

Primary Care Cures

Episode 150: Ron Barshop

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, welcome to the 10 Lies Show for 2022. Jeremy Corr you called me 3 Xmas ago to start this. Remember what you said to me?

Can you believe it? Episode 150. I do remember. I was your first paying podcast customer?

Here are the 10 lies in healthcare that we're going to be talking about this year. Lies Dispelled by facts on the ground in2021.

Remember. Primary care is cured already. And I don't mean for the shareholders and suits. Yes sick care or transaction care is working great for the few it's designed to enrich at our expense.

I'm saying it's no longer broken for the rest of us if you opt into a couple of new models emerging with tens of thousands of PCPs and tens of millions of consumers. Both for employees and retirees.

It's no longer for the consumer a DMV experience in a cornfield maze. A soul sucking meat grinder for docs and PAs and nurses. For employers a pricey cruise ship without steering. A cheap common thief of us all.

Primary care and by extension healthcare. It is cured. It is fixed.

Ok let's do this—the big 10 lies.

- 1 If you're a PCP you should work for a big system. Independents are soon extinct.
- 2 Number two, we have a shortage of primary care providers. Nope.
- 3 And number three, our health declines as individuals / put another way diabetes, hypertension, and all lifestyle diseases are not sustainably and scalable reversible. That's a hard pass lie.
- 4 Number four, employers are trapped as costs of care only rise uncontrollably. Au contraire.
- 5 Number five -employees are trapped too.

6 Number six, no one or no big idea can save us.

7 My insurance advisor /broker /consultant is on my side. Really. CFOs still swear blood oaths on that lie. Won't soon I bet with new disclosure rules this week.

8 My company plan protects me financially.

That's the chilling one.

9 The triple aim is unachievable. Triple Aim means you can get happy patients. Better Outcomes or lower cost. Win two you can't win all three. Nope -a lie. Decades now a lie. Since '94 -first DPC and ironically first transparent surgery center opened around then.

10 Retail clinics are the death of primary care...of the sacred doc patient relationship. Warning. You will get mad at me for my rant here.

Or should. Or maybe you'll agree.

Ok. The foundation of this show when started three years ago -thank you again Jeremy —the framework. There must be a way to cure primary care and by extension healthcare in America. It's so broken the bar is Death Valley low. You'd have to be a tapeworm to limbo under that bar. But it's easy to raise such a low bar.

To evaluate this so-called cure, we ask these 6 highly measurable Q.
It's the triple aim on steroids.

Ok big reveal. We have conquered not the triple quadruple even quintuple but yes the Sextuple aim. Made you listen by throwing sex in there didn't I? But its six aims. Conquered. Not two of three.

Ok

6 highly measurable Q

Do doctors win definitively?

do Consumers?

Do Payers win like -employers or the government /Medicare for ex?

Do outcomes improve measurably?

Do costs drop measurably?

Can the larger community we live in win? Does it?

Yes on all 6 counts.

Ron Barshop:

1 lie number one, which we also can call opportunity number one, which is that independent PCPs are soon going to extinct.

So about 70% of all docs work for the private equity or big systems today -and over half all PCPs. 57%fam Phys

and in early days of the pandemic Congress gave bigs \$175b -doubling strategic reserves -to accelerate the hospitals buying spree with virtually no strings attached.

The pandemic forced a lot of independent PCPs to sell. They had 5 months of zombie volume but bills to pay anyway. So, a record number sold out. Had to.

In primary care here's what is still Alive and well outside the bigs. Two models.

Value based care held its own. These ACOs get a capitated amount say \$10,000 per Medicare patient. Deliver care under that and docs get a bonus. So, volume is out. Outcomes in. Med adherence. More Screenings. Frequency of contact. In in in. The pandemic didn't kill VBC.

