

# Primary Care Cures

## Episode 128: Dr. Paula Muto

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:

One of my favorite quotes of doing this show now for two and a half years is this one from Dutch Rojas, who's with one of our guests and the Sano Surgery CEO. If a family has 1,000 in savings and \$4,500 deductible, is it even insurance anymore?

Ron Barshop:

America is as an hourly worker economy and over half of us make under \$15 an hour, if Goldman Sachs is right. About two thirds of us say that we're one medical bill away from ruin. So, these are what I call the functionally uninsured. We heard a lot about 30 million that are uninsured. The functionally uninsured are a lot bigger population. I'm counting that between 130 and 150 million Americans that are priced out of the tree house of care.

Ron Barshop:

So these are good people, and they're the backbone of every industry we can think of, yet they see healthcare as a fancy tree house with no ladder up. It's a place for the rich to go see their white coats and afford their fancy meds and who keep their kids out of those yucky Medicaid clinics. It's a country club with no cost effective way in ever.

Ron Barshop:

That's why retail cash clinics are okay. It's a ladder into that tree house and why direct contracting by their employer is just so beautiful and elegant. It's now dock workers treated on the same red carpet as the CEO. It's another ladder up. They have a nurse one click away, an hour with a doc, no wait. A therapist, both physical and mental therapists are part of this model increasingly.

Ron Barshop:

My favorite part of free care paid by self-insured employers is a dividend we rarely hear about, and is that each worker that's single, got a \$500 a month raise because their premiums went

away. If their family, the average is about \$1,500 a month raise for a typical family because it meant, again deductibles, premiums, copays, all disappear with direct contracted care.

Ron Barshop:

Now, that is a credit card pay off for the first time for some families, or a much nicer place, or a better school district, or a first vacation ever. The American dream is now restored for tens of millions of people who got their first real raise in 20 years because healthcare costs have stolen every other raise since the 1990s, when deductibles and premiums started soaring. We call it risk shifting in ivory towers, but it's stolen wage increases if you're on the street.

Ron Barshop:

So think of this like a stimulus. The ripple effect of a stimulus they say is 2X, if we were to give everybody a handout for a thousand dollars. So you take \$1,000 savings or \$1,000 a month, that's a \$24 million local impact. If we take the recent Brookings Institute number of \$1,400 a month average premium the Americans pay, it's a local stimulus to \$35 million for every thousand employees that are in direct contracted and digital care. There's a lot more than a thousand, it's 25 to 30 million. So, that's all pretty cool stuff.

Ron Barshop:

So this new subscription model is a movement where everyone wins and has these big multiple, big dividends. Some employers are also saving big and adding to better benefits as a retention tool like our guest Paul Johnson of PJD Drywall. His turnover dropped. His worker's comp dropped ridiculously, and he uses it as an attraction and retention tool. Attraction tools are real when you offer free health care like I did.

Ron Barshop:

We just featured Dr. Juliet Breeze last week. Her 520 urgent care employees love that they have free healthcare and cited as a reason they stick around. Some maternal companies like Rosen Hotels and Resorts, another two-time guest, has found \$425 million in found savings, what I call buried treasure, through their healthcare spin being reduced by offering direct care.

Ron Barshop:

Since 1994, that hotel chain, well, basically surrounding the convention in Orlando, has grown debt-free and is nobly turning a former crime and gang hotspot around in a miracle crime-free zone because every high school senior gets free college, whether it's Harvard or the local college. They get a full ride, if they live in that Tangelo Park. Tangelo Park now has college matriculation rates equal to the top-tier wealthy neighborhoods in America. No gangs, negligible crime, they have hope.

Ron Barshop:

Direct contracting, digital first care, subscription-based care, next gen care, healthcare 3.0, whatever you want to call it, our guest today has a new name she's going to try out on. You all and see what you all think. It doesn't have a name, so it's nameable. It's 25 to 30 million consumer strong just on the guests that have been on this show. Does it work? Is it real?

