



FREE MARKET
MEDICAL ASSOCIATION



Myth vs. Fact

Keith Smith, M.D. – Surgery Center of Oklahoma

Jay Kempton – The Kempton Group



MYTH:

THE FREE MARKET IS A GIMMICK



FACT:

**EMBRACING THE
FREE MARKET WORKS**

REALITY - Buyer



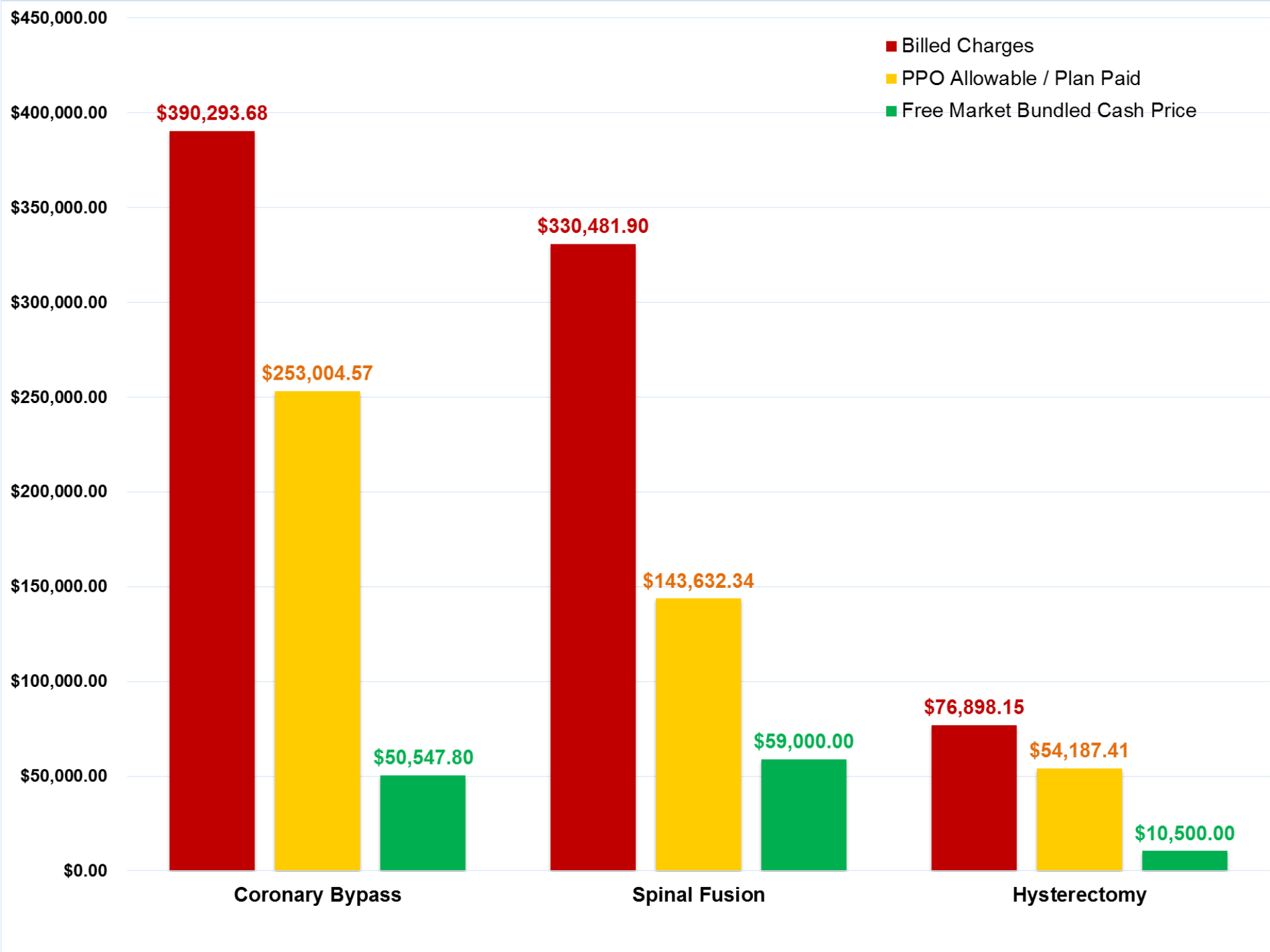
- Fiduciary Duty - Paying unreasonable charges will get you in trouble (ERISA)
- Employers can no longer afford the status quo (whether fully insured OR self-funded)
- Vendors who tell you that the free market will not work are lying to you.

