collections and billing for any providers that are pure in this space. And did you know that there are nine nonmedical people in every exam room, whether there are not, that are tied to every exam? So as an employer, I get better people easier, and they never want to leave. Would you, if you had frictionless free healthcare? So I live a future where everyone wins, and you can too, if you're an employer or someone with a high deductible plan. Dave Berg, welcome back to the show.

Dave Berg:

Hey Ron.

Ron Barshop:

It's so good to have you again. This is visit number four. So you are the first guests to not only go to three shows, but four shows.

Dave Berg:

Oh, that's awesome. And thank you for that introduction. It's quite a different thing to hear somebody say all those nice things about me when I'm out here with my own employees forcing them and my team and my family, just forcing them to do some things that they don't want to do sometimes. So it was kind of cool to hear someone say nice things about what we're doing.

Ron Barshop:

Well, I think I was customer zero in Texas. I might've been the first or one of the first in Texas.

Dave Berg:

I think you were. It's been about four years now, I think, right?

Ron Barshop:

Yeah. Yeah. And I can never imagine leaving Redirect. I'm such a big fan. I've had some of your employees on the phone talk about how to get drugs for free with patient assistance programs. I've had your customers talk on the show. And again, Cole Johnson, if you're an employer, and you really want to understand how important this can be for what benefits... Your mindset can completely change. You got to hear that episode because it blew my mind when he started talking about all the things that he gives his employees, and how he never loses good craftsman now in a very competitive field.

Dave Berg:

Yeah. Cole Johnson of PJ Drywall here in Arizona. We've got well over 1,000 clients now, businesses. And I don't think anybody uses our plan as strategically as Cole does in order to gain

just incredible business advantage for his company. Whether it's worker's comp, whether it's bidding on jobs because his workers' comp EMOD is so low, or just for retention and recruiting. He's created so many advantages from this strategy. I've never seen anybody like him.

Ron Barshop:

He was in, with his EMOD, that's a modifier that if you're at 100%, that means you're equal with your marketplace with those that are in drywalling. He was at 185, I roughly remember. And then he dropped down to about the same percentage below. So he was like at a 15 or 20. He saved over a \$1.8 million that, instead of putting into his profits, used it to give his employees more benefits. So he pays for housing assistance, he pays for community college, he pays for a ton of other things. And he is just as smart as they get. And he's not a small employer. He's still top 10 drywaller, and the largest, certainly in Nevada and in Arizona.

Dave Berg:

Oh, he swells up to, I think, close to 3,000 at times. Yeah. So I mean, I think he's the biggest drywaller in this part of the country. And he didn't always use to be. So the number I remember when he first started in 2014, was that he was going to save about a million dollars his first year in worker's comp. That's back when he had 300 or 400 employees. So he's quite a bit bigger now. So if you extrapolate that number now, the savings, it's unbelievable, actually.

Ron Barshop:

So let's talk about the experience that I as a patient have when I go in to go see a doctor now. I walk in the doctor, I go straight back. I get my blood pressure cuff. I didn't have to fill out any forms. The doctor sees me for a good relaxed hour. He's not typing codes into his computer the whole time because he doesn't really need to. It's funny, some of them do it out of habit. They just can't stop. Then if I have a chiropractic referral, I'll go see that doctor. Same way, same thing, straight back. See them right away. Stay as long as I need to. When I walk out, there's no credit card flashing. No copay. There's no schedule the next visit for next year. It's just, if I need my meds, the scripts are ordered usually by Redirect. I don't even use the doctor for that often.

Ron Barshop:

So the beautiful thing is, it just couldn't be more frictionless. You're a friend. You're no longer just a professional associate, you've become a friend. And I just want to thank you for helping me completely change my viewpoint of what healthcare can become. And really, I think you are the beginning, or one of the beginning, in 2014 of a movement called direct contracting now. What would you call this movement where employers can now go with folks like you, with folks like Nextera, and others that can contract monthly for primary care and other similar healthcare benefits.

Dave Berg:

So Ron, if I got to name it, I would not call it direct contracting. And the reason being is because it's just another version, in my mind, of putting the banking or the financing of healthcare first. And no doctor does that for their own family. It's not logical. When we want to get healthcare, we go get healthcare first. We figure what we need. We definitely don't let anything we don't

need into the equation. And then we go and figure out the best way, most efficient way, effective way to pay for it. And if something's \$2-

Ron Barshop:

I agree with you. What should we call it? I don't have a better name for it.