Ron Barshop:

Well, the early adopters are companies you may have heard of. Maybe you've heard of Apple, Facebook, LinkedIn, Intuit, Amazon, and Google. I've heard of them, and thousands more early adopters like me. Wall Street has discovered it between One Medical, which went public last year, and Babylon Health, which is going public this month. Bypassing the bigs, we employers, and docs, and consumers all get what we want, consumer-centric care, finally, versus transaction-centric care. It's an unstoppable future and it's where we're all going to win.

Ron Barshop:

Today's guest, Dr. Paula Muto, is a vascular surgeon who is in all 50 states with her platform UBERDOC. She is gathering what is now 4,000 specialists, but I can see this much larger, and employers under one tent to participate in this new model. Welcome to the movement, Paula, and welcome to the show. So do you have any comments on what I just said?

Dr. Paula Muto:

Oh my gosh, so thank you first of all for having me. It's really quite an honor to be here and to join this conversation. Absolutely, the way you have talked about what those savings actually mean. I always talk about that healthcare dollar. It's precious. Why do we need to squander it? It's unlimited healthcare dollar.

Dr. Paula Muto:

The very fact that you can eliminate so much of expenses by going direct pay, eliminating all those middle steps involved that have no value, no value for the physician, no value for the patient, and because of technology we don't have to take those steps. When it translates into the kind of savings you're talking about that could be those college tuitions, it could be those mortgage payments, I think that's real. That's bringing it home to the understanding level where everyone is going to benefit. So I'm all for when we've moved into this direct pay world. Absolutely, this is where physicians need to be.

Ron Barshop:

Cash pay meds, cash pay labs, cash pay imaging, cash pay docs, cash pay surgeons like you and your husband. You take it different right now. The average listener is going to be pretty sophisticated because they've been listening to the show for a while, but most Americans don't know that docs have two rates. They have the insurance rate that they bill out, and then they have their cash pay rate, which is going to be substantially less. Is that correct?

Dr. Paula Muto:

Yes, and I'm going to say that doctors don't know. The majority of physicians, especially specialists have no idea what their direct pay rate is. Unless you are running your own practice and you actually do all the billing and the collecting, you don't have an idea. When you come out of training and now they give you a charge master in front of you, you say, "Oh, I did this case. It codes this CPT code." Then next to it is an amount, or you push the button and you see an amount pop up. You're like, "Wow, that's my fee schedule."

Dr. Paula Muto:

People aren't always aware that that fee schedule is set at two and a half times Medicare at the minimum. Now with so many doctors being employed, they have no idea. They actually think that's what they're collecting. I think that that deception that started off very early in our world, and I'm not exactly sure how it all came about, makes it very unclear. Many physicians are not aware of what their cash pay.

Dr. Paula Muto:

If a patient came into the office and said, "I would like to not use my insurance. I have a high deductible. What is it going to cost me?" The answer is always, "I don't know. It depends on your insurance." There is no answer.

Ron Barshop:

So how do you get people under a tent called UBERDOC that allows them to accept direct contracts with these employers or with individuals and know what to charge?

Dr. Paula Muto:

So we did something simple. We said, "Okay. No one wants to talk about it, but let's do this." What if we decided to use technology and let patients make appointments with specialists, with doctors? In specialists include specialists of neurosurgery, as well as internal medicine and pediatrics. That everybody's a specialist who are physicians.

Dr. Paula Muto:

So when they want to make an appointment, they push a button, make an appointment, and they're going to pay a transparent price. We set that price at a reference point price, which is basically 1.25 Medicare. That's the amount that the patient is going to know that they're going to pay, and that's the amount the doctor is going to receive when they see the patient. It's an immediate payment.

Dr. Paula Muto:

So we asked our doctors to take a direct pay less than what they would get from a commercial insurance but above Medicare to be legal, and they don't have to retrieve any of that money. So when we went to our doctors and said, "Would you take a patient for cash?" Even though it's less money than you'd get from insurance, they universally said, "Absolutely." Then they gave me a seat in their waiting room.

