Primary Care Cures

Episode 144: Stacey Richter

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:

You want to fix healthcare, start with you, the man or woman in the mirror. You can't compete with the most powerful lobbies on the planet to fix all that is broken and needed to be fixed until the last campaign season, in fact, healthcare outspent the next four biggest lobbies combined, but they taught the art of the political fundraising deal to defense, wall street, Silicon Valley, and big oil, and now they're catching up. The bigs have so many carve outs like PBM kickbacks, which are legal and rebates, like Medicare cannot negotiate pharma prices since 2009, there is no bigger customer of pharmaceutical companies than Medicare and they can't negotiate prices. Like hospitals can self-refer, but the 30% of PCPs not owned cannot self refer like AARP and big insurers are exempt from Biden's transparency mandates for the high margin, sizzling growth, Medicare advantage programs that are responsible for a lot of the growth of the companies.

Ron Barshop:

And no wonder that other big lobbies are learning so fast to fuel federal and state races, the payback is literally a no brainer. So what is the move on ice, if the Zamboni is aiming for you? Well, you can sidestep them because you can't beat the machine. You can pick a new line to skate, because you're faster, you're more nimble or you can pick a new ice shrink. And here's how you do that if you're an employer or a consumer. Self-insured employers can hire next gen transparent advisors, I've had six great ones on my show who work big and smaller employers, today's guest can help you there. And they can also sell direct contract with primary care physicians, which reduces the downstream admissions tests and utilization. With pharmacy, which cost pennies a pill, when you go with the wholesale pharmacy, not what you're paying and imaging with independence, specialists who take cash pay at lower rates and they all do and labs and they do too.

Ron Barshop:

And they'll also add catastrophic coverage for that scary cancer treatment or that heart disease or those accidents that we can't predict. So that's the elements of what makes for a great plan and look at the right people to scrub the claims from the bigs like hospitals, where 80 to 90% of bills

have errors. And then they'll adjudicate and fight them for you. You might also get free or wholesale meds from medical bill assistance or drug assistance plans. There are hundreds of these set up by big pharma, big governments and small and charities and more for lower wage people. Patient assistance is a [maras 00:02:26], I believe purposefully complex to navigate an ever changing world. It takes a pro to navigate these swampy waters, but you can get free everything for most of your employees under $15 an hour and employers will see savings of 20 to 60 percent off their healthcare spend, depending on how fast they want to rip the bandaid off, most go slow direct contracting.

Ron Barshop:

Some like to walk, some like to trot and some like to run, it's work. And now if you're a consumer and you can't do all those things above, you can do something simpler. And this includes anybody with a high deductible plan that they cannot afford to use, which I believe to be over half of all employees, which are functionally uninsured, they have a plan, but they can't afford to use it. So it's no longer insurance anymore, is it? They're functionally uninsured. I believe it to be the number one problem with our system. And I believe first incentives, I'd rank number two, but we'll talk about that with today's guest and half all medical bankruptcies had insurance in this category, medical bills, which causes two thirds of all personal bankruptcy filings. It's a big 85 billion a year business, largely owned by healthcare companies. A couple of giants were spun out recently because it was bad optics for a hospital to own these companies, but we can see through filings.

Ron Barshop:

So their collection units are 20 to 28 percent EBITDA contributors, whereas hospital profits are typically only two to five percent. So the very entity creating these high surprise bills and high tide time of dire stress keeps the heat on with eventually yet relentless bill collections, 24/7 by shaming texts, mails, phone calls, they'll call your parents that are old, they'll call your adult kids. It's all legal. I use redirect health who direct contracts with PCP, Chiro and labs of my choice and Sedera for my catastrophic coverage. My turnover at my company is essentially zero. My recruitment offering free healthcare is now easy. Used to take 60 people to find four. Now I stop hiring at the fifth employee because I've gotten so many good A players to interview and absenteeism is way down. And my savings are about 40% from where I was four years ago. And so I live in a future where everyone wins.

