4sight Health Roundup

Podcast Transcript

Thursday, October 12, 2023

[Music by C Ezra Lange]

David Burda:

Welcome to the 4sight Health Roundup podcast, 4sight Health's podcast series for healthcare revolutionaries. Outcomes matter customers count and value rules. Hello again everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, October 12th. The leaves are starting to change here, and so is the public sentiment against medical debt. These are the unaffordable medical costs that patients incur but can't pay. It ruins their credit scores and hurts their ability to borrow money and buy things like a college education, a house or a car just because they got sick and hospitals and doctors charged them exorbitant prices for their care. Late last month, the US Consumer Financial Protection Bureau took action to correct the situation. The Bureau said it will propose federal regulations that would ban consumer credit reporting agencies from including unpaid medical debt in a person's credit report. One reason is previous research from the bureau found that medical debt isn't a reliable indicator of a person's credit worthiness because consumers have no choice but to pay it and they don't know the cost before they incur it. Another is medical bills often are inaccurate, erroneous, or both. You may not owe anything but a collection agency is after you.

Will regulations work? Well, we talked about that on our July 13th podcast. Let's find out. Please listen to this rebroadcast of our July 13th podcast. Can we regulate ourselves out of the medical debt crisis?

It is Thursday, July 13th. It's not Friday the 13th, which will be bad if you're superstitious. So don't be afraid. But what should scare you is health insurance that doesn't really cover anything if you get sick. And that's what we're gonna talk about on today's show. HHS has cracked down on junk health insurance and other measures to make care more affordable for consumers. To tell us how much these new measures will help are Dave Johnson, founder and CEO of 4sight Health, and Julie Murchinson, partner at Transformation Capital.

Let's talk about the sanity of Biden's new plan to make care more affordable for consumers. The new plan has three parts. The first part is proposed rules that would close loopholes that allow short-term health plans to avoid consumer protections established by the ACA such plans stick members with unexpectedly high medical bills by not covering what the members thought was covered. The second is guidance to clarify and strengthen existing rules that implement the no surprises act. The guidance basically tells payers and providers to stop playing games with in-network and out-of-network provider designations and stop disguising balance bills as facility fees. I didn't even know that happened. And the third is launching a multi-agency investigation of third party medical credit cards and loans to find out whether they're following the same consumer protection laws as other credit cards and loans.

Dave, do you think these actions are a step in the right direction? If so, how big a step? And if you ran h h s, what one other policy action would you add to this list?

David W. Johnson:

These initiatives strike me as more campaign rhetoric than substantive policy reform. I mean, you gotta love the hype. Here's the title of the fact sheet. President Biden announces new actions to lower healthcare costs and protect consumers from scam insurance plans and junk fees as part of Bidens push.

but let's discuss scam insurance plans and junk fees. And the rest scam insurance plans are a real problem. I happen to be reading right now The People's Hospital, which is a, a terrific book. It's about the Ben Todd Public in Houston. And there are numerous horrible stories.

All of people with cheap health insurance that go to their regular hospital or their local hospital and then get sent to Ben to because they don't have great insurance or, and or the cost of their procedures is gonna run unnecessarily high or very high. You know, from a policy perspective, since you asked me about policy, Dave I, I believe there should be minimum standards for all health insurance policies that provide adequate coverage when it's needed. Isn't that what insurance is for on junk fees, surprise bills unfair medical debt.

Transparency, pricing transparency is almost always a universal good. There's way too much profiteering in healthcare, and much of it occurs with opaque pricing in back corners of, of billing through long risk statements that patients sign. And then you've got lax enforcement to go with it.

So what the Biden administration, I think is really doing is trying to tighten enforcement. But that effort is just a game of whack-a-mole. You know, think about it. The smartest people in healthcare burn the midnight oil to find ways to rig the payment system in their favor. They're supported by the biggest industrial complex in human history, which uses its marketing power and political muscle to tilt that competitive playing field in its favor. Incremental solutions like the one the Biden administration is, is proposing administrative

in nature, even necessary, won't move the needle a great deal. New scams and junk products will keep popping up. Biden economics and healthcare, or Bidens, excuse me, Bidens and healthcare is not real economics. Full risk contracting is real economics bundles for episodic care, capitation for population health is the way to push through revolutionary healthcare reform. Full risk contracting with appropriate transparency and regulation will lead to more competition, fairer prices, fewer intermediaries and a system-wide focus on better outcomes at lower prices.

Biden’s cms just protected that US healthcare expenditures will exceed 7 trillion by 2030 and consume over 20% of the overall economy. Speaking of superstitions, that should scare the American people to death.

David Burda:

<Laugh>, you get what you pay for. Thanks, Dave. Or you don't, or you don't. Right, right. Julie, any questions for Dave?

Julie Murchinson:

I struggled a little bit with their focus on medical credit cards and loans as an enabler for providers to shift patient billing to finance companies, because I see a lot of innovation, you know, in our ability to pay on demand and the auto adjudication necessary for that. And some of these innovations that are creating arbitrage models to pay hospitals, you know, cents on the dollar, but a lot more than they get from patient collections and then managing the patient collections. So there's a lot going on there that I actually think is well intentioned. Do you think their focus on this area are, are about different vehicles that are not well intentioned? Like what's your read of that whole thing?

