

THE GREAT REVEAL

Demystifying Healthcare Costs

How to Regain Control of Your Health Plan Costs

Substance Use

&

The Workplace Community Forum

January 16, 2018



CUSTOM
BENEFITS
SOLUTIONS

Est. 2006

Integrating → *Educating* → *Mitigating*

What is in this for You?

- ❖ **Educate** - The Great Reveal - pull the curtain back and expose how the status quo has been designed intentionally to make your health insurance cost more
- ❖ **Empowerment** - Allow you to break free of status quo and offer 10X the benefits for 1/2 the cost by becoming an Active Manager of your health plan
- ❖ **Action** - Take advantage of these strategies we will discuss
- ❖ **Results** - You save \$\$\$ allowing you to put more \$\$\$ into your communities, and allows employees to save more for retirement

Who are the Mitigate Partners?

- ❖ Over the past 40 years, the health insurance brokerage and advisory community has evolved from one of fierce competition to one of supportive collaboration.
- ❖ A collaboration of creative thinkers that have come together to bring a new approach and a new way of thinking about the problems ingrained in today's health care/insurance and identify and develop resources and share solutions to these problems.

We use an “open architecture” in our approach and may well engage with other forward thinking parties as needs and opportunities suggest.

Morganton
North Carolina



Atlanta



South Carolina



Birmingham
Alabama



Georgia

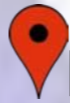
Valdosta



St. Simons Island

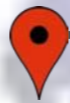


Daytona Beach



Florida

Tampa



Mission Statement

It is our job to protect our client's money like it is our money.....
serving as a fiduciary of their health plan dollars

To this end, we are dedicated to discovering all available cutting edge technologies and resources to directly impact the cost of care for our clients and their employees and in doing so, to assist our clients in **ACTIVELY MANAGING** their health plans to achieve better financial outcomes for the employer, better care outcomes for their employees, and more secure benefits for their employees.

Our Mission

Improve Patient Experience



Improve Patient Outcomes



Reduce Cost



Improve Care Team Experience



We believe in the following Precepts

1. People say the current HealthCare delivery system is broken.

HealthCare is not broken...it is was made this way on purpose

2. Insurance Companies, Hospitals, Pharmacy Companies, the Provider Community, and our elected officials in Washington D.C. all operate in their own self interest - and all at the expense of the employer.

And the traditional brokerage community passively cooperates with others in this “Cartel” instead of advocating for their clients

3. ***Your employees are likewise victims of these processes and forces that are beyond their control***

Our Business Philosophy

- **Population Health Manager and Advisor**, not Broker
- Advocate - our interests are in alignment with your goals
- Idea Platform, Not Product Platform
- Financial Perspective, not Product Perspective
- **Active Management, not Passive Management**
- Full disclosure and insider's view into the industry
- Regain control of your cost through employee education

Our Business Philosophy

You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.

Buckminster Fuller

Fair  **Cost**
Health Plan

Benefits Consulting Capabilities



**Reporting and
Clinical Services**



**HR/Benefits/Payroll
Administration
Outsourcing**



**Tools and
Technology**



Actuarial Services



**International
Benefits**



Retirement



**Disease
Management and
Wellness**



**Prescription Drug
Program Analysis**



Voluntary Benefits



**Communication and
Survey Services**



**Benchmarking
Services**



**Mergers and
Acquisitions**



**Executive Benefits
and Non-Qualified
Plans**



**Compliance
Services**



Compensation



**Employment Law
Practice Hotline**



**Employee Helpline &
Advocacy Services**



**Fair Price
Transparency Tools**



**Online HR Dept. –
ACA + Legislative
Updates**

Our Hope and Commitment

- ❖ Over the past 6 years, our hours and hours of research have identified 6 fundamental flaws in the Health Care/Insurance system that we have turned into **Opportunities for you.**
- ❖ *In the process, we have also identified resources that can be applied to mitigate their negative impact on your health plan*
- ❖ *By using data analytics and active management techniques, we propose to help you regain control of your health care spending*

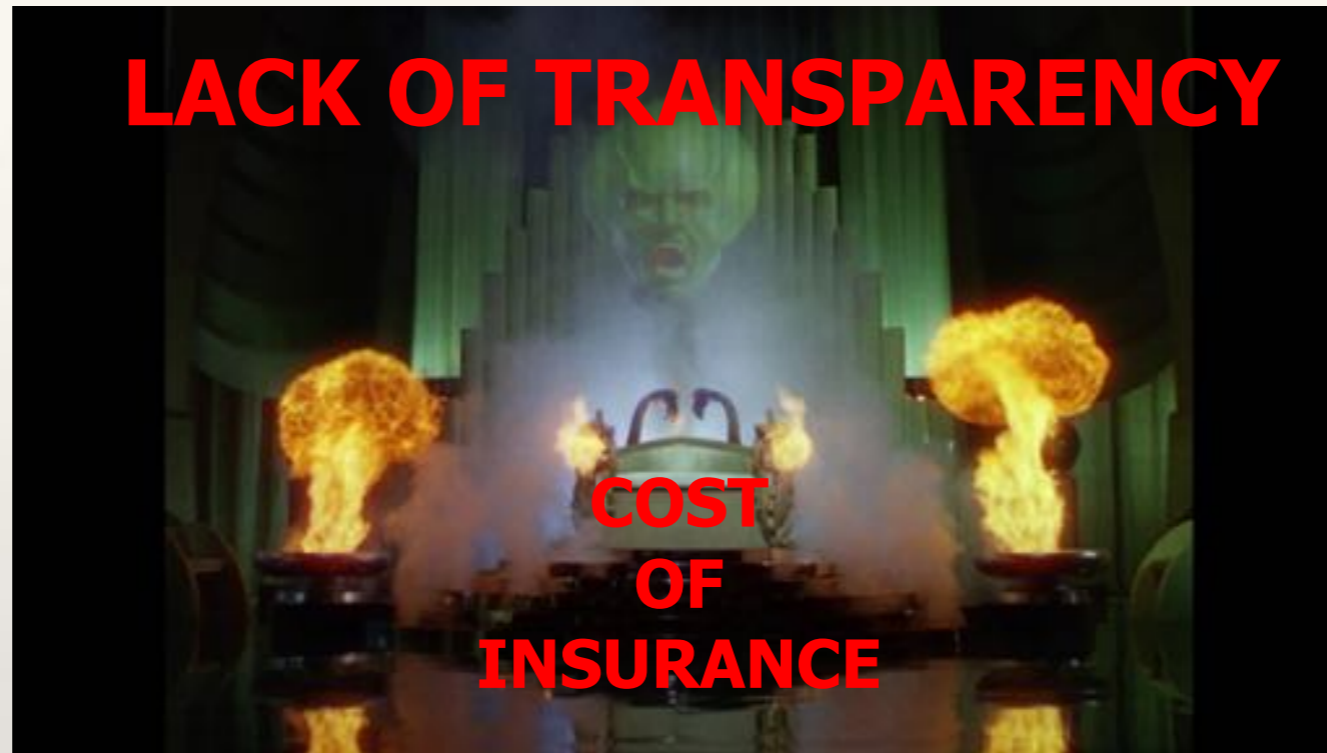
And believe we will improve the employee experience in the process

Fundamentals

Background and History

COST OF CARE

Pay no attention to the ~~man~~ behind the curtain



The Middle Class 20 Year Depression

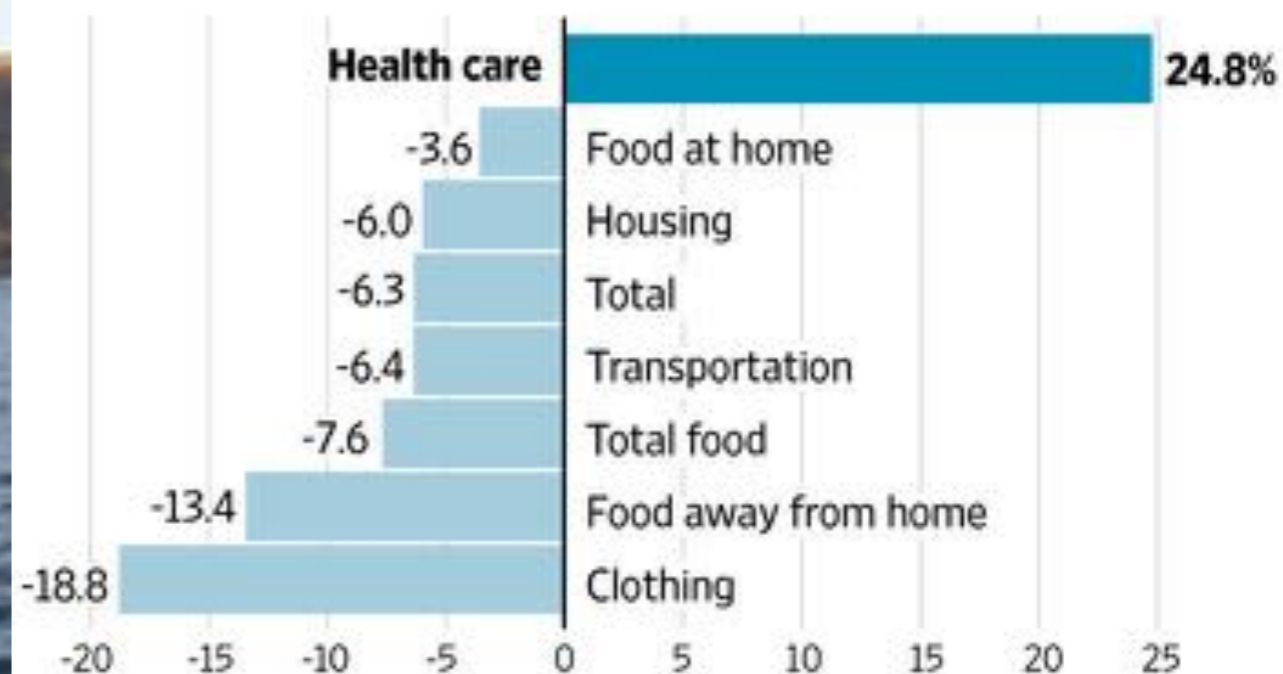
The Extractive Era's Economics Destroy Families & Hope

WSJ: "They spend more time fishing and elk hunting to avoid buying meat at the supermarket."

A Bigger Bite

Middle-class families' spending on health care has increased 25% since 2007. Other basic needs, such as clothing and food, have decreased.

Percent change in middle-income households' spending on basic needs (2007 to 2014)

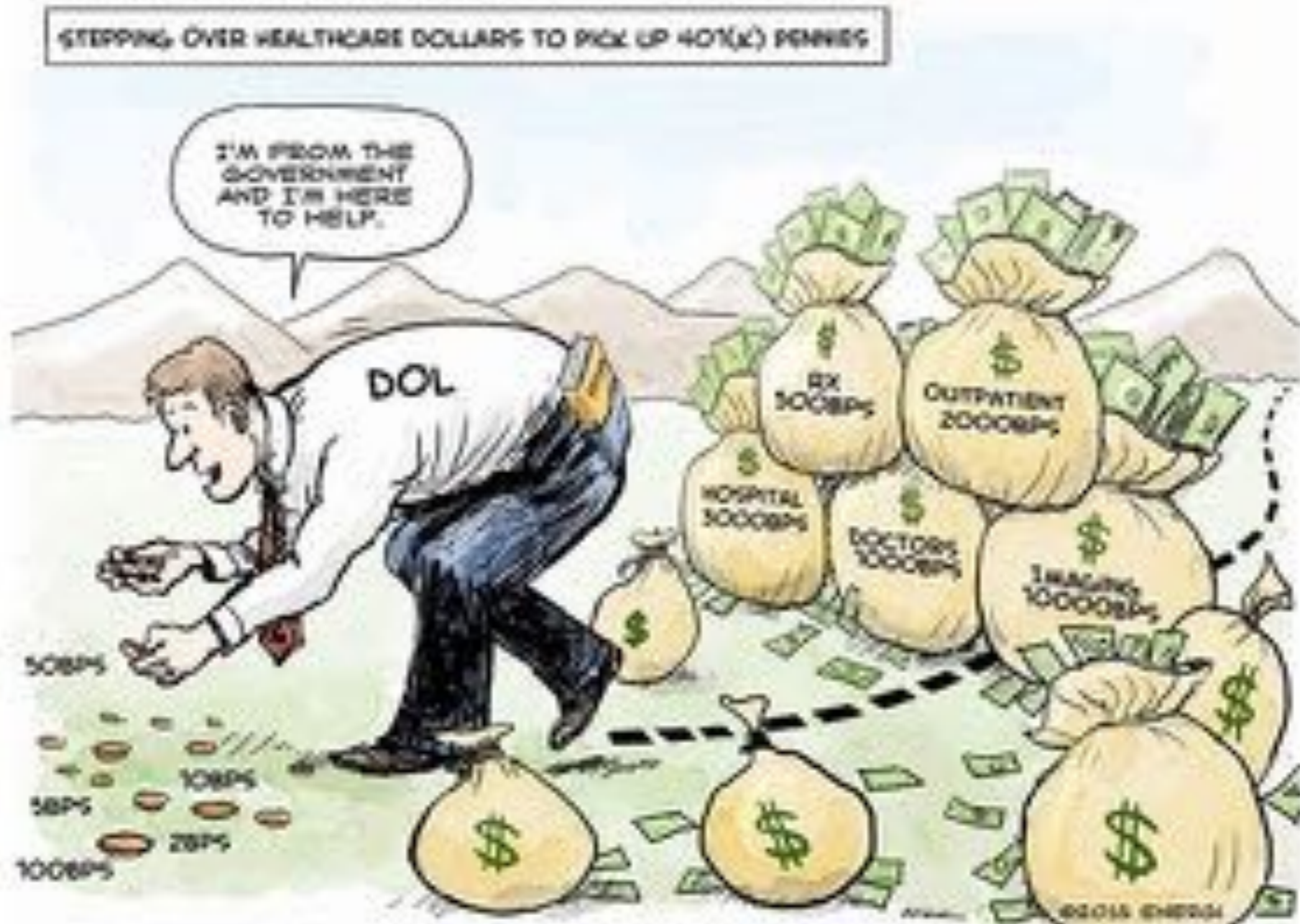


Sources: Brookings Institution analysis of Consumer Expenditure Survey, Labor Department
THE WALL STREET JOURNAL.