Dave Berg:

Logic. Logical medicine. I don't know. Logical healthcare. It's just like, what do you call it when you're going to buy a car? You look at the car first. And how you need it, and how many miles you're going to drive it? And how much money do you have for gas? And what's your miles per gallon need to be? What color do you need to be to feel cool? So those are all the questions. When do you actually make the decision, whether you're going to pick Progressive or Geico or Allstate, or State Farm.

Ron Barshop:

Let me answer that. Let me give you an alternative name that Jay Parkinson came up with with Crossover. He calls it digital first care, which is exactly what you are. I will always call you, or text your firm before I go to any type of caregiver. So it is digital first. But that's not a great description either, I don't think.

Dave Berg:

Yeah. But it is definitely healthcare first. And it's the financing or banking last. And because if we put banking first, we put the insurance first. We put how we're going to pay for it first. I don't care if you're a cost share, or your cash pay, or whatever, if you put that first, don't be surprised if that becomes the driver of your decisions. And I'd much rather the driver of your decision be what do you need? What's the diagnosis? What do you need? If you don't need an MRI, you need an x-ray, I don't really care the MRI's on sale. I don't really care how you finance the MRI you don't need. It just doesn't matter. It's irrelevant.

Dave Berg:

So it's just logic to me says let's just do what every mom with a medical degree already does for her family and always has done for her family, figures out what her family member needs. And by the way, she never books an appointment to find out what she needs. She picks up the telephone. That's how she figures out what she needs. That's the first step. And if I need to see a specialist as, let's say, the husband of a mom with a medical degree, and I need to see a specialist, say a cardiologist, she doesn't book me an appointment with a cardiologist. She, as the primary care physician, calls the cardiologist, downloads the information, and then she figures out what I need to do. And then I go and do it.

Dave Berg:

So even this concept of me going in front of a specialist, when I've got a primary care provider at my fingertips, doesn't make any sense to an insider, to a doctor for their own family. We recommend it all day long to our patients. Let's not confuse that. We recommend it all day long to them. But let's think about why we do it. It's not because it's logic. If it was just logic, we'd do

exactly what we do for our own families. It's because of the business model. But it's the business model that always starts with who's your insurance? Who's paying for this?

Dave Berg:

If you let that be the driver, then you have to have appointments. You have to fill out paperwork. You have to have copays. You have to have deductibles. You have to, you have to, you have to. You have to have audits, have to have recoups. You have to have all those things you mentioned in your introduction that are just silliness. But they all start with one critical flaw in thinking, which is the banking, the insurance, the financing has to be the driver at the beginning.

Dave Berg:

As soon as you remove it from the driver, the costs go away dramatically. And matter of fact, not only costs, money, but you actually eliminate a lot of unnecessary activity. From booking a doctor's appointment, to sitting in a waiting room, to taking time off work, to telling your boss you don't really know when you're going to be back because you don't know how long a wait the doctor's going to be. Having to get that piece of mail, they call it an explanation of benefits, of having to call the doctor. I mean, the activity doesn't end. It just keeps going and going and going. But it's all unnecessary activity, but it's all related to the very first move of putting the banking first.

Dave Berg:

There's a reason why the tallest buildings, towers, in every single city in America are banks, insurance companies. There's a reason. Because it's very profitable, and you will never disrupt that if you let them go at the beginning. So the only way I know how to make it work is to put them at the end. They're still very necessary. Somebody's got to pay for it. And some things are catastrophic and expensive. But put them at the end after the decisions have been made, the medical decisions. And after the things that can be eliminated, the activities, the spending, the frustrations, the attention, get rid of those things that are unnecessary. And then there's not as much left over to pay for. And again, that doesn't work for me very well if I'm an insurance company, but it works for me very well if I'm a consumer of healthcare.

Ron Barshop:

If you go back to 2014 when you started this movement, and you did, it was you and a few others, I'm going to say there might've been a million patients that were involved in, what I call, let's call, logical healthcare, digital first healthcare. Today, guess how many patients are involved, just from the guests that have been on my show in the last 121 episodes.

Dave Berg:

Man, with COVID, I'll bet you it's got to be at least a 10th of the country. So really quick core math. I'm going to say 35 million people.