David W. Johnson:

Oh, it's probably a combination of both. You know, just a few thoughts off the top of my head, Jules. First is I just can't believe how profitable credit cards are. I don't know about you, but we hardly pay for anything on Amazon anymore because of the reward dollars we get from Citibank and, and Amex. And those are a result of the high upfront fees and then interest rates built into these, these credit cards. So part of me thinks, oh why not apply these same proven consumer strategies to healthcare? But when you go to the providers and, and we're being fair I think they're trying to, you know, manage three or yeah, probably three contradictory goals. First they wanna collect as much moolah as they can, and if they can do it in some of the ways you're describing which actually are better for consumers, but get them more money, they're fine with that.

But so they wanna appear to offer great customer service or even offer great customer service, and they wanna also avoid black eyes that, that come in the public's arena. Every time the New York Times or Wall Street Journal writes an investigative report on their collection policies. But I, I think there's a darker side too, and that shifting the nasty collection stuff to usurious intermediaries gets them off the hook in the public sphere, but that also can raise overall costs. I don't know that we're seeing real value here much of the time.

David Burda:

Yeah. It's one thing to pay 27% interest if you miss a credit card payment that you use to buy, you know, hardware or electronics. It's another thing to pay it when you missed a payment because you had a high medical bill. So yeah. So I, I, I do think there is something there. Thanks Dave. Julie, do you think this three-part plan from HHS we'll take a big bite out of unaffordable medical care, or is the agency just nibbling around the edges? And if you ran h h s, what market innovation would you support to protect people from surprise bills and medical debt?

Julie Murchinson:

The reality is that these three moves are, you know, closely tied to the beginning of the campaign platform. So I don't believe they're gonna take a big butt out of the healthcare spend. And if we're lucky, you know, as we were just talking about, many consumers, if they're successful in even making any traction here will be spared, you know, health plans that don't work for them, and a bunch of complex language and hidden fees that they'll never understand.

But they're not gonna get into the major reduces of cost. I have to say that the short term plans are the most disappointing part of this to me, because a lot of experts over time have really pointed to the role of catastrophic coverage as a, you know, a potential benefit in our system of how care is covered. And the short term plans are really giving reduced coverage, a bad name and the way in which they've been commercialized. And the complexity that in which they're sold, it's just, it's not working for consumers. I saw some very funny things about you know, if you just Google some of these short-term plans, they say they may not be for everybody. Certainly for those who have chronic conditions or need to see their primary care doctor, often <laugh>. And I thought to myself, yeah, this, this is the problem.

It's the fit that's the problem. Yeah. So if I were running HSS, you know, I would look at market innovations. We've talked about this a million times of price transparency would be top of my list. Like it goes a long way to help these issues if you can just create some sort of consumer driven marketplace. And I also look at provider navigation as being part of that. So this in network, out network thing is, is a critical component of all this, but also starting to marry this concept if it's not only price transparency, but it's based on outcomes. What's the best doctor for your types of needs? And then let's layer on the Yelp for the experience. So I would be supporting all of that. And also trying to push needs-based assessment of health plans instead of the way that we're selling health plans today. You, you just, there's the, the potential for consumers to buy something that's really not right for them based on what they know they have today or anticipated health issues down the line based on family or d n a or even, you know, some of the predictive analytics that AI is able to produce for us today and our system. We could be doing a much better job.

David Burda:

Yeah. Helping people be better healthcare consumers. I love it. Thanks Julie. Dave, any questions for Julie?

David W. Johnson:

Well, Julie, I know you don't live in California anymore, but I'm curious to get your opinion on how healthcare regulation and enforcement there have functioned. You know, your former state has been more aggressive than almost any other state in regulating the business of healthcare.

on balance, do you believe the tighter regulation and more aggressive enforcement have made the healthcare marketplace in California more or less efficient, or both as well as more or less

David Burda:

Customer friendly? Or both?

Julie Murchinson:

Yeah, I think you know, California's regulation is sometimes to protect the consumer because it is such a people first state and sometimes driven by lobbyists and other big market forces that we all know. I'm sure you could put some percentages on that depending upon who you are. But I think the regulation, first of all, let's just talk, talk about the fact that California decentralized decision making in healthcare, which is just maddening from a management perspective. So that in, in and of itself creates inefficiency. But when you look at how California's regulated, for instance, whether or not hospitals can own physicians or physician groups I even heard recently that they're you know, putting the kibosh on some of the hospital at home efforts underway,

The regulation there has turned out to really mess with natural, you know, market evolution that now prevents, you know, some very natural roll ups to happen, or mergers and acquisitions to happen and consolidation to happen, which you'd think could be good on one hand because provider consolidation is driving a price and many other markets. But on the other hand, there are loopholes to be had everywhere, and it actually creates you know, a lot more work for any organization and expense to be able to actually engage in kind of natural forces because of the gymnastics they need to, to do, to create different business units and and business structures. So I guess my very long-winded way of answering that question is no, I don't think it's particularly ABD productive.

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David Burda (43:38):

Yeah. Thin line between regulation and strangulation, right? We used to say, yeah. Yeah. Thanks, Julie. I, I, I'll go back to something Dave talked about. I, I, I think we are stuck in this endless cycle of passing a law, someone exploiting a loophole, and then we try to fix it with more regulations. So I really don't know how we get off that wheel. So we will see if this new plan of attack works and makes any difference at all. Thanks Dave, and thank you Julie.

I'm back and it's still October 12th. We hope you enjoy the rebroadcast of our July 13th podcast. Can we regulate ourselves out of the medical debt crisis? I think a better market solution would be more affordable healthcare prices [00:03:00] and accurate and easy to understand medical bills, but why? Listen to me. Well, you just did. Thank you. If you'd like to learn more about the topics we discussed on today's show, please visit our website@4sighthealth.com. And don't forget to tell a friend about the 4sight Health Roundup podcast. Subscribe now and don't miss another segment or the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.