Ron Barshop:

And so does today's guest who has dubbed one of the great minds in health care by Kris Deacon who shaved a third off the cost of the Jersey state healthcare spend using these ideas. Stacey Richter has won awards for relentless healthcare value podcast. She uses her voice with the healthcare industry decision makers to improve outcomes and to lower costs and relentless health value is a top 100 podcast on iTunes in our category and it reaches tens of thousands. She's a co-president of Aventria Health Group, which is a consultancy and specialized marketing agency to help large healthcare companies improve patient outcomes through collaborations. And last year she co-founded QC health, a cause driven benefit corporation seeking to direct contract with employers, again focused on outcomes. Stacey, welcome to the show.

Stacey Richter:

Thank you so much, Ron. It is a pleasure to be here.

Ron Barshop:

Well, do you have any comments before we launch into my questions for you?

Stacey Richter:

Do I have any comments? Well, I would just like to return Kristin Deacons compliment. I know you had her on the show last, a few weeks ago and I think everybody should definitely go back and listen to that because, talk about one of the great minds in healthcare. I would pick her for sure. She'd be in my top 10.

Ron Barshop:

She sits on a round table with about 12 other state leaders of her ilk and they're all having political problems getting through what she got through because they have such big employers in their state. And of course in Montana we had the same problem with Marilyn. She had the, just gigantic headwinds facing her, but somehow Kristen and Marilyn got it through and made sure that their states benefited from all these ideas.

Stacey Richter:

Yeah. I think that one thing that many underestimate is the power as you put it of the bigs and just how politically entwined they are and what the impact, how hard they can clap back. So, anybody who really wants to make a difference, there's a quote I use a lot, which is sometimes the shortest way home is the long way around. It's really, really important to make sure that a strategy is locked down and that scenario planning has been done endlessly in order to ensure that whatever plan is, when the plan is put in motion, that it can be successful.

Ron Barshop:

All right. Well, let me get into my questions because I got a million of them for you. You have been doing your show now for a good long while, you're in show 330 something the last I listen. And how has your show changed your thinking on healthcare in the last seven or eight years?

Stacey Richter:

It has, every time I talk to a guest, I learn definitely something new. I mean, to a greater or lesser degree. I think one of the, I'm going to say beauties, that's probably not the right word of the complexity of the healthcare system is that it's like a game of Cosmic Pachinko or something. You never have any idea what the reaction of an action is going to be when it goes through, just all of the different ways that our healthcare system can make any action turn into something completely different when it comes out the other side.

Ron Barshop:

Yeah. The big move that I've seen in the last few days since probably the last 48 hours is three of the five biggest insurance companies are now offering virtual primary care in 50 states. So Aetna, Cigna and Optum slash United are all now offering 50 state virtual primary care. It's kind

of shocking to me because they have a network underneath them, of doctors they're now competing with directly.

Stacey Richter:

Yeah. It's interesting because I thought the same thing when they really started getting into even steerage, which one of the reasons why you open up virtual primary care is, could be less about the primary care and a little bit more about controlling where the patient goes next. And considering, as you just said, the number of contracts, this is a heavy lift for them to have done this. They have all of these contractual obligations, like the big one with Sutter that kind of got everybody in trouble, which is the all or nothing contracts, which you're not allowed to steer within those PPO networks, it's a big deal, what they have decided to do. And it kind of gives you a little bit of insight into where they see the market going, which is also kind of an interesting contemplation.

Ron Barshop:

So let's go back to Stacey pre-show seven, eight years ago and let's go to current Stacey Richter. What has your mind changed on some big subjects because you've interviewed all these intelligent people.

Stacey Richter:

I'm going to say the big about face, complete about face that I did. And I think I am not alone when I say this, is seven or eight years ago. I think we all thought that consumers having skin in the game and high deductible health plans were real going to impact care and the quality of care, in a positive way. And I think that based on all of the evidence has proven to be very wrong.

Ron Barshop:

Yeah. When you have half of all bankruptcies that are medical bill related had health insurance, and they still had to declare bank, that's like a broken pack. Do you remember like our parents' generation when you get a good job at a good company and you're going to have healthcare, that'll protect you from financial ruin and from medical health ruin, those days are not here anymore because of these high deductible plans, they can't even use the plan they have.