The Middle Class 20 Year Depression
The Extractive Era's Economics Destroy Families & Hope



Dereliction of Fiduciary Duties



Dereliction of Fiduciary Duties

**Ignorance is not a defense
available to a Fiduciary**

Dereliction of Fiduciary Duties



CEO's Guide To Restoring The American Dream

THE CEO'S GUIDE TO **Restoring**



The **American Dream**

**How to Deliver World Class Health Care
to Your Employees at Half the Cost**

Dave Chase

Foreword by
BRIAN KLEPPER

CEO's Guide To Restoring The American Dream

CEO's Guide to Restoring the American Dream

Benefits Experts

Forward-leaning benefits experts are the vanguard that is worth its weight in gold. They've left behind wasteful, obsolete approaches that plague most employers. They're the architects and first members of the Health Rosetta Institute. I can't thank them enough. They take what Margaret Mead once said to heart.

Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.

They've taught me virtually everything I've learned about health benefits:

Ashley Bacot, David Balinski, Jeff Bernhard, David Contorno, Heidi Cottle, Mike Dendy, Tom Emerick, Fred Goldstein, Scott Haas, Larry Hightower, Brian Klepper, Eric Krieg, Craig Lack, Lee Lewis, Jim Millaway, Steve Miller, Andy Neary, Ron Peck, Keith Robertson, Adam Russo, Bill Rusteberg, Edward Smith, and Woody Waters.

I also want to acknowledge the first group of forward-leaning benefits advisors that we've accepted into the Health Rosetta Benefits Certification Programs:

Robson Baker, Gary Becker, Adam Berkowitz, Thomas Carey, David Contorno, Megan Cook, Dan DaCosta, Thomas DiLiegro, Eric Dreyfus, Cary Goss, John Harvey, John Humkey, Joshua Jeffries, Adam Karalius, Lee Lewis, Donnie Marcontell, Tracy McConnell, Keith McNeil, Jared Meays, Jim Millaway, Kalli Ortega, John Sbrocco, Carl Schuessler, Jr., Craig Scurato, Edward Smith, Tommy Taylor, Antione Turner, Brian Uhlrig, Chris Van Buren, and Mark Weber.

Delivery System Innovators

These individuals give me hope. They're just a sampling of those I've been honored to learn from. The common thread is

 Health Rosetta
Charter Certified Professional

What is the Health Rosetta?

Crowdsourced blueprint for wisely purchasing health benefits

Best practices

Proven solutions

Case studies

Leading experts



How the Health Rosetta Helps



Better benefits for you and your employees.



Better
financial
performance



Higher
performing
workforce



Better care &
lower
employee costs

How a Certified Professional Helps You



Health Rosetta expertise

Approaches that leverage the Health Rosetta and build on the successes of other employers.



Deep resources & community

Access to a broad range of experts, resources, education, and community to solve all types of challenges.



More aligned interests

Success requires acting in your long-term interests. Transparency requirements help ensure this happens.

Why Self -Fund?

- ❖ Full Transparency - Know where all your dollars are being spent
- ❖ Access to Data - Know what is going on with your claims
- ❖ Control over your plan design
- ❖ Don't pay for claims that don't occur
- ❖ Lower your "insurance" cost
- ❖ **ACTIVELY MANAGE YOUR HEALTH PLAN**
- ❖ **Small employers can minimize their risk via Captive arrangement**
- ❖ ***Never Self-Fund without implementing all available cost containment strategies...all self-funding is not created equal***

What is the bottom-line?



What is the bottom-line?

Only 2 Benchmarks really matter and ultimately move the Needle:

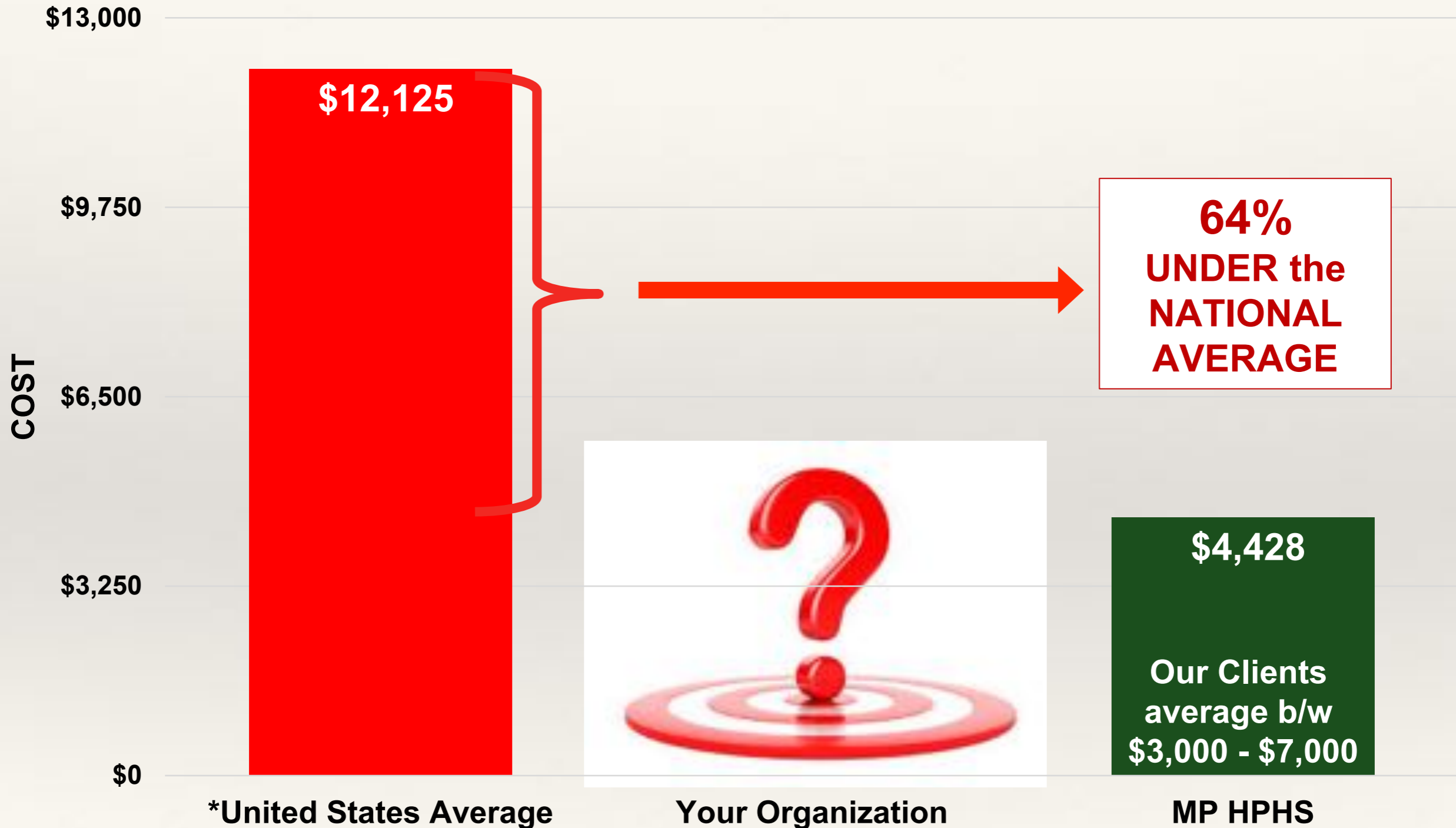
1. Medical Expense Per Employee Per Year (PEPY)
2. Prescription Drug Expense Per Member Per Month (PMPPM)

**Do you know what
your benchmark costs are?**



Employee Per Year (PEPY)

Medical Expen

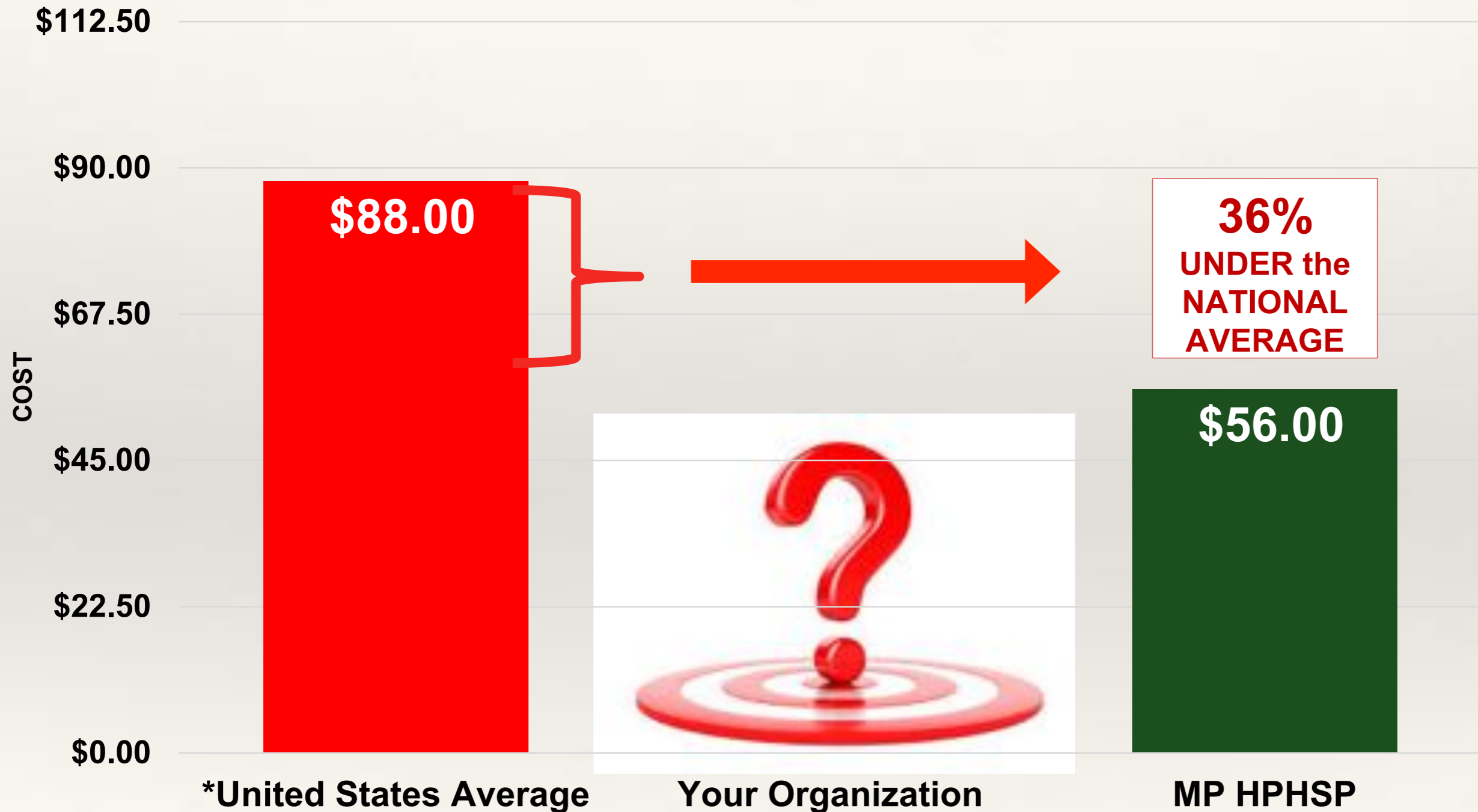


*Source: Truven Medstat Industry Benchmarks Claims Data FY '16





Per Employee Per Month (PEPM) Prescription Drug Expense



*Source: Truven Medstat Industry Benchmarks Claims Data FY '16

FairCost

Health Plan

FairCost	Your Health Plan	
\$0	Deductible	?
\$0	Generic Rx Copay	?
\$0	Brand Name Rx Copay	?
\$0	MRI / CT Scan Copay	?
\$0 / \$25	Laboratory / Pathology Copay	?
\$15 / \$25	PCP / Specialist Copay	?
100%	Coinsurance	?
\$0	Plan Premium to Avoid ACA Penalty	?
\$4,500	Maximum Out-of-Pocket	?
\$80 - \$160	Employee's Monthly Premium	?
CRITICAL BENCHMARKS		
\$4,428	Medical Expense PEPY	?
\$46	Rx Expense PMPM	?