Value-based payments are a tiny fraction of fee for service but over a third of docs are using it deeply or somewhat.

direct contracts are ye second that did well in a pandemic. Amazon Care for example decided this path -to pursue employers for per member per month subscriptions. as have 30m patients and 20,000 PCPs. With over two dozen firms scaling direct primary care some nationally now. Direct primary care a subset of direct contracting because employers' contract eventually with the whole ecosystem. Not just primary care.

So those are two models that are doing very well right now. VBC. DPC. More on DPC later. Direct contracting is less narrow term I prefer to direct primary care. And if you're a PCP and independent you sir you madam are in the middle of a giant land grab. Extinct. No. Rising in your happiness, comp, and power. Yes. Independent takes on a fresh meaning when free of bigs.

Ron Barshop:

2 Number two, there aren't enough doctors out there.
Three answers are a solve here.

1 Telehealth/virtual primary care /digital first care

is up 40x which is all about efficiency. Not 40%. 40x. Babylon health for example using AI in their virtual offering can serve over 15,000 members per doc. Medici almost 2000/provider. Will this scale? They have globally 23 m members. Over a million here in the us. It has.

2 FMGs

are a third of our docs but 5000 a year cannot get residency slots...residency slots were always the hitch so exactly 5000 more are slated to get funded if Congress can pass the Biden agenda. Doesn't look good. But Congress is at least aware. Nice to see for if even for a red hot second or two in history.

We Learned this year on the show about a problem with

3 nurses

as a solution to the shortage- who are getting scope equivalency in 36 states up from 19 pre-pandemic. Of 850 nursing schools over half have ridiculous pass rates- over 3/4 trains as academics vs clinical pathways and their board exams aren't tough either. They know internally they have a problem as over half drop out within five years. And remember they aren't prepared clinically if they took the academic track. Which is most. Nursing is too important. But not all these diploma mills. Cheapens the profession.

So, the shortage of docs was always an efficiency problem and virtual care is a potentially great answer along with more fmg's who now can become an associate doc in 6 states. Train a few years with an MD then get a residency equivalent. Hopefully more states than 6.

We don't have a shortage as virtual care hockey sticks by 40 x.
If AI works as it should I Digital first or virtual care and if we add residency slots.

Virtual care for primary care and behavioral health is so important 4 of the 5 big insurers announced 50 state virtual care rollouts as did Walmart, Teladoc, CVS. It's yep -the future. Hate or love it. I live with it 4 years so love it. And I know my online provider won't refer me to dumb tests or imaging, expensive downstream urgent care nor meds I don't need.

COVID proved the bricks and mortar structure excluded the poor and chronically sick those without virtual care. So, it exploded once reimbursements rose and radically increased access without the time and money suck.

One third of the Fortune 100's through Medici and all four leading Silicon Valley employers through Crossover health and one medical adopted digital first care.

Direct contracting is almost always this flavor of care.

Ron Barshop:

Here's what we learned, is that 90% of all office visits are easily eliminated with digital-first. We always had an efficiency problem, not a shortage. Babylon health's CMO Est 90% of All primary care exams are easily virtually provided. Hard to disagree. They have more PCP visits than anyone else in the UK and are hitting our shores now with well over a million mostly VBC consumers. Going public as is Everside. Village MD. One medical listed 2 years ago ty Apple.

3 Number three, our health declines always are at best maintained as individuals, as a nation. Diabetes right now and it is 25% of the overall cost of care. 800/day die from it and related causes. Decades now it's been a pandemic without a headline. Lifestyle diseases total 86% of the health costs.

Is it reversible scalable and sustainably? Yes.

We had as a guest Dr Frank Dumont of Virta health -they put diabetes in remission year one through three. Year 5 data comes out soon.

93% of patients reduced or eliminated insulin use. After one year. Engagement was quadruple normal metrics at over 2/3. I also refer you to the Jeanne Teshler interview as well. It's been done. So now will it scale? The good folks at Virta will face massive headwinds once the doors blow open on their five-year data because success threatens big pharma. Big middles like PBMs. Big hospitals. Yes big insurers. Bigs have a lot to lose when we all win.