Stacey Richter:

Yeah. As you've put it, so many people are functionally uninsured. If the average American has $400 in their checking account and the average deductible is like, what is it now? It's thousands.

Ron Barshop:

Yeah. $4,500.

Stacey Richter:

Yeah. Like how does that work?

Ron Barshop:

Doesn't, there's no care for those folks. What topics are burning in your mind today as solvable if only folks knew this guest or that situation or that company that solving it.

Stacey Richter:

I feel like the answer to that question is probably as complicated as the healthcare system, honestly, because I don't think it's going to be any one thing. I think it's definitely going to be a constellation, it requires coalition building, as you put it there's bigs and these bigs have an insane amount of power and leverage in the marketplace as we just talked about, they can clap back like nobody's business. They have all of the resources in the world to stand up virtual primary care or virtual care in 50 states just snap their fingers and make that happen if they really throw their minds into it. So if you have that level of entrenchment in the marketplace, then any number of smaller players cannot in isolation disrupt that level of that status quo.

Stacey Richter:

So what I really think is really required here is for employers, for example, got a gang up, got to figure out who exactly the allies are in international politics, it's the enemy of your enemy is your friend, like who are all your friends, because it's going to be really important for coalitions to get built so that when we are thinking about the changes that we want to make and the transformations that we'd like to see, we have enough people pushing for them that, so that these things can actually succeed and they don't wind up getting lost in the operationalization of them.

Ron Barshop:

This lesson already knows my take on what is going to solve the problem, which is direct contracted care, cash pay care, cash pay healthcare. That really solves pretty much all the ills of the universe with the bigs are pretty, because it's getting, like I said, out of the ice rink they play in and starting in a new ice rink, because everybody takes cash, everybody. In Texas, every hospital will take cash pay and set up a contract except for MD Anderson, who with their cancer care probably can't because it's so complex.

Ron Barshop:

But for the most part, everybody in Texas will let us reassemble primary care, rebuild it from the ground up, direct patient to consumer employer pay and solve this problem. But what we can't get through and it takes hard work Stacey is, in cafeterias when you're talking to the employers about now you got free direct primary care. They don't believe anything's free. They're wondering what the catch is. So, no it's 24/7 virtual care, you can use this app and get in touch with your doctor or nurse at any time of the day, 24/7, you'll get a response in 20 minutes. Your medications are free. They just can't believe it. It's almost, it's too good to be true.

Stacey Richter:

Yeah. And I've seen a bunch of different ways that this can be addressed. Because, well, one of the issues is that co-pays, the way that benefit design is typically conceived. It's, the patient pays the first dollars. So, it doesn't matter where you go, you're going to pay $25 or it's going to be free, which creates kind of the opposite issue. Because if a patient doesn't have any financial interest in it, then they don't care where they go. You know what I'm saying? So they may not go to the high quality provider or the one that there's a direct contract with, for example. So they

have to have some skin in the game. But if that skin in the game is the first dollars, then you're not necessarily, you're not necessarily creating any leverage.

Stacey Richter:

So what I've heard about, in fact [inaudible 00:14:49] talked about this in the show that I did with her, is something like CalPERS did, which is reference based pricing, but I'm saying that in a bit of a different context, where, for example, the employer contracts with the... For a hip replacement at a certain dollar amount, and then pays up to that dollar amount. So if the employee goes to any, goes to the facility that charges that amount, like what that direct contract was negotiated at, then it's free. But if they choose to go someplace else that charges $1,500 more, for example, then the patient pays that additional margin. So instead of paying the first dollars, they're paying the last, you see what I'm saying?

Ron Barshop:

Yeah. I didn't listen to that interview, but CalPERS, I mean, you and I are in the biz. So we have inside stuff, but CalPERS famously rip the bandaid off terribly slowly, meaning it's a good start to say all hip replacements are going to be this amount and you're going to pay out of pocket if you're going to go outside of our narrow network or outside of this pricing. But they just did it for a few procedures, not for the whole universe of procedures.