Results of Our High Performance Healthcare Solutions

Example 1 Employees: 174 Tenure: 3 Years	Actual Billed by Healthcare Provider	Average Payment by PPO Network (30% off Billed)	Actual Paid via BSLLC HPHSP Program including fees	Savings (Dollars)	Savings (Percentage)	Savings per 100 employees	Savings Per Employee Per Year (PEPY)
2015	\$736,442	\$515,509	\$326,973	\$188,536	37%	\$103,591	\$1,084
2014	\$1,402,829	\$981,980	\$567,557	\$414,423	42%	\$227,705	\$2,382
2013	\$950,116	\$665,081	\$495,204	\$169,877	26%	\$93,339	\$976
Total:	\$3,089,387	\$2,162,570	\$1,389,734	\$772,836	35%	\$424,635	\$4,442

Example 2 Employees: 1000 Tenure: 4 Years	Actual Billed by Healthcare Provider	Average Payment by PPO Network (30% off Billed)	Actual Paid via BSLLC HPHSP Program including fees	Savings (Dollars)	Savings (Percentage)	Savings per 100 employees	Savings Per Employee Per Year (PEPY)
2015	\$14,492,925	\$10,145,048	\$5,063,470	\$5,081,577	50%	\$508,158	\$5,082
2014	\$10,285,369	\$7,199,758	\$3,476,473	\$3,723,285	52%	\$372,329	\$3,723
2013	\$7,529,929	\$5,270,950	\$2,681,847	\$2,589,103	49%	\$258,910	\$2,589
2012	\$7,681,439	\$5,377,007	\$2,835,955	\$2,541,053	47%	\$254,105	\$2,541
Total:	\$39,989,662	\$27,992,763	\$14,057,745	\$13,935,018	50%	\$1,393,502	\$13,935

Opportunities In Healthcare

1. **The Cartel**
2. Lack of Pricing Transparency
3. Billing Errors
4. The Traditional PPO Discount Game
5. The Pharmaceutical Shell Game
6. Lack of Information and Data

Opportunity #1

The Cartel

The Underlying Problem



*“ALL HEALTHCARE
RELATIONSHIPS ARE
INCENTIVIZED TO MAKE
OUR HEALTHCARE
COST MORE AND THEY
ARE ALL IN A POSITION
TO
MAKE THAT HAPPEN”*

The Underlying Problem

 **TheUpshot**

The New York Times



THE NEW HEALTH CARE

Why the U.S. Spends So Much More Than Other Nations on Health Care

Studies point to a simple reason, the prices, not to the amount of care. And lowering prices would upset a lot of people in the health industry.

By **Austin Frakt** and **Aaron E. Carroll** Jan. 2, 2018

The United States spends almost twice as much on health care, as a percentage of its economy, as other advanced industrialized countries — totaling \$3.3 trillion, or 17.9 percent of gross domestic product in 2016.

2016 Healthcare Industry Lobbying Expenditures

- Healthcare Industry spent **\$509.5 million**
 - Healthcare is the largest employer in U.S.
- Oil & Gas, Aerospace, and Defense
 - Combined spent **\$317 million**

The Top 20 U.S. Industry Groups by Lobbying Expenditures, 1998-2015

Rank	Industry	Total
1	Pharmaceuticals/Health Products	\$3,103,588,993
2	Insurance	\$2,156,900,089
3	Electric Utilities	\$1,707,812,247
4	Electronics Mfg & Equip	\$1,788,861,732
5	Business Associations	\$1,775,563,543
6	Oil & Gas	\$1,692,395,426
7	Misc Manufacturing & Distributing	\$1,388,234,792
8	Education	\$1,383,865,871
9	Hospitals/Nursing Homes	\$1,301,694,851
10	Securities & Investment	\$1,245,456,898
11	Real Estate	\$1,199,673,223
12	Civil Servants/Public Officials	\$1,199,531,787
13	Telecom Services	\$1,175,835,433
14	Health Professionals	\$1,170,671,840
15	Air Transport	\$1,104,140,828
16	Misc Issues	\$919,867,782
17	TV/Movies/Music	\$913,128,418
18	Automotive	\$876,838,800
19	Health Services/HMOs	\$834,043,640
20	Telephone Utilities	\$824,285,736

Source: <http://OpenSecrets.org>, The Center for Responsive Politics.
Note: Dollar figures are for the period January 1, 1998 through April 30, 2015.

- 5 healthcare industry groups spent a combined total of \$8.6 billion
- 19.3 percent of the \$44.4 billion spent on lobbying by all industry groups in the U.S.

Insurance Companies

Who is the #1 Fiduciary responsibility for a publicly traded company?



THE HIGHER
YOUR CLAIMS
EXPENSE...

THE
GREATER
THEIR PROFIT

Insurance Companies



Stock Price Growth							
	United	Aetna	CIGNA	Humana	Anthem	Dow-Jones	S&P 500
May 15, 2009	27.51	25.76	21.66	31.58	46.88	8268.64	756.55
May 12, 2017	171.81	142.90	162.03	231.99	181.44	20896.61	2390.9
Growth (Multiple)	6.25	5.55	7.48	7.35	3.87	2.53	3.16
Growth re: DJI	2.47	2.19	2.96	2.90	1.53		
Growth re: S&P	1.98	1.76	2.37	2.32	1.22		

Pharmaceutical Industry



2016 Fortune 500

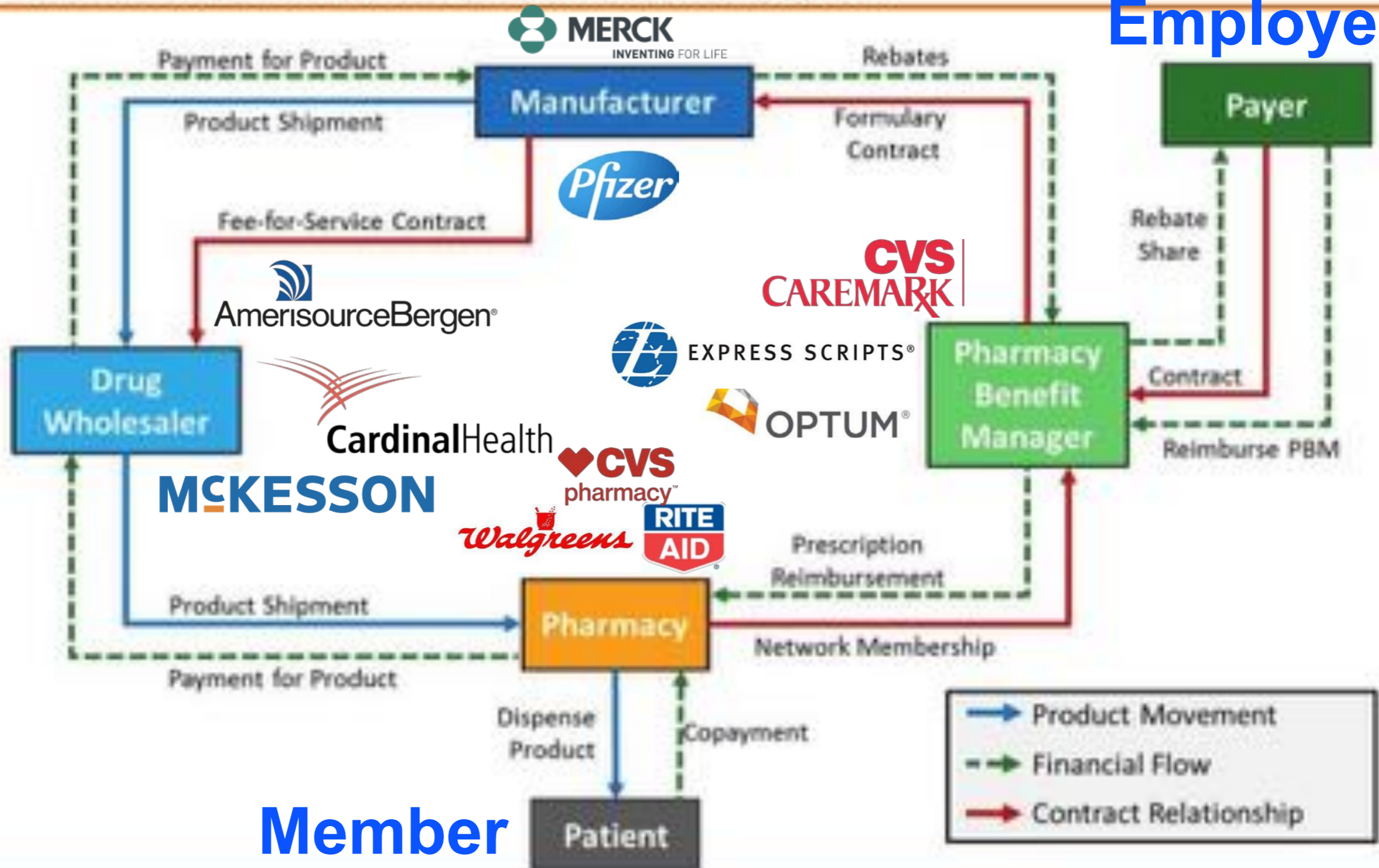
Rank	Company	Revenues (\$M)
1	Walmart	\$482 Billion
2	Exxon Mobil	\$246 Billion
3	Apple	\$234 Billion
4	Berkshire	\$211 Billion
5	MCKESSON	\$181 Billion
6	UNITED HEALTHCARE GRP	\$157 Billion
7	CVS HEALTH	\$153 Billion
12	AMERISOURCEBERGEN	\$136 Billion
21	CARDINAL HEALTH	\$103 Billion
22	EXPRESS SCRIPTS	\$102 Billion
Anthem (33), Aetna (46), Humana (52), Pfizer (55), Merck (72), Cigna (79)		



2016 Fortune 500

The U.S. Pharmacy Distribution and Reimbursement System

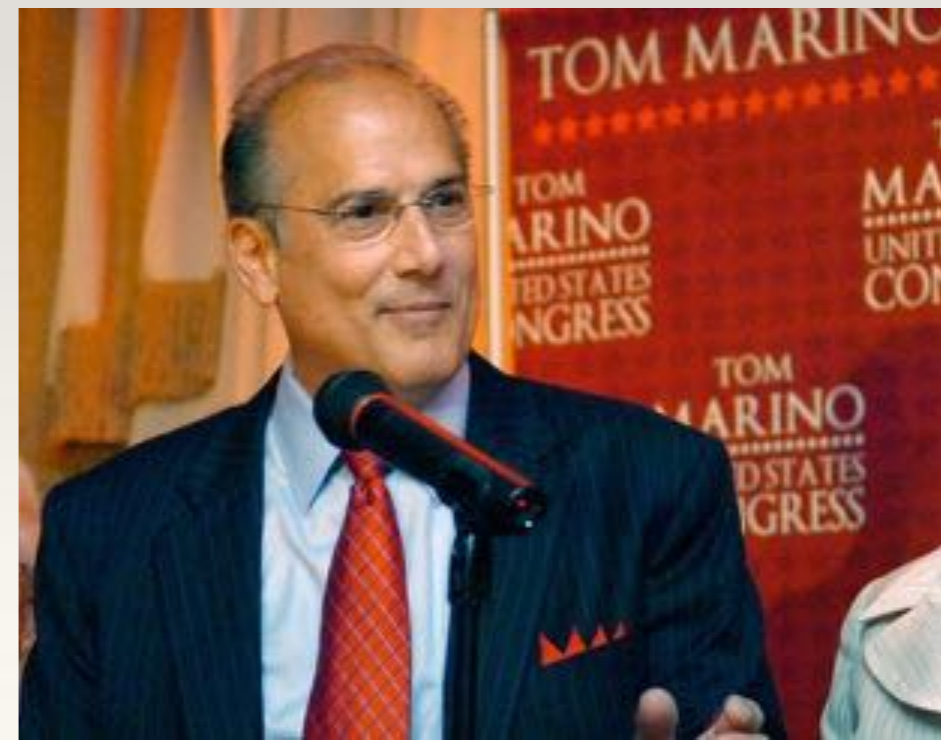
Employer



Member

60 Minutes on October 15, 2017 - Ex-DEA agent: Opioid crisis fueled by drug industry and Congress

Whistleblower Joe Rannazzisi says drug distributors pumped opioids into U.S. communities -- knowing that people were dying -- and says industry lobbyists and Congress derailed the DEA's efforts to stop it



2015 Forbes List of Richest U.S. Families

Esquire



THE SECRETIVE FAMILY MAKING BILLIONS FROM THE OPIOID CRISIS

You're aware America is under siege, fighting an opioid crisis that has exploded into a public-health emergency. You've heard of **OxyContin** the pain medication to which countless patients have become addicted. But do you know that the company that makes Oxy and reaps the billions of dollars in profits it generates is owned by one family?



BY CHRISTOPHER GLAZEK OCT 16, 2017

57.5K



2015 Forbes List of Richest U.S. Families

Forbes

JUL 1, 2015 @ 10:17 AM 540,021

The Little Black Book of Billionaire Secrets

The OxyContin Clan: The \$14 Billion Newcomer to Forbes 2015 List of Richest U.S. Families



Raymond and Beverly Sackler (credit: Taco van der Eb/Hollandse Hoogte/Redux).

The richest newcomer to Forbes 2015 list of America's Richest Families comes in at a stunning \$14 billion. The Sackler family, which owns Stamford, Conn.-based Purdue Pharma, flew under the radar when Forbes launched its initial list of wealthiest families in July 2014, but this year they crack the top-20, edging out storied families like the Busches, Mellons and Rockefellers.

How did the Sacklers build the 16th-largest fortune in the country? The short answer: making the most popular and controversial opioid of the 21st century -- OxyContin.

2015 Forbes List of Richest U.S. Families

Forbes

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The Little Black Book of Billionaire Secrets

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Hospitals



- *Many of us don't know what the cost is and can't find out*
- *Starting point and ending point*
- *State of Montana*
- Communities must come together to localize care

Physicians



Specialists = paid per procedure.
Primary Care = paid per visit = see MORE patients per hr!