Ron Barshop:

We now have hope with these digital and team approach platforms that turn the tide in 86% of our costs. These models might just give us our future...where everyone wins.

And Dr. David Sinclair, maybe one of my favorite guests ever of Harvard, here's a guest who talks about reversing another disease we all have called aging. Aging turns out to be a disease. And there are thousands of eminent scientists like him worldwide that are studying this on how to reverse aging. I'd commend you to listen to that episode, to learn what the state of the art is in age reversal, and what you and I can do and take. He's 51 or so has the biological heart of 21. He's starting a podcast. Don't be a skeptic. Try his ideas. Lots of upside.

That's reproducible and scalable over time because it's led by each of us.

4 Number four, costs of care, only rise, rise, rise. Well, we now have 10 years of data showing that having a relationship with a primary care doctor, radically reduces costs. And with a direct primary care relationship, ER visits, hospital stays, specialist visits, meds, and all tests and labs decline 20 to 60%. We've had a dozen nationally scaling DPC clinics leaders on the show last year and the evidence is crystal clear...outcomes improve as expensive downstream usage declines.

Retail clinics, vbc owned by independents and DPC are important because they aren't referral machines into the bigs. Your system owned doc is. And 70 % or Urgent care clinics are also owned by bigs though you'd never know it most states. There's no label on the package >...There is no easy to find label on the signage or marketing collateral. Because the retail urgent cares refer great commercially insured patients. Great feeder into the Great Healthcare meatgrinder.

Costs decline when direct contracting with primary care and really get amazing when doing the same with independent pharmacy like Scriptco. Pennie's a pill access to generics for \$140 annual fee. Imaging independents like green imaging. Same. 60 Surgery centers nationwide post low transparency pricing on almost all procedures. Surgery center on Oklahoma and Texas medical management were on our show. Sano Surgery gets you there too.

Ron Barshop:

5 employers are stuck in a. Upward Cost spiral.
Direct contracts save 20-60%. Period.

Ashley Bacot of Rosen Hotels Rosencare has been on twice. They have saved in 30 years \$450m quitting the bigs. No corporate debt on 6500 rooms in Orlando. They eliminated all the administrative waste and middlemen offering their own clinics and workout and well consult programs onsite at the Rosen Hotel centers in Orlando. And they plow that savings instead of just into their own profit, into the neighborhood with free college tuition. So, crime is almost zip in tangelo Park, and turn over at the hotel is a fraction of their industry. It's 14% versus 75%. They don't lose people there. And attract great people from their own neighborhood easily. Genius. Community wins.

PJD _Paul Johnson drywall saves millions annually on their workers comp alone -forget their healthcare is half what it was-enough going direct to be the untouchable leader in Arizona and Nevada.

The state of New Jersey thanks to Chris Deacon -fully funded their -pension plan with direct contracted savings exceeding 1.5 b. No one can remember last they did that. Montana did the same ty Marilyn Bartlett. Both giant ladies left the state employment. Headwinds. And Jersey gave 800,000 a month vacation from premiums last year. Community wins.

Imagine if every metro had a Rosen hotel adopt its poorest district.

If every craft had untouchable employees because they offer house buying and college assistance and paid time off in a construction trade where work is less certain. So, the worker has dreams again of a better future.

If every state funded its pension liability built up over decades.

And in direct contracting costs to the em-liter can zero out. If everyone of the tens of millions who no longer have premiums and deductibles could move to better school districts and live in nicer neighborhoods. Spend more locally with the first true raise in decades as premiums and deductibles disappear. For every thousand who get that raise via employer paid direct contracting that's easily another \$20m in local spending power. Local debt repayment. First ever vacations. Way better in every way than federal stimulus -free money which is never free.

These are all community dividends. Community wins.