Ron Barshop:

You are scary how accurate you almost always are. It's about 25 million than I can count. And I haven't had everybody on my show that's doing this. But I've had the big ones. So Premise Health is-

Dave Berg:

Well I told you my math, so you know where my guessing was. I just said it's a 10th of the country. I don't know that's a true statement, but it's a lot, especially with COVID. What people are realizing now is a lot of things they had to go see a doctor for before where because of the business model, because of the insurance first business model. But as soon as COVID happened and doctors didn't want you to coming in to their offices, and the CDC didn't want you going into doctor's offices or emergency rooms, we ended up having to do a lot more of the telephone.

Ron Barshop:

Well, guess who's doing it now? Walmart's doing it. Apple's doing it. LinkedIn is doing it. Amazon just started doing it. Intuit. A lot of the Silicon Valleys adopted it. Facebook is doing it in part. So all of the big well-known names have adopted this. Jamie Dimon just announced that Morgan Stanley's going to start doing this. So it's becoming a conversation. Two companies went public last year that are direct primary care. So that's kind of cool. So it's on Wall Street's radar. But this whole thing didn't even exist in '14 when you got this brain child, and created this. And you created it really to respond for your employees. You wanted your couple hundred employees at your health clinics to get better care. And they weren't.

Dave Berg:

Yeah. Well, it did exist, Ron, but it existed in a way that it was somewhat invisible. It existed in every doctor's family already. So all I did is I took what we were already doing for our family, a family of four, plus my extended family of in-laws, neighbors, and cousins. I bet you it was easily 100 people that had this extended mom with a medical degree, digital first, phone call first. Forget digital even. It's phone call. Pick up the phone. It's the best way. I'll bet you, if you go back 100 years, we were probably using letters. Letter first. But it was communication first, most efficient form of communication first. Today, it just happens to be digital. Some day in the future, who knows what it's going to be? But whether it's virtual or digital, but it's about communication first. The most effective and most efficient communication first, which today is the telephone. It's not even video, it's telephone.

Ron Barshop:

So I was so excited about what you're doing at Redirect as a customer, as an employer, that I wrote a book about it. And you were kind enough to show me your costs that a third-party analyzed versus those in your market. And your numbers are somewhere between 40 to 80% lower for cancer, for ER-

Dave Berg:

Yeah, all the time.

Ron Barshop:

... visits. In fact, you can name the condition, diabetes, doctor visits, routine labs, you're dramatically better. And I asked you at the end of the book, why is that? You said, "Because we have a superpower that nobody else has, and we understand how to reduce costs better than anyone." You're relentless.

Dave Berg:

Yeah. And really our first move is we eliminate the things that aren't necessary so that they all go to zero. I don't really care if you're charging me a million dollars for an MRI if I don't need an MRI. You can charge me whatever you want. So I don't want to dismiss how important it is to reduce costs because it'll sound weird. But that's not how we think about it. Our first move is we're going to figure out the healthcare you need, and eliminate the activity and the steps and the frustration and the attention, the money that you just don't need to spend. Time, money, attention. There's lots of it you don't need to spend in a different business model.

Dave Berg:

When you put the insurance piece, the banking piece, last, there's a lots of parts that just go away for, let's say, 90% of the services. A lot of that complexity in the work goes away, just disappears, poof, and goes to zero. And that means zero cost, zero time, zero attention on it. You don't even notice it went away a lot of times. But then when care is needed, we want to make sure that we straight line it. We don't want somebody bounce all over the place. And the easiest way to straight line it is to go with somebody as their guide.

Dave Berg:

So we'll have trained medical professionals hold their hand, virtually, all the way to the specialist, all the way to the emergency room, all the way to the urgent care, all the way to the chiropractor, all the way to the cardiologist, all the way. And because we don't want them to get sidetracked. We know the industry of healthcare today, which really is an insurance industry, it's not even healthcare at this point. It's an insurance industry that delivers healthcare. We know that there's so many opportunities to get off the track and to spend money and time. And they're all good people, but it's just a bad system right now for the consumer. It's a great system for the shareholder. Great. UnitedHealthcare, I think is over 400 now. And they were \$17 right before Obamacare. So it's a great system if you're a shareholder. It's just not a great system if you are a consumer of healthcare. If you're a purchaser or you're a users, it's a terrible system that we've got right now.

Ron Barshop:

So let's take that out and talk about it. The labor and delivery is a great example. You told me a story that when your patients go to labor and delivery in your market, that often that there's complications, if not always, there's complications associated with it. But you catch the hospital and the labor and delivery team, and they don't even know their billing complications code, which is dramatically more expensive. But you catch them from making that mistake with some very clever things that your team does. Can you talk about that?