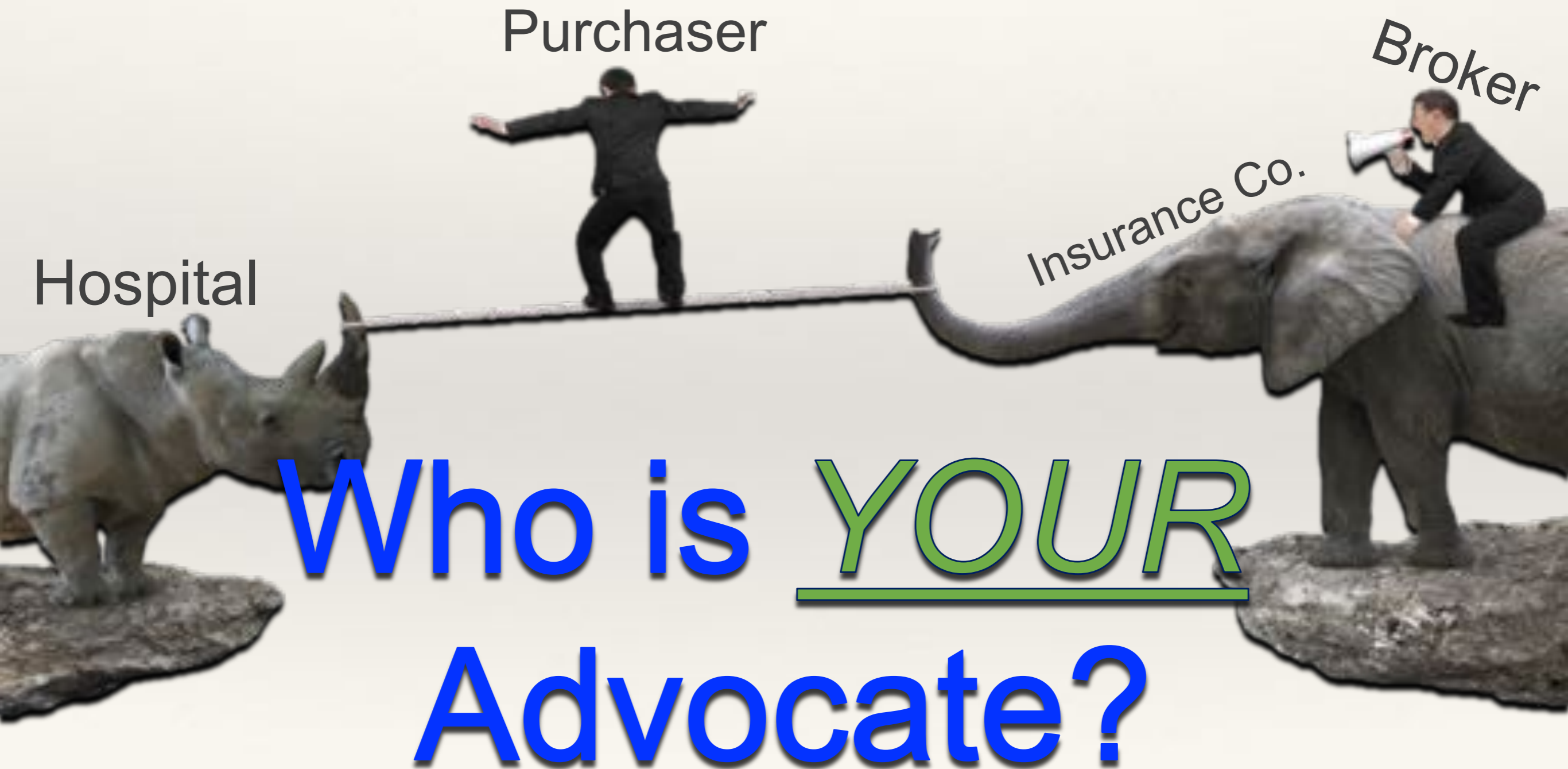
**FEE FOR SERVICE - INCENTIVIZED TO “DO STUFF”
BUT NOT NECESSARILY TO KEEP US WELL.**

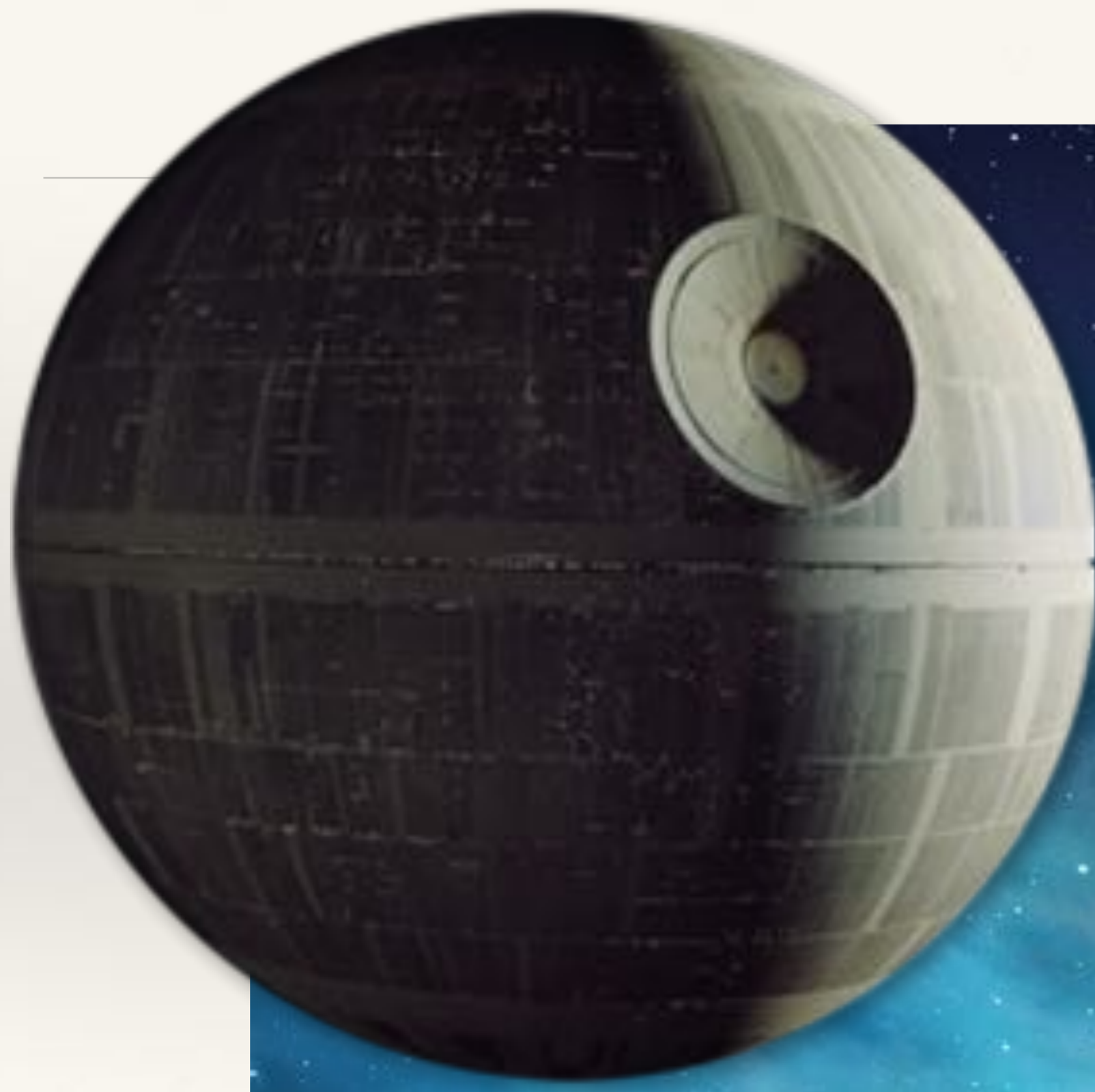
Brokers



**BROKERS MAKE
MORE MONEY
WHEN YOUR
INSURANCE
PREMIUMS
GO UP**

Who is advocating for the PURCHASER?





**OUTMATCHED
AND
OUTGUNNED**



Opportunities In Healthcare

1. The Cartel
2. Lack of Pricing Transparency
3. Billing Errors
4. The Traditional PPO Discount Game
5. The Pharmaceutical Shell Game
6. Lack of Information and Data

Opportunity #2

Lack of Pricing Transparency

What if we bought groceries...

...the way we buy healthcare?



Opportunity #2

Lack of Pricing Transparency

- ❖ The healthcare system is set up to foster a lack of competition.
- ❖ Providers are free to charge “what the market will bear” without regard to free market fundamentals . There is no competition in healthcare
- ❖ The third party payer system has served to disconnect the consumer from the rewards of making good decisions

Databases have been developed that can be implemented in a way that will bring the concept of “shopping” to the purchase of healthcare services. These can be delivered with technology and the personal touch of healthcare counselor support to the benefit of the employee and the health plan

We need to use plan design and “steerage” to re-connect the consumer to more positive outcomes fostered by smarter decisions

Price ~~≠~~ Quality

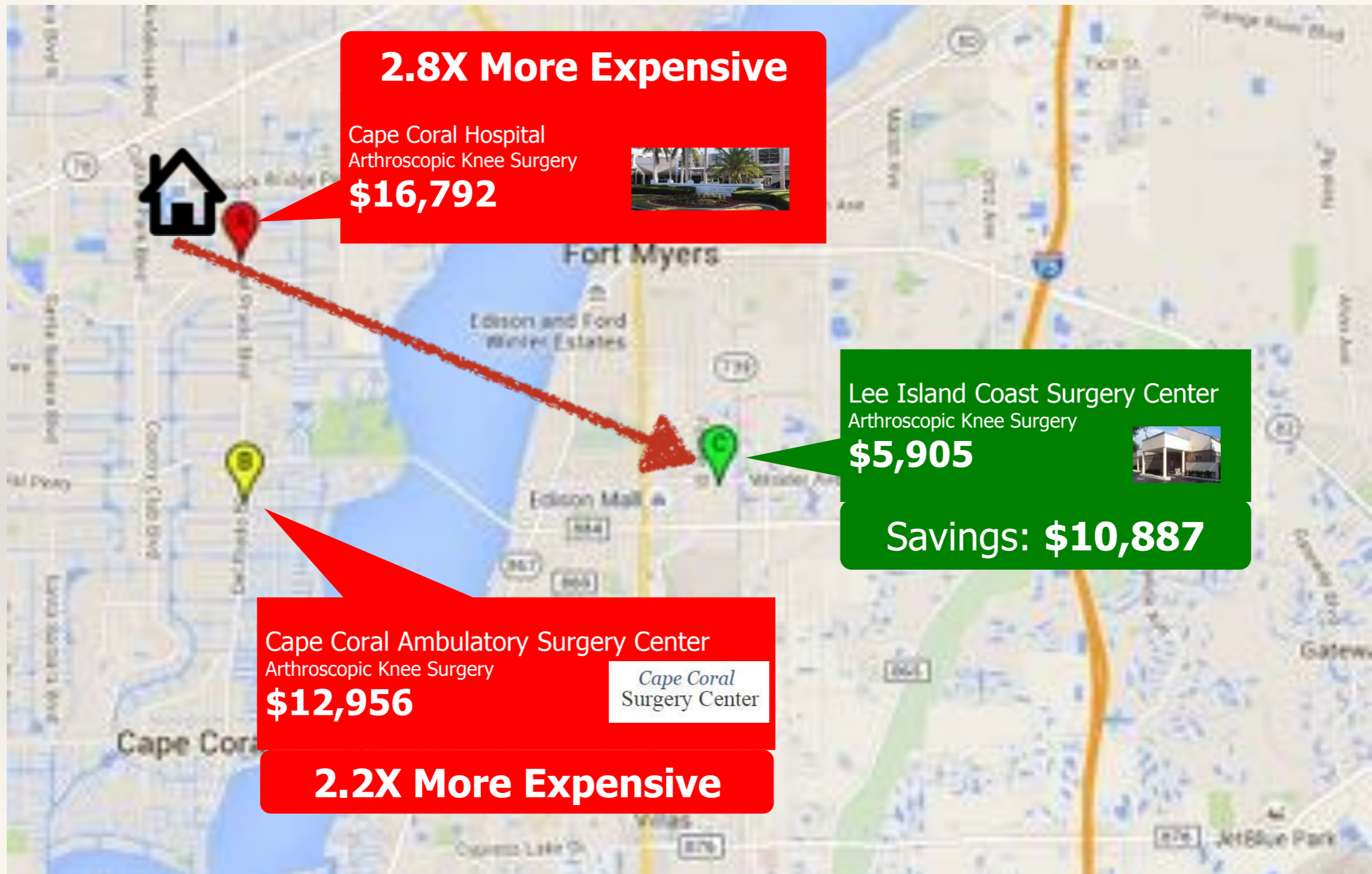
Total Knee Replacement ~ Ancillary Breakdown
Pinellas County
12 months ending 09-30-13

Facility	Volume Cases	Average per Case (compared to Dataset, DRG)				Indices		
		LOS		Charges		Sev Adj I-CMI	LOS	Charges
		Actual	Average	Actual	Average			
Morton Plant Hospital	538	3.56	3.61	55,328	73,928	1.58	0.99	0.75
Largo Medical Center	403	3.27	3.73	84,716	75,415	1.61	0.88	0.77
Bayfront Medical Center	298	3.51	3.63	96,364	74,728	1.60	0.97	0.77
St. Anthony's Hospital	265	3.60	3.62	60,386	75,328	1.61	0.99	0.81
Palms of Pasadena Hospital	150	3.54	3.63	62,372	74,956	1.60	0.98	0.80
Mease Countryside Hospital	127	3.58	3.58	56,147	72,816	1.55	1.00	0.83
Mease Hospital Dunedin	113	3.49	3.61	59,336	73,036	1.56	0.97	1.12
Edward White Hospital	99	3.65	3.61	94,954	74,016	1.58	1.01	1.28
St. Petersburg General Hospital	77	3.74	3.63	106,501	73,810	1.58	1.03	1.29
Helen Ellis Memorial Hospital	62	3.11	3.59	56,383	73,069	1.56	0.87	1.36
Northside Hospital and Heart Institute	23	4.57	3.63	102,956	75,804	1.62	1.26	1.44
All Children's Hospital	1	4.00	3.56	161,489	72,823	1.54	1.12	2.22
Report Total	2,156	3.51	3.63	72,098	74,442	1.59	0.97	0.97