Stacey Richter:

Yeah. And I feel like you got to start somewhere. So I don't want to dismiss the effort that they're making, because I feel like one of the reasons why a lot of self-insured employers don't take the leap is because it feels like a leap and where I've seen a lot of successful benefit consultants, how they tend to operate is, just do a little bit, like just dip a toe in the water and see the success that you have in a safe way, in a way that they feel is a safe space, right? And then every year kind of add to it because I feel like one of the reasons why things don't happen is because, or it doesn't go well is because people try to go too far, too fast. And then someone who is very risk averse puts the kibosh on it.

Ron Barshop:

Yeah. When I started eating a little bit kosher foods and to feel more Jewish, my grandfather said, well, if you're not keeping all kosher, it's nothing at all. You're not doing it right. And this all or nothing, attitude is what you're talking about. You can't like, and I asked him back, I said, do you ever go past 55 miles or 65 miles on the highway? And he said, yes. I said, well, then you're violating, you're a law breaker, you're a criminal. And he says, well, no, I'm not. He said, I just do it some of the time. I said, I just eat kosher food some of the time. And I'm going to eventually stop eating all of those foods. So you're right. You cannot rip the bandaid off for changing healthcare overnight, that's good point. So who or what is moving the dial to reduce cost in your mind if only the planet new X and follow their lead, like Kris Deacon. Who do you think is really moving the dialogue there that we should look as our leaders to show how to do this?

Stacey Richter:

Oh boy. I just participated in a conference about the Nuco system of care in Alaska, which who knew that one of the most sophisticated health systems doing the most amazing things and at a lower call, Steven is in Alaska, but the Nuco of care is an effort. They actually provide all of the care for native Alaskans. And what they have done is created a really patient-centric approach, where they have teams of clinicians who are the, really the front door into the health system. It's a primary care doc leads up the team. And then they have a nurse practitioner or two, they have a behaviorist, they have a social worker, a number of people who really collaborate together.

Stacey Richter:

And they have created this based on just countless interviews with their constituents. In fact, they called their patients. They don't call them patients, they call them customer owners and they do that for a couple of reasons. But one of them, I think is really interesting, which is that the customer owner is the owner of their own health. And the goal of the healthcare system is not to be anybody's savior, but it is to help their patients realize that they own their own health and to enable them to take responsibility for that health.

Ron Barshop:

Yeah. I understand that they teach the MAs even has amazingly good questions of the consumer so that they can channel that up to the doctor and get the right answer for what needs to happen next. So they've empowered a lot of folks that we don't empower in the states in the lower 49.

Stacey Richter:

Yeah, absolutely.

Ron Barshop:

I love that example. Who is eliminating burnout pest out there? That's really taking care of the doctor's biggest problem, which is over volume factory medicine, EHR, all of the things that are really destroying the minds and bodies of our doctors and nurses.

Stacey Richter:

I want to give you an unconventional answer to that question, Ron. Instead of talking about burnout, let's talk about moral injury. And if you define moral injury, it's associated with profound distress and intense emotions of shame, guilt, and self-loathing, right? Like that's the definition. And by the way, if you do a Google search on moral injury, you'll get something like 9 million hit. It is a thing for clinicians in this country to suffer for moral injury. But think about it this way, why? Like, why are all these patients morals getting injured? Everybody listening is in the healthcare industry. I can think of 3 trillion reasons why these clinicians morals are getting injured. You think about all the perverse incentives that you just talked about. You talked about patients who are functionally uninsured.

Stacey Richter:

I was talking to Dr. Mark Fendrick on one of the shows and he was talking about how he had recommended that a patient get a colonoscopy. The patient went, got a colonoscopy, actually had cancer. So here's the good news. Their patient was diagnosed early, except then that patient went bankrupt paying for the treatment that wound up happening as a result of that colonoscopy. He

said, it's heartbreaking. And it is heartbreaking. So to be frank, I think that the people who are doing the most relative to fixing moral injury and the burnout that it accompanies it, are people who are trying to fix healthcare. So you had mentioned direct contracting or aligning incentives, I think at the end of the day, it's those individuals, if we had a health system, which really truly put the patient first, you would have far less moral injury and again, burnout.