Dr. Paula Muto:

Our goal with UBERDOC is to invite every doctor to lend, give me a couple of seats in their waiting room that they will put aside for a direct pay patient, understanding that this group of individuals are becoming more and more frequent and that you have to offer your patients, not just the convenience of access, but the transparent price.

Dr. Paula Muto:

So that's what we did. We came up with the answer for the doctors. They joined UBERDOC. They can set their own price. There is dynamic pricing, but most of our doctors who joined take the price that we offer, which is \$250 for a visit.

Ron Barshop:

If I think about primary care, which I know better than vascular, I don't know it at all. The average doc that's independent is going to have seven to eight, maybe nine MAs that are mostly transaction clerks. They're not really dealing with the patient at all. They're dealing with EHR, with prior authorizations. They're dealing with data entry. They're putting referrals together. They actually never meet the patient. They never see the patient. So they go to this medical assistant training and then they're getting into insurance billing.

Ron Barshop:

I don't know if your office is the same, but if you can just eliminate those people from needing to do anything by a cash pay patient for 250 bucks, it all drops the bottom line. There's no overhead with that really.

Dr. Paula Muto:

That's exactly. I have been running an office for over 20 years. I have one brother who's a surgeon. I have another brother who actually is an IT specialist who deals with implementation of electronic records in offices. So, he's in offices all the time and understands their workflow.

Dr. Paula Muto:

When we built UBERDOC, we built it understanding how office workflow works and who the end users are when it comes to technology, and how an appointment is actually made, and how a patient is processed through the system. So we created our interface at the level of a fourth grader for both the doctor and the patient, so that no one has to do anything other than a thumbs up emoji to accept an appointment request from a patient. There's nothing else.

Dr. Paula Muto:

We took away everything else. All of the payment is handled behind the scenes. It's just like the patients create what they call a Stripe account, which is like any financial account. When you order on Amazon, you put in your credit card and that's your account. We've made it that easy on the patient's side, that easy on the doctor's side, so that medical assistant at the window only has to put the patient's name and address into the electronic record for the doctor to dictate, so that there's a record of the patient but does not need the 15-digit nuclear code or any of the other information that you have to gather in order to bill insurance.

Ron Barshop:

Okay. So now they've come to see Paula and they pay their 250 bucks, and you now have evaluated and clearly they need a surgery. So, kind of vascular surgery. How do you build on that? What happens next in your journey?

Dr. Paula Muto:

What happens next is what would have happened before if you needed a referral. At that point, you say to the patient, "Do you want to continue to proceed through a cash model, or would you like to use your insurance?" If they say, "Well, I'd like to use my insurance because the cost is going to be higher or beyond, or they perhaps have a low deductible and they've reached their deductible. Subsequent care is between the patient and the doctor, and however it works best for them because it is hard to sometimes say, "I have gallstones. I need to see a surgeon. Now, I'm in the office. I see a surgeon, and now you need your gallbladder." It's not so easy to coordinate all of those other levels, and they can use their insurance.

Dr. Paula Muto:

However, we have orthopedics on our platform. Let's say you need an x-ray. They already have the person who does the x-ray. The x-ray is digital. They already pay that person. It costs them more to build that x-ray than to get the \$12 that they're going to get from reading that x-ray. So, they just bundle that x-ray in with that UBERDOC visit.

Dr. Paula Muto:

So that's what we're seeing more and more is that the specialists just are trying to finish the workup of the patient as best as possible because they're already getting payment for the visit, and they don't have to add all those accessory items that get added on to reach a better billing interface. If you know what I mean? The upsell is disappearing.

Ron Barshop:

So is that arthroscopic surgery, is that posted somewhere where I can see it, so I know what I'm getting into?

Dr. Paula Muto:

We do encourage our doctors and more and more of them now, especially since the orthopedics have left the building. They've moved into their surgery centers now, pretty much everywhere. Those prices are much more accessible to them. We still are in the infancy stage of bringing specialists to the direct pay world. The internist had been there much longer in the DPC model, but even the majority of internists are still in family practitioners and pediatricians. There's many people that are still not embracing direct pay and understand that.