Cape Coral, FL Pricing Transparency Examples

In-Network Prices Can Vary by 800%+

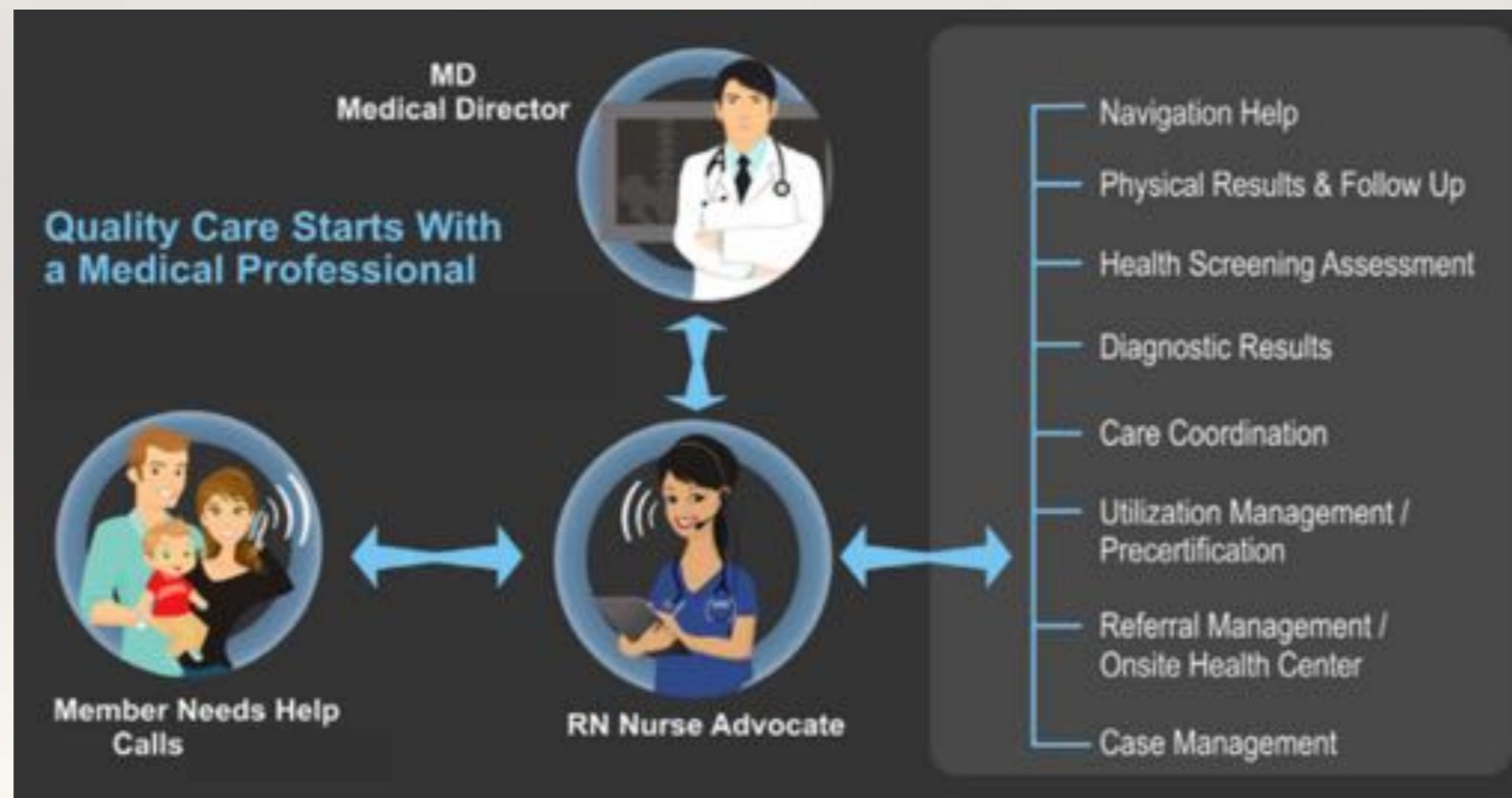
Arthroscopic Knee Surgery



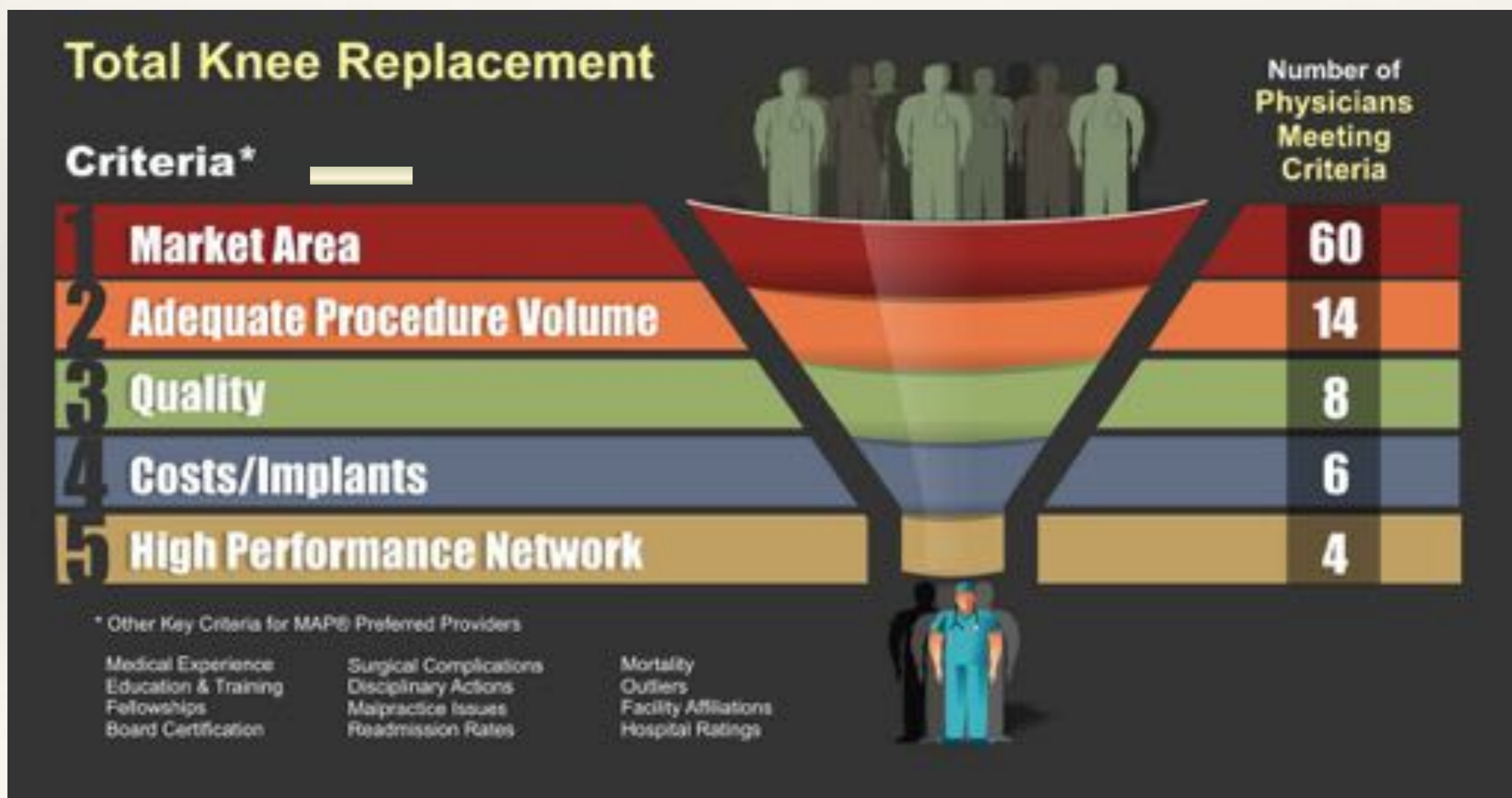
Opportunity #2

Lack of Pricing Transparency The Best Solution

High Performance platforms utilize a patient advocacy team with Nurses to assist members in making the most of their plan benefits and finding the most qualified providers for their needs.



Example Physician: Knee Replacement



Example Physician: Knee Replacement

Total Knee Replacement - Ancillary Breakdown
Pinellas County, Doctors Over 50 Cases
12 months ending 09-30-13

Physician Id (Operating)	Meets Criteria	Volume Cases	Quality		Ancillary Charges per Case							
			Mortality	Complications	Routine	Pharm	MM	Lab	Rad	OR	Other	Total
177052641	Yes	167	0	0.08	5,253	5,690	14,062	1,180	90	24,525	2,279	53,080
171018847	Yes	144	0	0.13	5,872	6,550	15,141	2,217	279	23,377	3,000	56,435
197259604	No - C	132	0	0.33	8,398	7,304	19,052	5,093	425	35,968	1,297	77,536
135630961	No - DMNBC	128	0	0.26	8,482	8,413	17,623	5,006	1,024	26,874	4,654	72,971
179077876	No - Q	105	4.47	0.50	7,623	7,176	13,991	6,229	1,163	26,603	3,449	66,254
176017437	No - D	97	0	0.19	5,778	6,927	16,670	2,310	708	23,367	2,860	58,621
184127266	Yes	95	0	0.28	7,977	8,357	18,322	4,807	796	24,801	3,616	68,676
181195066	Yes	90	0	0.15	5,215	6,988	14,148	2,554	1,026	27,229	4,232	61,382
121599736	No - C	78	0	0.65	6,345	6,119	20,127	1,846	838	20,418	4,113	60,205
122502398	No - C	74	0	0.60	9,514	10,254	51,608	2,815	1,006	21,019	5,156	103,043
141799686	No - M	62	0	0.40	8,492	6,749	18,659	6,190	853	18,748	4,290	63,978
175036607	No - C	56	0	0.23	6,995	9,785	16,618	3,192	607	32,579	3,501	73,277
103310222	Yes	55	0	0.34	6,478	6,826	13,892	1,851	572	21,728	2,971	54,117
127553234	No - C	52	0	0.00	8,671	11,113	38,356	2,651	506	25,589	3,159	90,045
-Filtered Items	>50 Cases	821	0	0.45	8,434	9,207	24,580	4,382	1,015	29,347	2,918	80,695
Report Total		2,156	0.37	0.35	7,600	8,116	21,245	3,778	797	27,608	935	72,098

Filter >50 Cases ~ (46 of 60 Physicians Do Not Meet Criteria)

C = Cost D = Disciplinary Actions M = Malpractice NBC = Not Board Certified Q = Quality

Note: 14 Physicians met our volume criteria of 50 cases

Example Physician: Knee Replacement

Total Knee Replacement ~ Ancillary Breakdown
Pinellas County
12 months ending 09-30-13

Facility	Volume Cases	Average per Case (compared to Dataset, DRG) LOS Charges				Indices		
		Actual	Average	Actual	Average	Sev Adj I-CM	LOS	Charges
Morton Plant Hospital	538	3.56	3.61	55,328	73,928	1.58	0.99	0.75
Largo Medical Center	403	3.27	3.73	64,716	75,415	1.61	0.88	0.77
Bayfront Medical Center	298	3.51	3.63	96,364	74,728	1.60	0.97	0.77
St. Anthony's Hospital	265	3.60	3.62	60,386	75,328	1.61	0.99	0.81
Palms of Pasadena Hospital	150	3.54	3.63	62,372	74,956	1.60	0.98	0.80
Mease Countryside Hospital	127	3.58	3.58	56,147	72,816	1.55	1.00	0.83
Mease Hospital Dunedin	113	3.49	3.61	59,336	73,036	1.56	0.97	1.12
Edward White Hospital	99	3.65	3.61	94,954	74,016	1.58	1.01	1.28
St. Petersburg General Hospital	77	3.74	3.63	106,501	73,810	1.58	1.03	1.29
Helen Ellis Memorial Hospital	62	3.11	3.59	56,383	73,069	1.56	0.87	1.36
Northside Hospital and Heart Institute	23	4.57	3.63	102,956	75,804	1.62	1.26	1.44
All Children's Hospital	1	4.00	3.56	161,489	72,823	1.54	1.12	2.22
Report Total	2,156	3.51	3.63	72,098	74,442	1.59	0.97	0.97

How does your Network help employees find the best provider?