Again, it's employer direct contracts with the health ecosystem and digital-first care. See how this is all tying together neatly? And some of employers and regular folks are also using healthcare tourism like that offered by guests, Devi Shetty, world eminent cardiologist, and Dutch Rojas. Sano surgery. Traveling out of your town to a center of excellence pays so well and has such better outcomes Walmart adopted this for 2m employees. Saved a billion using this and other direct strategies. So, these are tools in your toolbox too.

Ron Barshop:

6 Number six, employees are trapped too.
I use redirect health for unlimited primary care, labs, chiro.

and Sedera for catastrophic. \$600/mo. Love 'em.

Crowd Health for \$175 (if paired with Scriptco) 12/mo. can do go fund me type crowd funding
It's a new unproven model 19 months old for non-smokers and anyone under 300 lbs. under 65. I
knew less about them but have Andy Schoonover on next week.

These options are even for those with company plans. Opt out if your high deductible plan is
unusable. Just don't expect these smarter models to cover that knee surgery you always needed
but put off. Can't scam these plans with your preexisting condition.

7 All right, number 7 no big idea saves us. Um I just gave you two. Direct contract with redirect.
Crowd fund with Crowd health. Do your own due diligence. Scary to leave a name brand you've
never heard of. Redirect has 4.7 star google ratings. I've been with them 4 years. No problems.
Only good. They are going to be a sponsor of the show next year, but I've said the same of
Redirect Health for 4 years.

You can choose to sidestep bigs and the shameful outcomes and the unsustainable cost bumps
with any of the direct contracting benefit advisers I feature. I'll name them in a minute.

Opt out.

It's what self-insured employers are doing. Opting out/ meaning they take the healthcare
financial risk on themselves. And then they'll hire an advisor who presents someone like Warren
Buffets Berkshire Hathaway to take the scary catastrophic risk off them. And they'll be joining
the Silicon Valley and Walmart and Rosen Hotels New Jersey states of the world. And countless
more who have found creative ways to sidestep these middles, they're not really looking out for
us, but looking out for themselves if not a transparent advisor.

Ron Barshop:

8 your insurance broker or advisor cares about you. I want to be black and white and clear on this
one, 98% of the brokers consultants and advisors for health insurance do not re-engineer health
spend like the guests I've talked about previously. The exceptions, Michael Menerey, Lester
Morales, David Contorno, Rachel Means, Carl Schuessler, Katy Talento. If you remember
Health Rosetta, we had Dave Chase on the show last year, anybody that comes from that family,
they are looking out for you because they're completely transparent, and they're going to break
everything up and sidestep these massive systems and direct contract locally wherever your
people are. So, 1% of the advisors care about you more than their country club membership.

So, if your advisor is delivering to you another rate increase with a bottle of tequila and Omaha
steaks they love their kid's college fund more than they care about you. If you're an advisor, if

you don't get on this train, you're going to find yourself losing the clients for those who are on the train in the coming years. Its pure defense being proactive in direct contracting. Oh, and there's this fire accelerant. The CAA is where HHS now requires full fee disclosure... exposes you January 1,2022. Good luck with the fallout of disclosing up to 17 hidden fees you get. Got that number repeatedly from several who left big letter houses.

Google if interested the consolidated appropriations Act. CAA.

Ron Barshop:

8 my company plan financially protects me. Well maybe. Well not so much today.

85% of us say medical bills scare us.

Half of us are currently carrying medical debt. Half of that over \$1000

Half all medical bankruptcy had company insurance.

250,000 families.

Debt.com survey found nearly three out of four Americans believe that their household pays too much for the quality of health care they receive, and an estimated 58 million U.S. adults find health care costs to be a major financial burden for their families.

Bottom line -

Functionally uninsured is worse than the uninsured by numbers. You have a company plan you can't afford to use. 40-80m of us. Hard to estimate. Uninsured is 29m.

So, if unhappy folks opt out of this exclusively American-brand of insanity and needless worry.