Dr. Paula Muto:

So we do understand that the majority of our physicians don't always understand what price transparency means. They don't always understand when they order a test, or a CAT scan, or whatever it is that there's an authorization. There's a referral, and there's a deductible. They don't understand all those steps. More and more doctors are, but we're not there yet.

Dr. Paula Muto:

So we do that first step. We get that patient in for that direct pay patient. The specialist is very happy to have a new patient. They proceed further. Maybe it's just another visit. Maybe it's an injection. Maybe it's just a one-off. Maybe it's, "Hey, you don't have a hernia. You don't need surgery or your legs are fine," and the recommendation may not require any intervention.

Dr. Paula Muto:

The purpose with UBERDOC is the first step. We can bring all doctors easily without any obstruction to that first step. Now, second, third, and fourth step, that's what our challenge will become next. If the consumers understand it and the doctors understand that first step, I think those other steps will come naturally.

Ron Barshop:

Well, I like your strategy of build it, and they will come because what you're doing is you're building a network. That's a narrow network basically, and it's allowing employers to come find you and tap into your network so that they can get these better prices. Let's say this. What are you expecting this to look like in three years, in terms of how many docs are under your umbrella?

Dr. Paula Muto:

So, we have had such rapid growth from the physicians that we fully expect to have. We are close to over 4,000. We'll probably have 10,000 or more physicians. How many physicians are in the country, right? There's 980,000 of us, I think.

Ron Barshop:

Yeah.

Dr. Paula Muto:

500,000 are specialists, 70% are employed. However, 75% of practices are independently owned, which I find really fascinating. 30% of physicians actually own 75% of the practices.

Ron Barshop:

Okay. I didn't know that. I thought it was the other way around.

Dr. Paula Muto:

Isn't that interesting?

Ron Barshop:

Yeah.

Dr. Paula Muto:

Becker's just reported those two interesting statistics and it's like small business. Who are the biggest employers in this country? You think, "Is it Walmart? Is it Amazon?" Well, actually no. Small businesses employ more people than large businesses.

Ron Barshop:

I think I was told that the independent docs are under 50% for the first time last year, which would digress from your numbers. When you study primary care, it's way less than half or

owned. About 30% of primary cares owned independently. The vast majority of it is owned by the bigs, the systems.

Dr. Paula Muto:

The bigs, yes. I was surprised by that too that only 25% of practices are owned.

Ron Barshop:

It's interesting.

Dr. Paula Muto:

At any rate, those 30% of doctors obviously are our sweet spot, those independents who want to go into this. We're in a transition. We're in a watershed moment. All of a sudden, digital healthcare is here and suddenly a doctor can really create a whole new examining, a whole new practice model through digital health. Does that doctor have to work for Teladoc and get \$20? Because that doctor worked for themselves and through UBERDOC make \$200.

Ron Barshop:

Yes.

Dr. Paula Muto:

Could they offer their patients, can we keep doctors and practice independently? You're seeing this with psychiatry, right? Psychiatry has just exploded-

Ron Barshop:

Yes.

Dr. Paula Muto:

... because they tend to be more on a cash model anyways because many people do not like to use their insurance when they go to seek behavioral health and mental health issues. They don't want their employer to see that. Then the psychiatrists have always had offices where they've had to employ a number of people because of security issues. Especially female psychiatrists, couldn't really be in a room with a patient alone. There was always that concern.

Dr. Paula Muto:

Now, you have this whole new world opening up of digital health, and those virtual visits, and virtual offices. You could have retired doctors. You could have ER physicians working on their off hours doing visits. You just think about the potential for physicians to become independent again, work for themselves in these new models. Why do you need a middleman for that?

Ron Barshop:

Yeah.

Dr. Paula Muto:



What we're seeing is of course, those doctors that are slave ... I should say that are enslaved in big institutions. I have a brother who's at Dana-Farber, big cancer center. They've really discouraged telemedicine. He's like, "What are you talking about? I love telemedicine. I connect with my patients. They don't have to come to Boston, park their car, cancel appointments because of timing." They really want to talk to him and he loves it. If you think about it, the institution doesn't see the facility charge and doesn't see the upsell.