Ron Barshop:

Who in your universe is improving care delivery. I love the native Alaskan story, because that's a great example of it, but who else is improving care delivery in your world?

Stacey Richter:

I think that, and I'm just talking about one aspect of it, right? Like, obviously care delivery includes any number of different facets, but I think that the most important thing about care delivery, not maybe the most important thing, but a really important aspect of it is care planning and how that is done. At this juncture, there is not for absolutely everything, but there is some very well evidenced ways to treat certain conditions and certain populations who have that condition. So for example, you think about certain cancers, right? Like you do a biomarker test and then based on that, there is a right way to proceed. For example, 50% of patients with breast cancer don't need chemotherapy, but many of them still get it.

Stacey Richter:

I mean, it's not going to work, right? So I think that one of the things that's absolutely critical relative to care delivery and those who do this well are going to get superior results. And those who don't do this well, there's absolutely no chance that their results are going to be anything greater than the top of the bell curve, it's going to regress to the mean. Are the entities that are doing exceptional care planning and that they are standardizing care around best practices. That's what it's going to take. And I know this is the science part of the art and science of medicine and I strongly believe that this is something that we really need to improve on.

Ron Barshop:

Yeah, I'm thinking of, I had a guest Bill Besterman who talked about coronary artery disease and how we're treating it today is 1970 style and there's a much cheaper, faster and better way that has much better outcomes and less cost. I think of Catherine Raymond Jacobs who wrote the book literally on the back racket and how she's interviewed spinal fusion docs who would never do that to their family because it has no success rate. And then Kris Deacon said that she quoted Al from Quizify, Al Lewis, that the number one cause of back surgeries is the messed up back surgery before that one. So there's no question. And we could go on and on about stents don't really work, there's much better models out there now today, but I think what you're saying, the standard of care is not where it should be with what we know works because sometimes cost and cost incentives and perverse incentives get in the way.

Stacey Richter:

Well, I think also it's the culture of medicine. I can't tell you how many times you start talking about an evidence based care pathway and someone will clap back, oh, that's cookbook medicine. And as you know, Dr. Grace Terrell was on the show and she put it well, simply she's

just like, that's silly at this juncture. Everybody with diabetes needs an eye exam, just period. So how are we creating care plans, so that patients who have a specific condition, that doesn't mean that they're unutterable. Obviously we need to make sure that those plans are tweaked for this particular individual, but at this juncture, there is a best way to proceed in many cases, not all cases, but in many cases. And that's the starting point that we need to have otherwise and Bob Matthews, who I think, he and Dr Besterman know each other, but it's very apparent that if you don't have any standardization of care, then the care in that care setting will max out at about 65, 70% of optimal, because you're just going to regress to the mean, like you cannot produce superior results.

Ron Barshop:

Okay. One of our guests said that we have the most fantastic advanced healthcare system in the world. If you're in the 10% club, if you're part of the wealthy upper class, the other 90% get a Toyota that's used, and that's 1980, and the model's not in, there's no parts for it anymore. So who would you say of your guests will have solved the inequities between what we call wealth care and poor care?

Stacey Richter:

Well, before I get there, I don't know that I would necessarily agree with you. I think that if we're talking about acute care, that this country can be amazing, but if you're talking about chronic care, I don't know that anybody gets amazing care. We're just not, this country is just not set up, IE reference the earlier chat that we just had about the lack of care planning, however, obviously there is huge inequities of care. And I think that this is an area which probably I'm not qualified to talk about per se, but it's very fraught. It's clear that fee for service doesn't work for disadvantaged patient populations like IE. And I say that with evidence because that's how we got where we are at the same time we have to be real careful with value based care as well, to ensure that we don't have the cherry picking and lemon dropping.