Even with multiple hospitals “in network”, sending your employees out to have a surgery is like playing Russian Roulette with **your plan dollars.**



Plan Design Implications

In order to engage employees, plan design must reward good decisions

Example:

FairCost
Health Plan

Plan Benefits are the same as before if the employee “goes their own way”

If employees follow advice of Advocacy Team, Deductible is waived, or perhaps a “copay” applies

Opportunities In Healthcare

1. The Cartel
2. Lack of Pricing Transparency
3. Billing Errors
4. The Traditional PPO Discount Game
5. The Pharmaceutical Shell Game
6. Lack of Information and Data

Opportunity #3

Billing Errors

October 2015 - U.S. switched from ICD-9 codes to ICD-10 codes
17,000 codes to 140,000 codes

- Hospital bills are wrong 99% of the time resulting in overcharges
 - U.S. General Accounting Office estimated that overcharges on 99% of all hospital bills
 - Equifax performed a national study reviewing 40,000 hospital bills finding errors on over 97% of bills
 - Services never provided
 - Inaccurate quantity of services or materials

Anatomy of Hospital Claims Process

Hospital Documents Industry Process Issue



Universal Bill

- Summary charges
- 1-3 pgs.
- Generally utilized for immediate r



Itemized Bill

- Complete description of charges
- Varies in length



Medical Chart

- Complete Records
- Combination of physician/nurse notes, and test results
- Often 500+ pgs.
- Key Data

Would you pay this bill?



Restaurant 1 Columbus Circle New York, NY 10019		
102 Tetsuo		
.....		
Tbl 10/1	Chk 7080	GST 2
Feb28' 07		7:58 PM
.....		
2 Prix Fixe		800.00
20.0000 X		
20% Serv. Chrg.		161.00
FOOD/BEVERAGE		800.00
Gratuity/Service		161.00
Tax		67.42
Total Due		1033.42
THANK YOU FOR DINING WITH US!!!		
A 20% service charge has been applied to the bill. Any distribution of a service charge rests in the restaurant's sole discretion		

What questions would you ask?

Your member's hospital bills are being paid from only a "Uniform Bill". This summary based bill makes it impossible to verify accuracy of charges.

Would you pay this bill?

Summary Bill

Restaurant One 1 Columbus Circle New York, NY 10019		
102 Tetsuo		
.....		
Tbl 10/1	Chk 7080	GST 2
Feb28' 07		7:58 PM
.....		
2 Prix Fixe		800.00
20.0000 X		
20% Serv. Chrg.		161.00
FOOD/BEVERAGE		800.00
Gratuity/Service		161.00
Tax		67.42
Total Due		1033.42
THANK YOU FOR DINING WITH US!!!		
A 20% service charge has been applied to the bill.		
Any distribution of a service charge rests in the		
restaurant's sole discretion		

vs.

Itemized Statement

Restaurant Two 2 Anywhere Circle New York, NY 10018		
102 Tetsuo		
.....		
Tbl 10/1	Chk 7080	GST 2
Feb28' 07		7:58 PM
.....		
Seared Ahi Tuna		32.00
Calamari		16.00
Rugged Flatbread		11.00
Cookie Sundae		8.00
Lobster Bisque (2 @ 8.00)		16.00
Queen Prime Rib		54.00
Rochiulli Vineyards Glass		9.00
Allagash White (2 @ 7.00)		14.00
Root Beer (2 @ 2.75)		5.50
Subtotal		165.50
Tax		14.90
Total Due		180.40

High-Dollar One-Page Uniform Bill Example

The image shows a highly detailed and complex table, likely a hospital bill, with numerous columns and rows. The table is heavily redacted with white boxes, obscuring most of the data. A red circle highlights a specific cell in the lower-middle section of the table. The table appears to be a summary of charges, with columns for various categories and amounts. The overall layout is dense and difficult to read due to the redactions.

Your member's hospital bills are being paid from only a "Uniform Bill". This summary based bill makes it impossible to verify accuracy of charges.

DATE		TYPE OF BILL	DATE OF BILL	NUMBER
08/05/14		01	08/18/14	1
08/05/14		01	08/05/14	08/05/14
487111 INC ERUITION SUBJECT ADVANTAGE				
DATE	TIME	DESCRIPTION	QUANTITY	AMOUNT
08/04/14	00	1012	40	1,150.00
08/04/14	00	1012	40	-1,150.00
		***111		0.00
08/04/14	0000	1222	30	93.00
08/04/14	0000	4584	30	20.00
08/04/14	0000	4207	40	24.00
08/04/14	0000	4653	40	243.00
08/04/14	0000	4771	31	113.50
08/04/14	0000	1912	39	0.00
08/04/14	0000	4201	44	81.00
08/04/14	0000	4282	43	81.00
08/04/14	0000	00	40	81.00
08/04/14	0000	01	30	81.00
		***200		813.00
08/05/14	00	4000	00	70.00
08/05/14	00	1204	10	1,340.00
08/05/14	00	7074	42	82.00
08/05/14	00	7074	42	82.00
08/05/14	00	4002	40	2,000.00
08/05/14	00	4001	40	194.00
08/05/14	00	0	33	0.00
08/05/14	00	304	00	0.00
		***170		3,042.00
08/04/14	00	1001	11	29.00
08/04/14	00	1008	41	181.00
08/04/14	00	04	43	249.00
08/04/14	00	4700	37	3,167.00
08/04/14	00	4500	10	307.00
08/04/14	00	4701	44	520.00
DISCLOSED				
THANK YOU				

Please use the reverse side for information regarding your hospital bill.

By using this information, you agree to the terms and conditions of the program. The program is not intended to be used for any other purpose. The program is not intended to be used for any other purpose. The program is not intended to be used for any other purpose.

DATE		TYPE OF BILL	DATE OF BILL	NUMBER
08/05/14		01	08/18/14	2
08/05/14		01	08/05/14	08/05/14
487111 INC ERUITION SUBJECT ADVANTAGE				
DATE	TIME	DESCRIPTION	QUANTITY	AMOUNT
		***272		4,100.00
08/04/14	00	4247	10	244.00
08/04/14	00	4010	10	140.00
08/04/14	00	4010	0	833.00
		***200		800.00
08/04/14	00	1901	11	120.00
		***201		120.00
08/04/14	00	1071	0	184.00
		***200		184.00
08/04/14	00	4277	40	323.00
		***310		303.00
08/04/14	000	4000	0	0,000.00
		***202		0,000.00
08/04/14	00	1002	70	1,000.00
08/04/14	00	1003	50	3,043.00
		***200		0,000.00
08/04/14	00	1200	07	829.00
08/04/14	00	1201	03	513.00
		***170		1,681.00
08/04/14	00	1100		240.00
08/04/14	00	1101		347.00
08/04/14	00	1070	40	2,074.00
08/04/14	00	1101		347.00
DISCLOSED				
THANK YOU				

Please use the reverse side for information regarding your hospital bill.

By using this information, you agree to the terms and conditions of the program. The program is not intended to be used for any other purpose. The program is not intended to be used for any other purpose. The program is not intended to be used for any other purpose.

\$10,694 Savings!

08/05/14	08	5419	OVER TIME ISA ROOM	8	1,118.00
08/05/14	08	0100	OVER TIME CRITICAL C	1	327.00
			OVER ROOM		1,537.00
08/05/14	08	4448	ROOM 410 W	1	107.00
			CONCATION SR		107.00
			TOTAL CHARGE		20,186.00
08/12/14	08	0200	HEALTH CARE OF CL. ADJ		-21,405.00
			TOTAL PAYMENTS/ADJUSTMENTS		-21,405.00
			THANK YOU		8,779.00

True and Accurate Bill \$19,290

Your member's hospital bills are being paid from only a "Uniform Bill". This summary based bill makes it impossible to verify accuracy of charges.

McKEESPORT HOSPITAL

ACCOUNT PATIENTS MUST BE IN ADVANCE

Date McKeesport, Pa. 2-4-1943

Name Charles Dennis

Twenty Five ⁰⁰ IN DOLLARS

To Account

Room & Nursing	10.00	
Delivery Room	10.00	
Operating Room		
Anesthetics	5.00	
Laboratory Exam	3.00	
Drugs	1.50	
Respirator		
Light		
Other		
		29.50

McKeesport Hospital

1943

Handwritten signature

Hig

e

QTY	DESCRIPTION	UNITS	UNIT PRICE	TOTAL PRICE	TAX	NET TOTAL
0110	ROOM BOARD/FT	7	10000	70000		70000
0172	STRETCH SUPPLY	27	890	24030		24030
0178	ANCHOR/SCREW FOR OPERATING B	14	5115.00	71610		71610
0195	COMPLETE CIRC R/AUTO DIFF WB	1	9000	9000		9000
0195	REINFORCEMENT	1	2800	2800		2800
0199	ON SERVICES	22	40000	88000		88000
0423	GAIT TRAINING THERAPY	3	7600	22800		22800
0424	PT EVALUATION	1	2600	2600		2600
0460	SYNCRATE BY USE OF TRAILER	3	11000	33000		33000
0710	RECOVERY ROOM	3	13000	39000		39000
0001	PAGE 1 OF 1					221950

221950

14 5115.00

06/15/09	31000002	PRIVATE ROOM CHARGE; ROOM 211/PR	1	3500.00
06/15/09	36400023	DEMONSTRATION IS.MDI,IPFB	1	107.00
06/15/09	36400009	INCENTI...TROMETRY	4	880.00
06/15/09	36400030	PULSE...SPOT CK	1	56.75
06/15/09	36400036	OXYG...	1	...
06/15/09				23.15
06/15/09	36603299	MORPHINE 10MG CRPJ	1	119.35
06/15/09	36603299	MEPERIDINE 25MG CRPJ	1	...
06/15/09	36603547	LACTATED RINGERS 1000ML	1	23.15
06/15/09	36603340	MORPHINE 10MG PCA	1	119.35
06/15/09	36603290	LORAZEPAM 1MG/ML 1 ML VL	1	29.75
06/15/09	36603691	CELEBREX 200MG CAPSULE	1	36.00
06/15/09	36603547	LACTATED RINGERS 1000ML	1	23.15
06/15/09	35000276	HEMATOCRIT	1	28.00
06/15/09	35000277	HEMOGLOBIN	1	28.00
06/15/09	34200009	OR LEVEL 5-1ST HR	1	19000.00
06/15/09	34200010	OR LEVEL 5-EA ADDTL 15 MINS	21	63000.00
06/15/09	34400001	ANESTHESIA GENERAL-1ST HR	1	6000.00
06/15/09	34400002	ANESTHESIA GEN-EA ADDTL 15 MIN	21	21000.00
06/15/09	34300001	RECOVERY ROOM-1ST HR	1	3000.00
06/15/09	34300002	RECOVERY ROOM-EA ADDTL 15 MINS	2	1000.00
06/15/09	34600116	SCREWS, LONG CALCULATED C.OX40M	4	41520.00
06/15/09	34600404	WIRE, KIRSCHNER	2	1600.00
06/15/09	34600050	SET CAP SCREW	4	7200.00
06/15/09	34600082	ROD BULLET	2	6400.00
06/15/09	34600192	OSBIMEND BONE GRAFT MATRIX,4CC	1	2600.00
06/15/09	34600117	XD CARTRIDGE, STAXX 24X 9X 7MM	1	23940.00
06/15/09	36603639	MARCAINS 0.5% 30ML INJ	6	69.00
06/15/09	34500079	KIT JACKSON SPINAL WILSON FRAM	1	223.33

\$55,595 Savings!

Your member's hospital bills are being paid from only a "Uniform Bill". This summary based bill makes it impossible to verify accuracy of charges.

Contractual Restrictions

- ❖ Under most “BUCAH” (Blue Cross, United Healthcare, CIGNA, Aetna, Humana) arrangements, PPO contracts forbid the (employer) customer from reviewing the hospital bill

We propose to break the link between Network and Hospital and re-introduce fiduciary oversight of all Hospital claims in excess of \$15,000 = 17% - 25% savings on facilities bills.

Opportunities In Healthcare

1. The Cartel
2. Lack of Pricing Transparency
3. Billing Errors
4. The Traditional PPO Discount Game
5. The Pharmaceutical Shell Game
6. Lack of Information and Data

Opportunity #4

The Traditional PPO Discount Game

Our current system pricing strategy starts at the top and discounts down - **"Top-Down Pricing"**

- ❖ You likely use a nationally known network that promises to provide you discounts – the bigger the discount, the bigger the savings – let them also manage pharmacy and save even more money.
- ❖ Insurance companies brag about their network discounts when compared to those of others
- ❖ Do PPO's have the answer? PPO's came into existence about 25 years ago, **healthcare costs are up by nearly 4x.**
- ❖ Discount off of what?

We propose direct contracting where possible. We propose to pay others based upon Metric Based Pricing like CalPERS

PPO Discounts to the Rescue ???

“Getting a 50% or even 60% discount off the chargemaster price of an item that costs \$13 and lists for \$199.50 is still no bargain”



Is your Insurance Carrier's PPO Discount Working ???



Arbitrary and Inflated Billed Charges

The Truth About PBM / PPO / HMO Contracts

“Paying protection money for the promise of no balance billing against egregious, arbitrary sticker pricing that has no relationship to costs whatsoever, and agreeing to provider reimbursement levels based upon secretive contracts you cannot see or audit, violates fiduciary duties and is contrary to basic, common American business practices.”

Results of Our High Performance Healthcare Solutions

FairCost Health Plan

Primary Diagnosis	Billed Charges	Average Payment by BUCAH PPO Network (30% off Billed)	Actual Paid via Our High Performance Healthcare Solutions (HPHS)	Savings (Dollars)	Savings (Percentage)	Provider	Date of Service
S52.572A - Other intraarticular fracture of lower end of left radius, initial encounter for closed fracture	\$198,888.30	\$139,221.81	\$7,242.80	\$131,979.01	95%	SW FLORIDA GULF COAST HOSPITAL	8/12/2016
S42.332A - Displaced oblique fracture of shaft of humerus, left arm, initial encounter for closed fracture	\$91,382.35	\$63,967.65	\$10,310.15	\$53,657.50	84%	SW FLORIDA GULF COAST HOSPITAL	11/10/2016
TOTAL:	\$290,270.65	\$203,189.46	\$17,552.95	\$185,636.51	89%		

Opportunities In Healthcare

1. The Cartel
2. Lack of Pricing Transparency
3. Billing Errors
4. The Traditional PPO Discount Game
5. The Pharmaceutical Shell Game
6. Lack of Information and Data

Opportunity #5

The Pharmaceutical Shell Game



Opportunity #5

The Pharmaceutical Shell Game

- ❖ We all know the Pharma Industry is a “black box”, with a lot of Government permitted abuse.
- ❖ Unregulated Pharma spending represents the biggest potential abuse of your health plan over the foreseeable future.
 - ❖ The Pharma Industry has contributed \$3 Billion to the Political Class since 2008
- ❖ Rx used to represent 8% of your health insurance dollar. Today it is approaching 25-30%
- ❖ When is the last time you got a rebate? They are most often paid to the PBM or the Insurance Carrier - and can also be paid to the TPA.
- ❖ If you got a Rebate, how do you know you got all that was paid?