Ron Barshop:

Look direct contracting, as you may know, is direct primary care, but for the larger ecosystem, everybody takes cash in healthcare. In fact, they prefer cash over the headaches of insurance, billing and collecting and pre-authorizations. So, everybody in care is part of this direct ecosystem, whether they know it or not. That's imaging, that's labs, that's tests, that's surgery, even includes labor and delivery. Even pharmacy can all be purchased direct. Everybody wants cash. Docs win with no billing collecting, coding and recoupments.

Those working in direct care have panels one half to 1/4 they did in ffs. So, exams are 45-90 min. Did you hear the No coding part in EHR? No pre-auths. No admins second guessing white coats.

The sidestepping of middlemen is all taking a huge adoption rate up in a movement without a name, but I'm guessing at least 30 million employees, as I said, via Enlightened Employers, and on their own are never going to go back to the dark ages and the dark past of premiums, co-pays, deductibles, pre-auths, and all that nonsense. Friction. It's all just so yesterday.

And transparency mandates by two presidents are opening the sunlight into back room deals between insurers and brokers. Hospitals and insurers.... insurer owned PBMs even getting

mandates. It's all a winning beginning away from what soon may feel like the dark ages of back room deals.

10 Retail clinics are the death of primary care. Walmart Health (20 clinics but filed to open in 37 states this year) CVS (half of 9000 pharmacies will have health hubs a fuller primary care offering than their minute clinics. The CVS CEO just announced.) and Walgreens has dozens in Texas and a few other states now open) are all growing with value-based care partners like Village MD and Oak Street. Beacon Health. CVS has yet to-picked a primary care partner but that's coming like a freight train with greased brakes.

So, it's a giant land grab for PCPs and primary care nurses with experience —big retail vs big insurer vs virtual primary care companies like Medici and Teladoc/Livongo. Babylon. Especially family practice because they can see pediatric and gerontology -they have the widest scope of practice in terms of age.

Ron Barshop:

Yes retailers hope to sell more meds but this not new landgrab forced their hands. This new primary care strategy is central to deeply engaging their retail consumers with home health like infusions and dialysis, more dme sales like glucometers and walkers and glasses and hearing aids and of course more virtual care.

So nationally scaling primary care by new players has redefined primary care —we are seeing the adding of mental health and dermatology as well within primary care stack. And the Amazon and Walmart battle is stretching primary care to include drone delivery on any health item in Arkansas and genomic testing and bio pharma offerings by Amazon -both are lowering med pricing like affordable insulin and more. This is retail shifting and expanding what primary care could be and it's going to make hospital owned clinics rethink to compete for consumers who vote with their feet -and not patients who aren't planted like trees -been the term patient is infantilizing and paternalistic and frankly is doc centric. The future is clearly pointing to consumer centric care.

Omnichannel the new buzzword. It means clicks and bricks and more -the portal called care once that consumer trusts you is broad.

So, it's a real shot they're all investing billions in to Get more intimate with the consumer they know well. To get more of their pocketbook too.

And what's more intimate than the doctor patient relationship?... It's sacred, in fact, so it's hallowed ground for many upset by this so-called intrusion by mega corporations. The lie is this is bad.

Why are retail clinics a good thing? Obvious. Price and convenience beat urgent care. Replaces urgent care possibly. Less obvious — the overriding reason is this-by a mile: referrals.

These 4 retailers aren't pressured to feed big systems who control referrals in over half all PCP exams today. In over 70% of urgent care clinics bigs own. The system owned PCP is easy to trump - they are volume centric. Must refer into the meat grinder.

Retail partners like village MD and Oak street are value based centric. ESP for seniors where the bulk of healthcare is used. So, less meat into the meat grinder of fee for service owned by bigs. Retail clinic wins.

