Healthcare Spending as a Percentage of GDP

Source: OECD
It’s the Prices, Stupid!

Despite lower average lengths of stay, per-diem hospital costs in the U.S. far exceed others.

**Median Cost Per Hospital Day, USD**

- Spain: $476
- Netherlands: $731
- France: $853
- New Zealand: $979
- Australia: $1,472
- United States: $4,287

Source: International Federation of Health Plans
And the Reimbursements…
The price of routine office visits in the U.S. also outpaces international averages

Median Cost for a Routine Physician Office Visit, USD

- Spain: $11
- France: $30
- Canada: $30
- United States: $95

Source: International Federation of Health Plans
History of Insurance in the USA

- **1920’s** - Choices boiled down to which **Crazy Cure** you preferred - Dr John Brinkley had one fabulous solution: Transplant a goat gland into your body. He pitched it as being perfect for everything from dementia to impotence to flatulence!

- **Late 1920’s** - Hospitals changed from places you went to die to places you went to have babies because of advances in medicines (antibiotics…) and a **Revolution** in Medical Schools

- **Baylor in Dallas** - They offered a plan for the teachers to pay 50 cents each month in exchange for Baylor picking up the tab on hospital visits.

- **1929** - The Stock Market Crashes - poverty among senior citizens is over 50% - Baylor idea takes off and the result is… **“Blue Cross”**

- **1935** - Roosevelt’s **“New Deal”** - Ushering in of Social Security - Payroll tax collection begins in1937

- **WWII** - Employer-based health insurance - Born out of **Competition** for workers
The Modern Insurance System Is Born

1943 - The Internal Revenue Service ruled that Employer-Based Health Care should be Tax Free

1954 - A second law made the tax advantages even more attractive

1960’s - 70% of the population is covered by some kind of private, voluntary Health Insurance Plan

AND THEN...

1965 - Titles XVIII and XIX of the Social Security Act

Medicare & Medicaid

“Nothing in this title shall be construed to authorize any federal officer or employee to exercise any supervision or control over the practice of medicine, or the manner in which medical services are provided...”
Title XVIII and XIX of 1965
When the government pays any part of the bill

The Government

CONTROLS THE PRACTICE OF MEDICINE

• **1983** - The diagnosis-related group (DRG) replaced pay for service reimbursements to hospitals for Medicare patients & CMS mandates use of Current Procedural Terminology (CPT) codes to report services for Medicare payment for MD’s

• **1989** - The Omnibus Budget Reconciliation Act (established Volume Performance Standards (VPSs) - Dramatically changed how MD’s were paid under Medicare

• **1997** - Balanced Budget Act - (SGR) - Replaced the MVPS & Attempted to set Medicare physician payment rates through a formula based on economic growth - Fiscal Fantasy

• **2010** - ACA - “Obamacare” - Access to Healthcare

• **2015** - MACRA - Replaced the SGR - Passed with broad Bipartisan Approval
The 4 Promises made about Obamacare

#1 You can Keep your Current Insurance

#2 You can Keep your Current Doctor

#3 ACA will cost less than $1 Trillion over 10 years

#4 ACA will not add a single dime to the National Deficit
ACA = “Population Health”
It’s a little like....
MACRA - MIPS & APM
“The Value Based Game”

- **MACRA** = Medicare and Chip Reauthorization Act
  
  Starting in 2019…

- **APM** = Alternative Payment Model
  
  Strict Eligibility — At Risk ACO….

- **MIPS** = Merit-based Incentive Payment System
  
  Linear Performance Score
  - PQRS (Physician Quality Reporting System)
  - VBPM (Value Based Payment Modifier) +
  - EMR Meaningful Use Program APM = Alternative Payment Model
Who Pays?
Who is Responsible…?

• MD’s will increasingly be the ones held accountable for keeping hospital expenditures in check (Keeping patients out of the hospital)

• Advancing Care Information Program - CMS transition away from “Meaningful Use” - New Requirements…
  • Emphasizes Interoperability, Information Exchange, and Data Security =
    • Sophisticated IT and Analytics Systems

MACRA has increased our national debt by more than $500 billion
MACRA WILL HAMMER SMALL PHYSICIAN PRACTICES

Percentage of physician practices with positive or negative Merit-Based Incentive Payments

<table>
<thead>
<tr>
<th>Category</th>
<th>Payments will increase</th>
<th>Payments will decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>All clinicians</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>100+ physicians</td>
<td>81%</td>
<td>18%</td>
</tr>
<tr>
<td>25-99 physicians</td>
<td>57%</td>
<td>45%</td>
</tr>
<tr>
<td>10-24 physicians</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>2-9 physicians</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Solo physician</td>
<td>13%</td>
<td>87%</td>
</tr>
</tbody>
</table>
Making American Health Care Great Again

Or Not...

MACRA passed by both House & Senate = Not Going Away!

Insurance Mandate not ended -> Penalty has....
Primary Care Realities

Physician Satisfaction

Patient Satisfaction

Medical Outcomes

Forbes 2015 report again ranked the United States dead last in measures of quality, efficiency, access and healthy lives.

2 out of every 3 patients are reporting dissatisfaction with their healthcare experience. Patients are shopping for healthcare now as consumers, rather than simply patients.

**Mayo Clinic National Study – released August 2014, in the Archives of Internal Medicine:**

About 1 in 2 physicians are burned out based on measures of emotional exhaustion, depersonalization of patients and low sense of personal accomplishment.
More Patients
More Elderly Patients
More Complex Patients
More Changes in Healthcare

Less Reimbursement
Financial Insolvency

ENTER CONCIERGE (Retainer Based)MEDICINE
Bifurcated Industry: Very Wealthy vs Middle Class

Physicians
- From 3K patients to 600
- TIME!
- Executive Health Physical 1x Yr
- Personal Relationships
- Wellness Platform
- Practice as they were Trained
- Predictable Income
- Not dependent on 3rd party payers
- Monetize Practice upon

Patients
- Pt's invest in their Health
- Less Hospitalizations
- Better Health Outcomes
- 30 mins office visits
- Easy access to MD
- Coordinated Care
- Continuity of Care
- Partners in Health w MD

$1600
$50K
ALGORITHM
CONCIERGE PATIENT GROWTH

SINDU (Dow Jones Industrial Average) INX.
12 Jan 2008
$SINDU (Monthly) $479.97

Stock Market
Low 2002
Recession

WTC Attacks
9/2001

Subprime
Mortgage Crash
11/2007

Invasion of Iraq
3/2003

Obama Elected
President 11/2008

111,000+
78,813
46285
30641
19036
9366
3804
1460

Unparalleled Patient Satisfaction: > 90%

Higher Brand Satisfaction/Loyalty than Apple!

MDVIP  Concierge Choice  Signature MD

Contact Physician Whenever Needed  Advice By Phone  Time Spent During Visit  Relationship with your Doctor  Thoroughness of the Physical  Physician Interest in you

96.9  94.1  95.5  96.8  96.2  96.7
Does It Work?
Is It Better Care?
You Decide....
Readmission Rates Comparison

Medicare Average Readmission Rates

State Average (5 Reporting States)

- Acute MI: 21.7%
- CHF: 18.5%
- Pneumonia: 15.5%

Concierge Care

- Acute MI: 0.5%
- CHF: 0.8%
- Pneumonia: 1.4%

Greater Than 90% Reduction!
What does this mean for the Future…

Sustainability of Access to MD’s

Heavier Reliance on Mid-Level Providers

More Med Students going into Primary Care

Telemedicine on the Rise

Competition of Doc in a Box

Patients driven to be “Consumers”
Questions...?