These are your dollars and should not enrich others at your expense

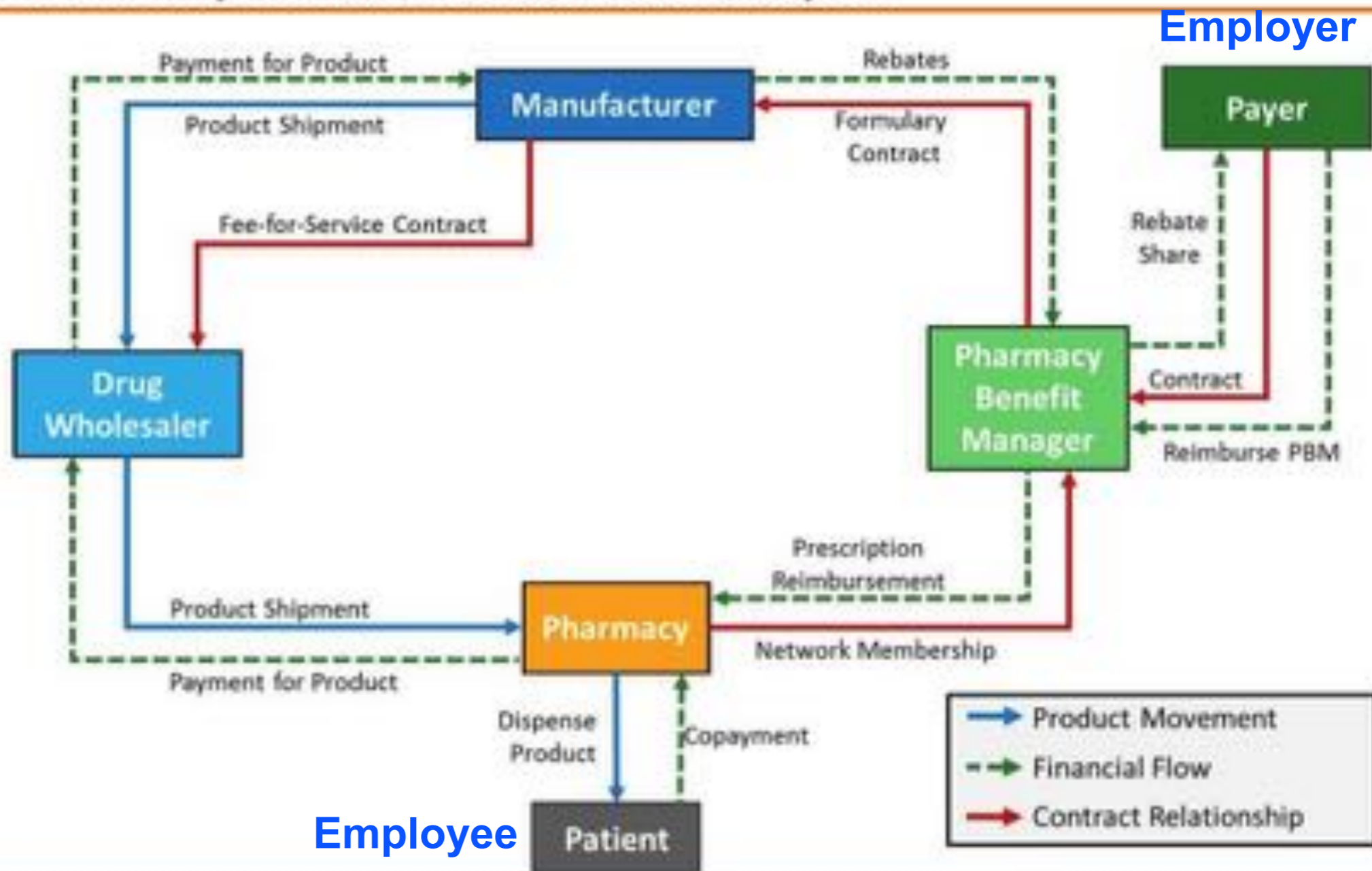
- ❖ By analyzing your pharmacy data, we believe we will find several areas where savings can be achieved.

We propose you hire a Pharmacy Consultant that is there to represent your best interests.

Opportunity #5

The Pharmaceutical Shell Game

The U.S. Pharmacy Distribution and Reimbursement System



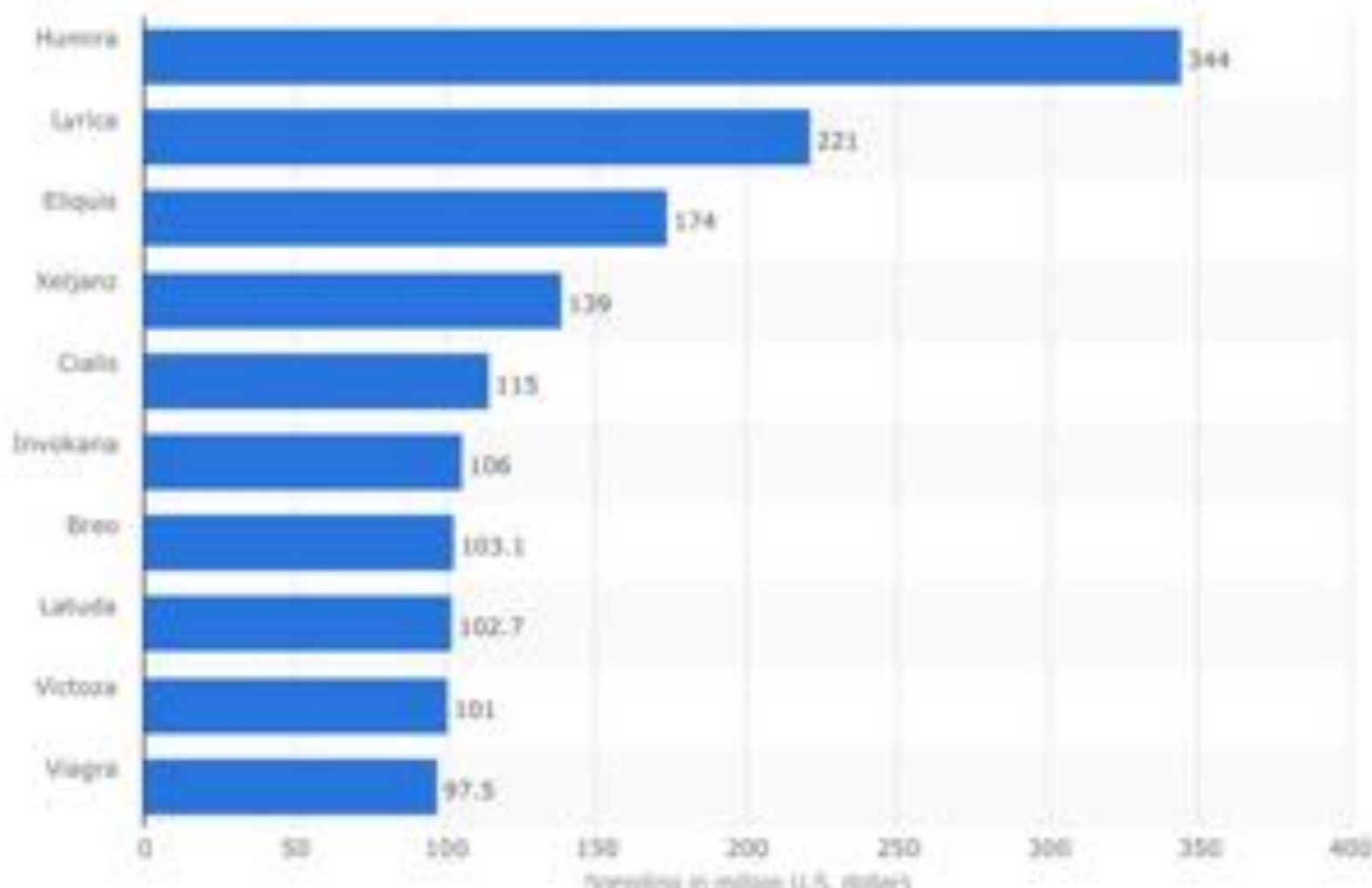
Opportunity #5

The Pharmaceutical Shell Game

Industries • Media & Advertising • Advertising & Marketing • Most advertised drugs on U.S. TV 2016

Leading pharmaceutical brands in the United States in 2016, by national TV ad spend (in million U.S. dollars)

PREMIUM



ABOUT THIS STATISTIC

The graph shows the leading pharmaceutical brands in the United States in 2016, by national TV ad spend. Abbvie's Humira was the most advertised drug on U.S. national TV in 2016, with a TV ad spend of 344 million U.S. dollars.

SPECIAL FUNCTIONS

Download as ...

Graphic (PNG)

Excel (XLS)

PowerPoint (PPT)

PDF

Options

Settings

Print

Research Alerts

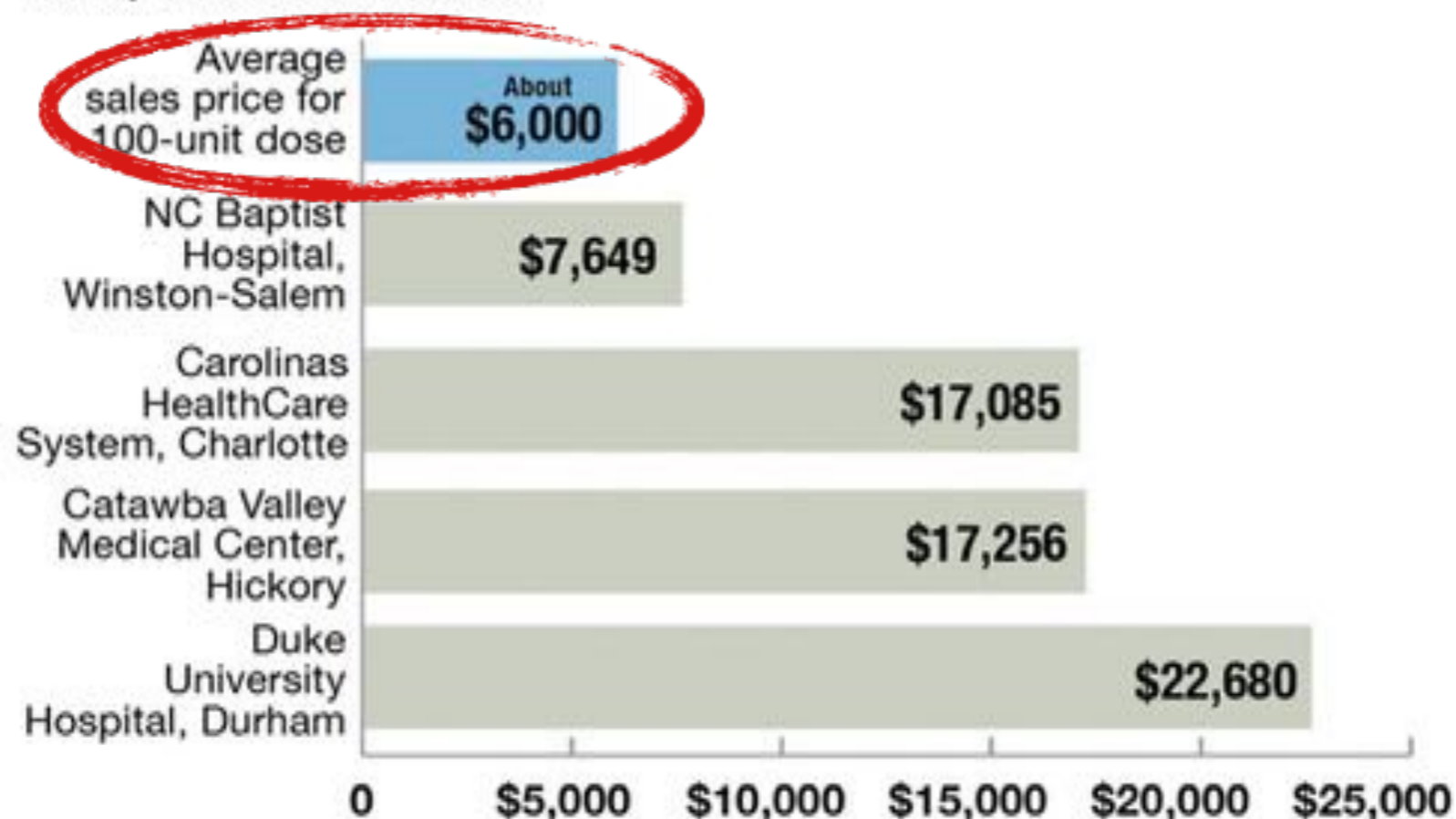
Opportunity #5

The Pharmaceutical Shell Game

Same drug, different prices

Here's a look at what several North Carolina hospitals were paid this year for a typical dose of a common cancer drug under one private health plan.