Dave Berg:

Yeah. Yeah. So let me talk about the mind shift that I've made because I do remember telling you about that. And now that I've had time to reflect on it, and maybe I've just matured a little bit too, but I see it a little bit differently. When I came out of the gate years ago, decade or more ago, and especially I came here as a Canadian experiencing the American healthcare system, I really thought everybody was out there trying to rip me off. Everybody was out there intentionally doing things to harm me and take money away from me. And I don't see it that way

anymore. I'm not saying it doesn't happen, but I really think we've got good people in the system, but we've got a terrible system, and we just don't see it anymore.

Dave Berg:

And so just think about a baby for a second. Yeah. I've seen it where the hospital has coded complications. And because we're holding the hand of the mother and baby, and our doctors are communicating with the doctors and the nurses in real time all throughout the entire hospital stay, which might only be a day or two days or three days, maybe longer. We just had two babies in NICU for three weeks. And one was two and a half weeks, one was three weeks, and twins. And I mean, we held their hand all the way through it.

Dave Berg:

And what we've seen is that when we hold their hand all the way through it, there are coding mistakes that happen all the time that are just inherent in the system. I used to think human beings were making that decision. I used to think that. Now that I've been doing it for a couple of decades, I realized that these human beings aren't doing it, it's a system doing it. And you've got human beings that just do their normal work. And the system creates these codes.

Dave Berg:

This happens all the time. I'm not going to give you a specific situation. But I'm going to tell you what we count on to happen today, 100% of the time, it may only happen 90%, or 80%, or 70%, but we count on it 100% of the time. We will pre-negotiate the maternity care. And it might be anywhere from \$4,000 to \$8,000. That's pretty standard around the country. And it's fair at both those rates, and anywhere in between. And we'll pay the thing in full, and we'll pay it before the mom leaves the hospital.

Dave Berg:

And we just count on it, that within a month to three months afterwards, there's another bill for about 20,000 to \$40,000 that is delivered to the mom. We count on it 100% of the time. I'll bet you 80%, but we count on it 100. We have a play for it, an algorithm, we expect it to happen. It actually bothers a little bit when it doesn't happen because we don't know when to shut it off because we have to watch it until it happens. But basically all we do is first thing we do is we contact the hospital before the bill is created to make sure. And we record all the calls and we get letters of agreements where we need to make sure that the hospital is in agreement that this dollar amount is the final bill and this dollar amount has been received. And there will be no more bills sent. And we get that recorded in either a letter format that's signed on a fax, or maybe it's just a phone recording that we can access in real time. We expect 100% of the time to need to access that phone call.

Dave Berg:

And then before the bill comes, we'll tell that mom and dad that, "Hey, you're going to get a bill." "Well, it's paid in full." "Yeah, I know. The hospital's going to make mistakes. They have no way not to. It's just it's so complex right now from them. They're good people. The computers are doing it. They're going to do it. But when you get the bill, you just snap a picture on our app. You send it to us, and we're ready to go." We've got that packaged up as soon as we get the

picture, and then we call the person that we already know who we're going to call at that hospital, and say, "Hey, a mistake's been made. Do you remember us? Here's the letter of agreement. Here's the recording," if we need to give it to them.

Dave Berg:

And pretty close to 100% of the time when we do that, we're done within half an hour because we know who to talk to. We've already prepared the plays. And it always ends with, "Oh, we are so sorry we sent that bill. It must have just been the computer. Let me write that off for good." And then we say, "Okay, not a problem. I'll make sure I tell our member or the patient that if they get another bill, that it's definitely an accident, correct?" "Yes. It's definitely an accident if they get another one." Of course, this is all being recorded again, right? So it's another recording of agreement. And then we'll just tell the mom, "Hey, if you get another one, it's a mistake. Send it to us. It's in our court. All you got to do is be the eyes for us, and we will get rid of it."

Dave Berg:

What I just described to you, Ron, was not needed five years ago. It just started to be needed two years ago. That's how fast this complexity is growing in healthcare. And it's not that the people are nastier, or more dishonest. They're not at all. If anything, they more understanding today of what's going on. Just their hands are tied with the complexity of the system. So we've had to run algorithms and plays, and anticipate and preempt what's going to happen today like we never even imagined we'd have to do two years ago.