The consumer experience is the new game afoot. Winner, winner, chicken dinner is the consumer. Better cost convenience outcomes. The next evolution is minimizing all needless clinical visits -Babylon's model. Like Medici. Virta.

Look Specialist referrals have tripled in 20 years but that's because of the RVU - relative value unit -pressures hospital owned docs are bonused by. Refer to the bigs imaging/ labs /specialists /surgeons. Even meds. Not all but overwhelmingly most. Value based care eliminates that pressure to refer. As does direct contracting of course.

Ron Barshop:

Well, wrapping up year 3 -show 150.

Talk to 50 smart leaders and collect all these gold nuggets from the C-Suite moving the target in primary care we see patterns, redefinitions. Winners and losers maybe.

And you know what the macro looks like with this perch in the anaconda nest?

The future is now so bright and it's so hopeful and you should be too. It's a future where everyone wins when we opt out of legacy sick care. Bigs addicted transaction care?

Everyone wins.

Docs.

Consumers.

Employers.

Cost.

Outcomes.

Community.

Sextuple aim. That's #9 lie in a nutshell. All 6 win with two models. Direct contracts for certain. Value centric care -especially full risk models like ChenMed.

Ok my favorite quotes from the 2021 shows. So, listen again to those shows if you missed them. Lots of nuggets.

Peter Cranstone

So, it took a long time, well, several years to really work through the business model. And again, another irony of all ironies, the answer for the business model, was in plain sight on the coffee table.

Google. Google gave me the answer to the business model for healthcare.

Dr Frank Dumont Virta health

if we don't have this medically supervised and make medication changes fast enough, people can be over treated with their medications. And that can be just as dangerous as not being treated at all. I spent 20 years as a PCP writing more medicines. Now I spend every day deprescribing medicines. It's a lot more fun.

Chris Deacon State of NJ

when I came into this role we were projected to spend by I believe 2022 -over \$4.5 billion a year in healthcare spending as a state for state employees. And we've kept that projection at bay at around 3 billion despite increasing our membership across the board.

Darshak Sanghavi, Babylon health

And what we learned is that roughly 90% of care when done appropriately and it took a while to really get those models right, but 90% of that care can be delivered mostly virtually.

Zach Zoeller, Scriptco

With us, you're paying three to five cents per pill, so if you're taking a pill, one pill a month, that's three cents, times 30. I mean 90 cents, it's simple.

Katy Talento

direct contracting is the future. And if I never see another CPT code, it'll be too soon. So, you've got it right on. We're going to get rid of all these middlemen.

So that's it for the 10 Lies in Healthcare, 10 opportunities for those of you who are glass-half-full kind of people. I don't know what 2022 is going to look like but stay tuned and we'll figure this new shift out together. Okay?

Ron Barshop:

I'm lucky to have a smart listener like you and I so enjoy and appreciate this opportunity. Together we get to peer around the corner what is coming and what is happening in primary care which is the engine of healthcare where the rubber meets the road. Where the ripple effect on the

larger ecosystem starts. It's the mouth of the Nile because over half all referrals start here. PCPs always had the power, but leadership gave it away when the RUC was created IMHO. But the scariness ahead is unfounded as the consumer rises and bigs will learn to serve to compete -not subjugate and dominate. Doctors will always have a gig. Your happiness will depend on which model you hang your hat on. I'd bet on direct contracts. Full risk value-based care. Smaller panels. longer visits. Happier patients. Less EHR.

Employers competing for A players. Firstly, a true tool to attract retain. Way Healthier happier team and it pays for itself.

Consumers get less friction in time and money and aggravation and fear in billing is gone.

And I look forward to bringing you the best and brightest disruptors, thought leaders, drum bangers, secret gems who know how to tell their story every week. Who are telling the story of the fundamental rebuilding of healthcare from the ground up and rebuilding of community too when everyone wins. So, a giant hat tip to my brilliant guests and -most important -to you for listening. Have a great 2022 living in gratitude and in a future where we all win.

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.