Stacey Richter:

But I think that the attention that's being put on these issues right now, you have to have sunlight to disinfect some of this stuff. And I feel like getting the eyes on are a really important step so that people really recognize the unconscious bias and the microaggressions and just even the more blatant, I was talking to Dr. John Rotis, and he was talking about how in his career, it wasn't even subtle, there was just some blatant racism and other things that he experienced within his experience and what he has seen. So, I interviewed Dr. Monica Lipson, who is now at Columbia, she's doing some very interesting things and some very interesting work. There's a group that's really concerned about disparities in care and musculoskeletal, that's doing some neat things. So, I think there's a lot of effort and I, again, I would say that it's definitely going to take a critical mass rather than maybe any individual entity.

Ron Barshop:

That's funny, you talked about value-based care, Marion Mass, pediatrician, Philadelphia, who's an activist was saying that there is, she went to a conference. She had the four CMS experts on value-based care, talking about the programs that are working and not working. And they've done 54 experiments with VBC and other related entities at CMS, and only four or five are

actually payback, have paybacks would actually work, but she asked the question at the end of the panel, is it making money? Is it saving money? Do we have better outcomes what's going on? And they all, nobody could answer her. They don't have an answer to the question is VBC better and then you talk to the folks at Chin Med and Gordon Chin says that when you go full risk, of course you save money. And of course the outcomes improve because you have to, your back is against the wall, if you don't. So VBC is one of those interesting, everybody seems to be migrating there, but if they're not going full risk, they're not achieving what it was set up for. It seems like.

Stacey Richter:

Yeah, for sure. I feel like value-based care is on a trajectory, there's a learning curve. And I think every time, again, the healthcare industry is so complex. Just, it's a game of whackamole sometimes to try to figure out, there's so many people that are trying to game the system and who are shockingly good at it. Sometimes I'm just amazed and fascinated by some people's ability to figure out how to make money, no matter what you try to do in ways that don't benefit the patient. So I feel like that we're working through that right now, but there are organizations like Chin Med, that are really, and others, for sure who are taking risk throughout the full continuum of care. And those, I definitely have my eye on, I definitely would agree that there's something to watch.

Ron Barshop:

Who surprised you the most? Did you have any guests that came on and you were like, oh my gosh, I had no idea?

Stacey Richter:

I'll tell you a guest. I had Tony De Joya on recently who started talking about the patient centered value system. He actually wrote a book on this and he called it the new OS of healthcare. And it wasn't necessarily that the idea of a patient centered value system was shocking or so pricing in and of itself. But what was shocking and surprising is how innovative in a way the industry has regarded it. And just how it's such common sense, but it's not something that is typically done. And basically what the patient [inaudible 00:32:06] and what you do is you follow a patient around in the facility. And when I say in the facility, I basically mean throughout the entire continuum of care, like for example, patient pulls up in parking lot, what happens? Right? Patient walks in door of emergency room where their wife was just in a traffic accident, who tells them where she is, what happens next?

Stacey Richter:

If they have to go to a skilled nursing facility, how does that transition happen? So just simply the idea of understanding what the actual patient journey is, was the room clean? What did the janitor or the custodian say? Following the patient throughout the entire continuum of care and then sitting down in a working group and plotting out what the journey should be looking at the amount of daylight in between what it is and what it should be and then having a very systematic approach in order to transform it from here to there. It seems so simple, but it's just shockingly advanced at the same time.

Ron Barshop:

Well, to be respectful of your time, Stacey, I want to remind everybody that they should subscribe to relentless health value podcast. These are one of the good guys out there that are talking about the things you are interested in, in improving healthcare for the betterment of all of us, where we all win. And Stacey, if people want to reach you, how to best to find you?

Stacey Richter:

So definitely reach out to me. I'd say on LinkedIn is probably the best way, Stacey Richter.

Ron Barshop:

Okay. Stacey, thanks for being on the show and we'll get back onto this again, because every question you answered led me to 10 other questions I didn't get to ask.

Stacey Richter:

Well, I will look forward to that, Ron. And thank you very much also for the work that you're doing here on primary care cares. You are also an inspiration for me.

Ron Barshop:

Okay, Stacey. Thanks again for everything. This was 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. And number two, help us spotlight what's working in primary care by listening on iTunes or wherever you get your podcasts and subscribing. And leave us a review. It helps our megaphone more than you know. Until next episode.