Ron Barshop:

So Dave, this is a subject we can talk about endlessly, and have talked about endlessly privately. You said something a long time ago when I first met you that if you ever ran for office, you'd start every answer to any political question with, "Well, let me tell you about how that relates to healthcare." Because healthcare is such a big spend. And it's also something that separates us as Americans. It separates the rich and the poor, the blue collar and the white collar. 70 to 80% of Americans can't really even afford their high deductible plan so they-

Dave Berg:

You know, who else it's separating right now? So Ron, I'm just coming to realize this. Sorry to interrupt you. But this is a big deal to me right now. And partly it's because I'm a little ashamed of myself that I didn't see it before. I didn't see this pre-COVID, but I see it now stronger than ever. And again, I should have seen it years ago and I just missed it. So I suspect a lot of people are missing it.

Dave Berg:

When COVID happened, and daycare was disrupted, and women were disproportionately affected by COVID, and their jobs and their careers were affected in such a disproportionate way. But if I really think about it, that was happening before COVID too. Because of the cost of daycare, because of the cost of just time that it takes that watching children. Not that men don't watch their children, but women around our country, they take on a disproportionate amount of the work around childcare.

Dave Berg:

And right now women are having so much trouble getting back to work, so much trouble. Compared to men, it's not even close. And so the disproportionate effect of healthcare costs, yes, blue collar versus white collar, certain income levels versus others, but women have got a huge disadvantage right now in healthcare. And what disturbs me about it, Ron, besides me not seeing it, is I always thought that women were making pretty good gains in being able to balance career and being a mom. And of course, I'm not a woman or not a mom so I probably didn't really understand it. But now I see them going backwards. I see that balance going backwards. Where the ability to balance that and manage that, that we've lost ground on it. And I don't think that's a good thing for our country.

Ron Barshop:

It's just there's so many divides. It's almost endless. But the labor unions and the rest of us. I mean, it always is about healthcare, and it gets down to people don't feel like they can access the rich man's world that is set up for just a few winners. But I just loved your answers. Unfortunately, we have run out of time. I could talk forever, as I said. But if people want to find you, how is the best way to find Dave Berg?

Dave Berg:

Well, our website is redirecthealth.com. And they can learn about us or even sign up if they're like. And if they want to contact me directly, David.Berg, B-E-R-G, like iceberg, @redirecthealth.com. David.Berg@redirecthealth.com. And you can probably tell, I love this conversation. I don't get tired of this conversation. I think all my friends and family are tired of this conversation sometimes, but I'm not. So I appreciate you being enthusiastic and encouraging about this topic.

Ron Barshop:

And I do have to tell a funny story before we get to the final question, is I came to your house, I don't know, early COVID last year. And I left on a flight at 10:00. And your daughter came and did some cooking. Apparently she and Janice they like to cook porn food, and send these beautiful pictures of marzipan cookies, and beautiful steaks, and gorgeous things. And they send them out to people and make them all hungry. But they started their little Saturday weekly baking or cooking. And she got there, and she gave both of y'all COVID. And you got it bad, man. And you're one of the healthiest guys, and Janice is one of the healthiest women I know. But you guys got it bad. And so I literally missed getting COVID by minutes.

Dave Berg:

Minutes. Yeah. Yeah, I was sick for a month. And Janice and my daughter, they were better in a day. And I just, who knows? This is a real thing, and it effects people differently. And the funny part about that is, I swear, I came down to my home office every single day, and I worked full days through it. And I said that in front of my wife. And she said, "Are you serious? You didn't come downstairs for a week and a half in the middle of that month."

Ron Barshop:

All right. Well, so if you could fly a banner over America with one message, what would that message be, Dave?

Dave Berg:

Well, my go-to message always when you get me one, you give me two or three or four, I got a whole bunch of them, but if you only give me one, it's going to be this, just dare to care. Just care way more than the world says is reasonable, and you won't go wrong. More than the world says is reasonable. And that's part of the reason we have this problem right now. I think at least a lot of our problems is we're always looking to the polls. We're looking to the people representing us. We're not thinking for ourselves. How am I supposed to think about this issue? And what happens a lot of times is real logic goes out the door because we're not just focusing on what do we care about, and care just more than is reasonable, more than your peer group says is reasonable about things that are just logical.

Ron Barshop:

Well, I want to thank you for being a friend. I want to thank you for being a mentor, an older brother, someone to learn from. And I want to thank you for just really making a big change to create this new wave of healthcare that is really changing everything for the better.

Dave Berg:

Ah, that's so nice of you, Ron. And you were all those things to me too. So thank you. And you're welcome.

Ron Barshop:

Okay. Talk to you again soon, buddy.

Dave Berg:

All right. Bye-bye.

Ron Barshop:

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