AVASTIN: Used to extend life in patients with lung, breast, colon, kidney and ovarian cancer.

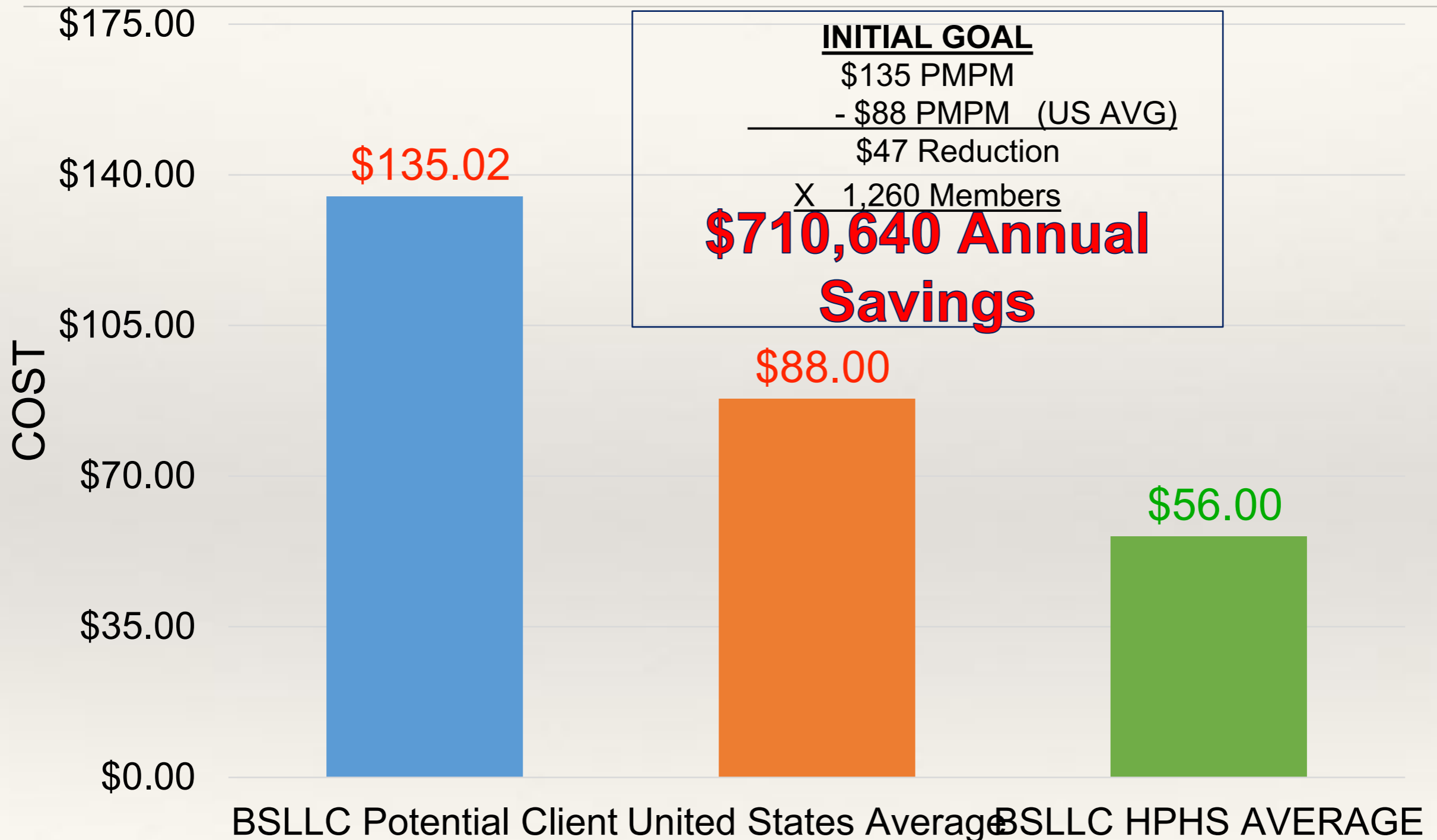


SOURCES: Analysis of claims data obtained by The Charlotte Observer and The News & Observer, U. S. Centers for Medicare and Medicaid Services.

STAFF CHART

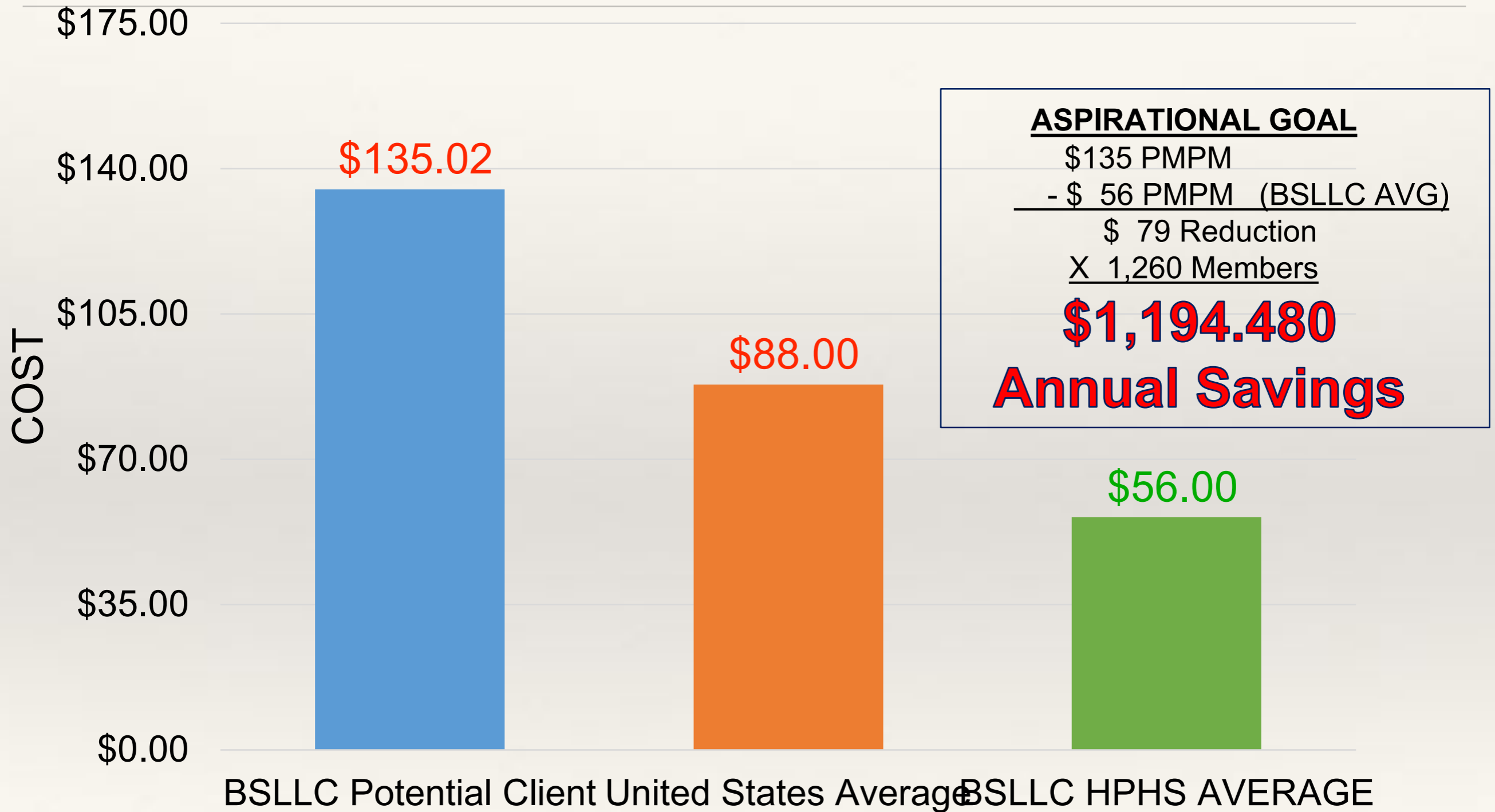
Initial Goal - Rx Expense: 600 employees

Return to National Average Benchmark



Initial Goal - Rx Expense: 600 employees

Return to National Average Benchmark



Opportunities In Healthcare

1. The Cartel
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Opportunity #6

Lack of Information and Data Population Health Mgmt.

Healthcare represents a significant percentage of your budget

How can you manage your Healthcare Spend without information?

**You are unable to manage that which
you are unable to measure!**

**Demystifying Data into Actionable
Intelligence**

Opportunity #6

Lack of Information and Data Population Health Mgmt.

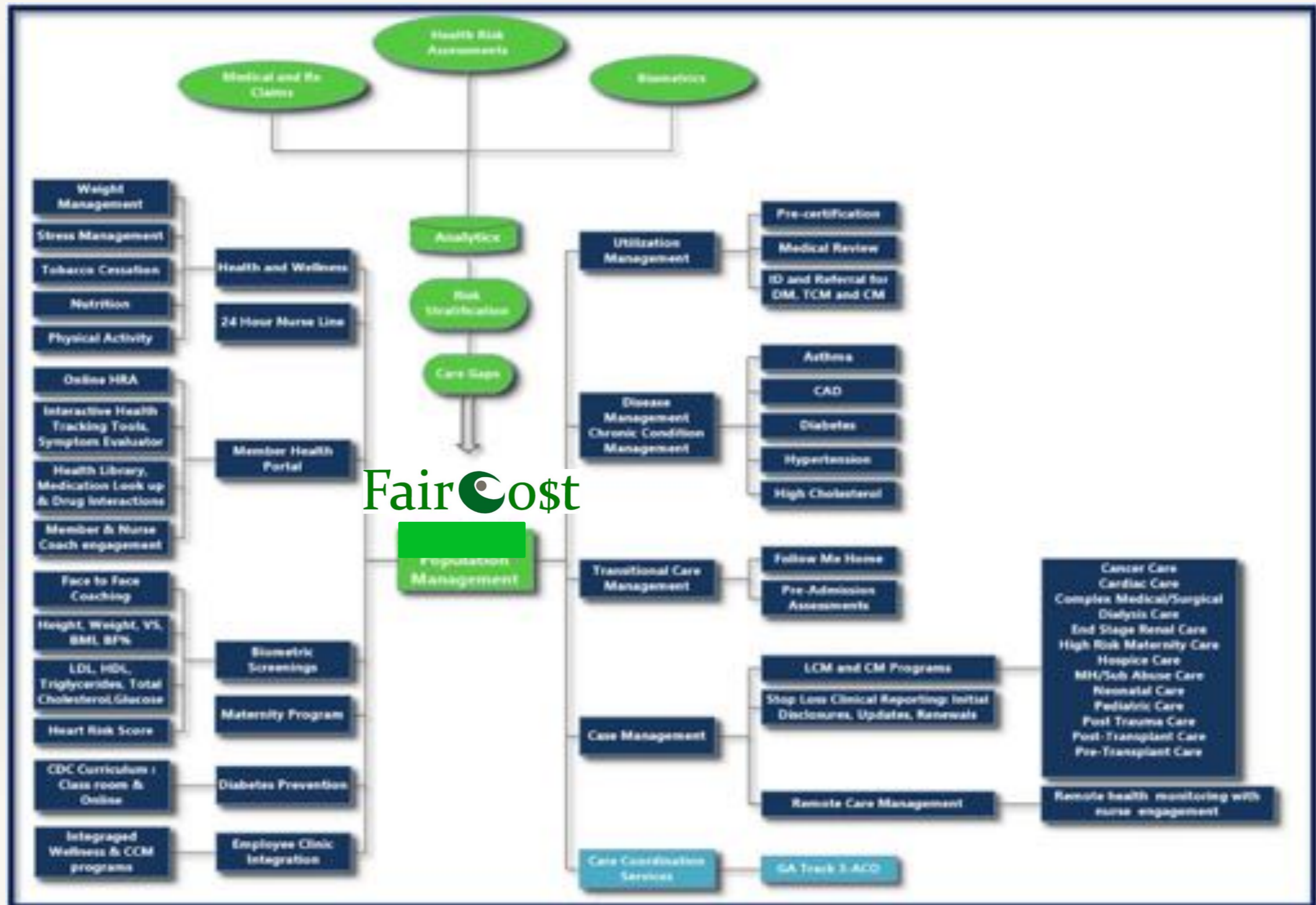
Antiquated industry healthcare database reporting is like using the Yellow-Pages compared to “Big-Data” analytics being a real-time internet search engine!



OR Google?

Opportunity #6

Lack of Information and Data Population Health Mgmt.



Opportunities In Healthcare

1. The Cartel
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It is time for a Revolutionary New Approach!

Active Management Makes a Difference

10 times the HealthCare for half the cost.....55% less per capita on health benefits with packages that are better than what 99% of the workforce gets!

“You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.” – Buckminster Fuller

Let us help you “UBER” your Health Plan before you get “Kodaked” by escalating health plan costs!

Fair Cost
Health Plan

 Health Rosetta
Charter Certified Professional

Cristy Gupton

cristy@custombenefits.work

(828) 413-3581

Carl C. Schuessler, Jr., DHP, DIA, GBDS

carl@benefitstrategiesllc.com

(404) 941-5519

It is time for a Revolutionary New Approach!

‘We cannot solve our problems with the same thinking we used when we created them’

Albert Einstein

Thanks for your time!



MITIGATE 

PARTNERS

Protecting Your Money like it is Our Money....Serving as your Fiduciary and Steward of your Health Plan Dollars

Population Health Managers specializing in Cost Containment and Risk Mitigation

Non-Disruptive, High Impact Collaborative Solutions