Ron Barshop:

There's a lot of small towns in Texas that have no more independent docs at all. Waco and Temple come to mind, but there's also outliers outside of Houston and Dallas that have zero independent docs. I was told Boston has basically zero independent docs now, is that true?

Dr. Paula Muto:

Well, actually the specialists have remained fairly.

Ron Barshop:

Okay.

Dr. Paula Muto:

Again, you look at specialty groups, they tend to be more independent. General surgeons, no. They're mostly employed because they're now hospital-based. Yes, internal medicine doctors, we have big networks here where people make alliances and they change those alliances almost all the time. It's like your primary care that refers you a patient used to be a Yankee fan. Now, they're a Red Sox fan. You got to change the stadium they go to. It's always a penalty, no matter what. There's always a penalty.

Dr. Paula Muto:

So, it really has wreaked havoc with the way patients should be accessing the system. One of the reasons I created UBERDOC was to transcend the networks, unshackle patients, and unshackle doctors from these, I will say tribal type patterns, and just focus on what's best for the patient.

Dr. Paula Muto:

So when you take away the insurance, when you take away the middleman, when you take away all this distraction, that you are suddenly just working for the patient again. That it's only the patient that matters in front of you. Always, the doctors will make better decision for that patient, 100% of the time.

Ron Barshop:

Love it.

Dr. Paula Muto:

When they work for someone else, they have to put those priorities ahead of the patient.

Ron Barshop:

So let's talk about, you want to rename this direct contracting. You have a really cute name for it. I loved it.

Dr. Paula Muto:

DPO. It's like I have an HMO, a PPO, how about a DPO? Direct Pay Option. It's wonderful. The DPC world has always been direct primary care. Why don't we make that more generic, more universal, and say direct pay option?

Ron Barshop:

Yeah. I love it. Becker's has an article this morning about cash pay meds, and I thought, "That's actually not a bad name for what they're doing when you're buying direct." A DPO sounds like a really good contender. I love it.

Dr. Paula Muto:

DPO. It's very official.

Ron Barshop:

I like it. What doctors don't like about DPO is it's too transactional. It's like direct care is what it is, but it's how it's paid for that makes it amazing.

Dr. Paula Muto:

We don't sell it to the doctors like that. They said, "Do you take Medicare?" "Yes." "Do you take Medicaid?" "Yes." "Do you take HMOs?" "Yes." "Do you have DPO?" "What?" "Are you a DPO provider?" "What does that mean? Well, how do you become a DPO provider?" "Well, are you an UBERDOC participating provider? Is that UBERDOC symbol in your window? Are you participating in a DPO?"

Dr. Paula Muto:

That's the conversation and doctors will say, "Oh my gosh." They'll go right to their office manager and say, "Make sure I'm signed up for that."

Ron Barshop:

It needs a name, this movement, because without a name we don't have any academic studying it. You can't Google it. You can't really study it. You can't research it. There's not a natural place where they all gather. We don't have an association. So, there's no way to really get together and actually share best practices of what's working in the DPO world.

Ron Barshop:

We should, there's a giant opening for somebody smart to step in and do that, but it's not happening or it hasn't happened because it's so new. It's also so exciting that it's a kind of happen, I think.

Dr. Paula Muto:

It's just logical. I think of it in a very simplistic way. You need to have a cash lane. You're at the supermarket. You take credit card in this lane. You take cash in this lane. A supermarket that doesn't take cash won't be as successful. You have to have a cash pay option.

Dr. Paula Muto:

I think in healthcare, we have to be brave and just offer that option. When we make it something that is natural that employers use, that patients know about, doctors will absolutely capitulate. So strangely enough, this will be driven by the consumer.

Ron Barshop:

Yes.

Dr. Paula Muto:

The independent doctors as usual, we always bring the technology to the forefront. We were the innovators. Even in the operating room, a lot of the best techniques didn't start downtown. They start in the community. So we bring this out there. The late adopters will be those big networks that will be like, "Why are we missing out?"