REALITY - Buyer



Result from one TPA:

- Nearly \$40 MILLION+ in savings in less than 4 years for their self-funded employers
- Lower cost while increasing benefits
- Increase quality - Bundling drives quality
- Fostering price awareness in patients



REALITY - Seller



- You can take back control of your business
- Lower your overhead
- Get paid in full without accounts receivable

REALITY - Seller



Surgery Center of Oklahoma Story



MYTH:

**OVERUTILIZATION
WILL HAPPEN**



FACT:

UTILIZATION GOES DOWN

REALITY



- Unnecessary procedures are reduced
- Mutual respect and accountability
- Free market providers:
 - Have NO hospital mandated quotas
 - Free market providers do not want to lose their relationship with self-funded employers



MYTH

**I MUST USE A
CARRIER AS MY TPA**



FACT:

**CARRIERS/ASOs WIN
WHEN THE SELF-FUNDED
PLAN LOSES**

REALITY



- Different types of TPAs
 - Truly Independent
 - ASO (B.U.C.A. carrier)
 - Hybrid (uses a carrier PPO/network)
 - Payor contracts restrict ability to work on behalf of the employer

REALITY



- BUCA convinces the employer that they are a prerequisite to having a self-funded Plan, even though they may not be working in the best interest of the employer
- Employers can be self-administered OR hire a TPA
 - The TPA is valuable only when they work for the exclusive benefit of the self-funded Plan



MYTH:

DISCOUNTS MATTER



FACT:

DISCOUNTS ARE A LIE



Market Basket of Common Procedures	Low Price	High Price	Variance
1. Screening Colonoscopy	\$1,077	\$6,068	563%
2. Sleep Study	\$1,051	\$8,275	787%
3. Shoulder MRI (with contrast)	\$460	\$4,318	939%
4. Knee Arthroscopy	\$2,732	\$18,602	681%
5. Cholecystectomy (laparoscopic)	\$5,140	\$22,663	441%
6. Carpal Tunnel Surgery	\$1,235	\$14,485	1173%
7. Ear Tube Placement (tympanostomy)	\$1,314	\$7,463	568%
8. Hysteroscopy (with biopsy)	\$4,802	\$12,056	251%
9. Chest CT (no contrast)	\$208	\$2,333	1122%
10. Abdominal Ultrasound	\$98	\$612	624%
Average Market Variance			715%

Equivalent Variance in a Gallon of Gas	\$2.30	\$16.44	715%
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What gas would cost per gallon with the same price variance

** All healthcare procedure costs are derived from claims amounts after network discounts were applied*



PAOLI HOSPITAL
255 WEST LANCASTER AVENUE
PAOLI, PA 19301

ID: 2

Please check box if address is incorrect or insurance information has changed, and indicate change(s) on reverse side.

PATIENT NAME D BALINSKI	ACCOUNT NUMBER 31264
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Pay online: mainlinehealth.org/patientbilling		
MASTERCARD <input type="checkbox"/>	VISA <input type="checkbox"/>	DISCOVER <input type="checkbox"/>
CARD NUMBER	CVV CODE	AMOUNT
SIGNATURE		EXP. DATE
CARDHOLDER NAME (PLEASE PRINT)		
ADMISSION DATE 07-02-16	DISCHARGE DATE	STATEMENT DATE 09-19-16
AMOUNT DUE \$1,000.00	PAYMENT DUE UPON RECEIPT	ENTER AMOUNT PAID

657461 (PC2)

MAKE CHECKS PAYABLE TO AND REMIT TO:



PAOLI HOSPITAL PATIENT PAYMENTS
PATIENT PAYMENTS
P.O. BOX 784876
PHILADELPHIA, PA 19178-4876

D BALINSKI

Self-Pay No Insurance

PAOLI HOSPITAL
255 WEST LANCASTER AVENUE
PAOLI, PA 19301

32684-2763

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PATIENT NAME D BALINSKI	ACCOUNT NUMBER 31264
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CARD NUMBER	CVV CODE	AMOUNT
SIGNATURE		EXP. DATE
CARDHOLDER NAME (PLEASE PRINT)		
ADMISSION DATE 07-02-16	DISCHARGE DATE	STATEMENT DATE 12-12-16
AMOUNT DUE \$1,752.80	PAYMENT DUE UPON RECEIPT	ENTER AMOUNT PAID

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Discounted Aetna Member Cost



MYTH:

**MEDICARE WILL NOT ALLOW
ME TO OFFER BUNDLED
CASH PRICING**



FACT:

**YOU CAN RUN YOUR
BUSINESS LIKE A BUSINESS**

REALITY



- Medicare Rules
- PPOs
 - It is up to the PATIENT whether they choose to use their insurance or pay your cash price.
 - Don't sign a contract with exclusivity language of any kind



In Closing...

- The Free Market works
- Cash Pricing = Overutilization is not true
- Not all ASOs/TPAs will work in your best interest
- Discounts are a lie
- Run your business like a business

To Learn More...



Free Market Medical Association

FMMA.org

support@fmma.org

1-866-901-FMMA