Dr. Paula Muto:

Why wouldn't they want to take a direct pay patient? Why would you say stop them at the door? You have to climb across that bridge, fight the people at the gate, go over the moat with the alligators, climb up the tower to meet the specialist or the doctor, right? [crosstalk 00:24:52].

Ron Barshop:

I guess can't tell you how much fun it is talking to you. To meet another person in this movement that gets it and completely understands how simple this is, and how beautiful it is, and how elegant. I do have to tell you a Boston story before we sign off, but I'm really glad you have DPO out there for the universe to contemplate.

Ron Barshop:

My son is now at Beth Israel doing his final year of fellowship as a gastro. He's at the same hospital that my great grandfather was the administrator of. Now, they didn't call them CEOs back in the '20s, but he was the administrator there for a couple of decades. So until last year, his face was hanging on the wall with a bunch of old white men that have died a long time ago. Ain't that cool that my son is living and working every day at a hospital that his great, great grandfather ran?

Dr. Paula Muto:

That's the legacy, right?

Ron Barshop:

Yeah.

Dr. Paula Muto:

My dad was a great surgeon. My brother and I became surgeons. I have two uncles that are surgeons. I married a surgeon. We're all in service. We all absolutely are passionate about what we do. Our currency, it's not reimbursement. Our currency is solving problems in cases. Doctors always value themselves by the case.

Ron Barshop:

I think of you all as crime scene investigators. Get a walk in, they lay it out. You say, "Okay. There's where the crime scene probably is, but maybe I'll run this blood test to make sure I'm right." Then, "Oh, it's not that. It's this rare, cool other thing." It should be an episode on House.

Dr. Paula Muto:

I think that's one of the reasons why UBERDOC has had such massive adoption is that we strike the core of why people become doctors. It isn't about money. It is about just access to patients who need them. That's what we've done. We've simplified access. I like to say we've democratized access to care. You don't need to be in that fancy tree house with no ladder up.

Ron Barshop:

Yes.

Dr. Paula Muto:

I think that's a really good way of saying it. I think anyone, anywhere, should have equal access to the best. They shouldn't have the right employer. They shouldn't have the right amount of money. They shouldn't have the right connections. I think anyone has access when it comes to your health. It's an equal opportunity. Physicians understand that, and patients need that. That's why UBERDOC was found.

Ron Barshop:

If you listen to my past episodes, I always ask what banner would you fly over America? You just basically said it, democratize health.

Dr. Paula Muto:

Democratize health.

Ron Barshop:

Democratize access.

Dr. Paula Muto:

Absolutely, democratize access. Enough of the nonsense. Let the physicians do what we're trained to do.

Ron Barshop:

Uberdocs.com. If people want to reach you, Paula, what's the best way to find you at UBERDOCS?

Dr. Paula Muto:

Oh, it's easy, paula@uber-docs.com. I'm easy to access. They can also reach out to me on LinkedIn. I'm pretty much everywhere, and I'm always happy to speak to any physician out there. I do encourage and invite every doctor in every group, in every corner of the United States to join UBERDOC. It doesn't cost anything to join. Give me one seat in your waiting room and you will appear in perpetuity.

Ron Barshop:

I want to clarify that uber does not reflect the transportation company. It reflects the niche.

Dr. Paula Muto:

No. We are trademarked. We are separate. We have nothing to do with transportation. We use the word uber because it's universally available. It means above. We're not average doctors. Again, we're not mid-levels. We're all physicians that are trained, credentialed, licensed, and experienced. I'd like to think everyone on our platform is over 35.

Ron Barshop:

Yeah. They're uber, meaning super or outstanding.

Dr. Paula Muto:

Super. Absolutely, outstanding super doc and also universal. That concept that it's available. There's always an UBERDOC available, always in perpetuity.

Ron Barshop:

Okay. Well, I can tell that we're going to want to bring you back when you have your 10,000 anniversary of docs. So, thank you for the movement and thank you for joining our show.

Dr. Paula Muto:

I appreciate and thank you for having me.

Ron Barshop:

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