

Matrix of Healthcare Regulation vs. Entrepreneurship



Per Bylund, PhD

*Assistant Professor of Entrepreneurship,
Oklahoma State University*



Cristin Dickerson, M.D.

CEO, Managing Member, Green Imaging



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HOW ENTREPRENEURSHIP WORKS

Invention vs. innovation

It's not the idea nor the technology, but the experience.

Creation of new *economic* value

For whom? In what sense? Value is subjective.

Entrepreneurship is about creating a better tomorrow

You invest first, then the consumer determines if it has value.



HOW ENTREPRENEURSHIP WORKS

Cost < Price < Value



HOW ENTREPRENEURSHIP WORKS

Cost < Price < Value


Entrepreneur's money profit


Consumer's psychic profit



WHAT IS IT YOU PROVIDE/SELL?

- Your expertise?
- A treatment or therapy?
- Reduction/eradication of symptoms?
- Cure of disease?

Answer: none of the above.



WHAT IS IT YOU PROVIDE/SELL?

The complete *value experience* as understood by the consumer

It is *your* job to make the experience as valuable as possible *and* to make sure the consumer understands/agrees on the value it brings

Business model is king: *how* you do what you do is just as important as *what* it is you do.



VALUE MUST FIRST BE IMAGINED

"It's really hard to design products by focus groups. A lot of times, people don't know what they want until you show it to them."

- Steve Jobs



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REGULATIONS

What they are: restrictions imposed onto actions

Prohibitions/bans, licensing requirements, fees/duties/pay-to-play

Intention/aim is not result/outcome

Typical (cl)aims: safety, protection, quality assurance

Actual outcomes: insider privilege, stifling of innovation, higher costs, lost options, distorted markets

Raise the bar for new entrants, novel ideas

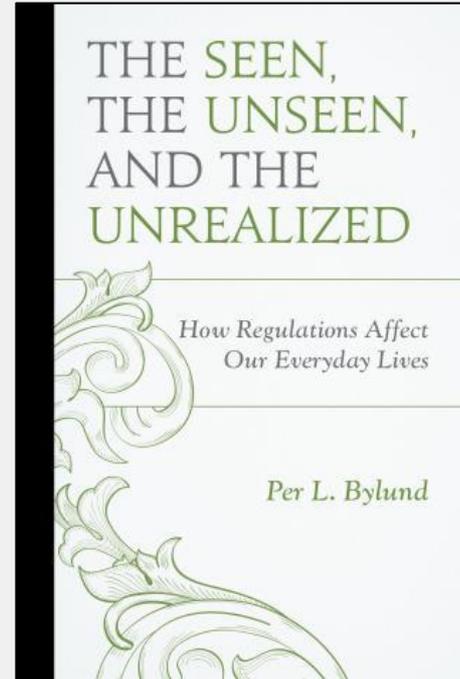


REGULATIONS

The seen vs. the unseen vs. the unrealized

Regulations cause distortions and inefficiencies (both supply and demand), facilitating disruption

Ripe for disruption: higher ed, healthcare



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CASE STUDY: UBER vs. TAXI



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CASE STUDY: GREEN IMAGING



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TO FIX A BROKEN HEALTH CARE SYSTEM, WE MUST WORK TOGETHER

To be effective innovators, we must first understand and overcome perceived limitations:

- Healthcare Regulations & Consumer Protection Laws
- Mechanics of ERISA* Plans
- Market Forces

*Employee Retirement Income Security Act



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Stark Law & IDTF (Independent Diagnostic Testing Facility) Rules

LIMITATION

Prohibit imaging center lease arrangements for CMS* providers. Consultants (radiologists specifically named as such) are granted exception.

*Centers for Medicare & Medicaid Services

INNOVATION

Radiology practice that is not a CMS provider works with self pay patients and targets employer-sponsored health plans via direct contracting.



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HIPAA* Omnibus Rule

LIMITATION

HIPAA protects the personal health information (PHI) for health care services covered under a qualifying health plan.

INNOVATION

**Health and Insurance Portability and Accountability Act*

Take advantage of Omnibus Rule, under which patients may pay out of pocket in full and instruct providers to refrain from sharing information about their treatment with their health plan.



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Qualified HDHP*s

LIMITATION

*High Deductible Health Plan

Non-screening exams are subject to member meeting deductible prior to any allowed employer contribution for care by an in-network provider.

INNOVATION

Fair market price for services means employees can afford them even before reaching out-of-pocket (OOP) max (using their HSA); employers see a dramatic reduction in healthcare spend with fewer employees reaching OOP max.



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Fiduciary Duty

LIMITATION

Employers are actively aware and engaged for savings and retirement plans; for healthcare, this responsibility is often errantly seen as belonging to the health plan itself.

INNOVATION

Service models that truly act in the best interest of plan participants/beneficiaries—as well as plan sponsors — and keep expenses reasonable for both.



Case Study



One of Florida's most financially challenged school districts.

CLIENT | Central Florida School District

COVERED LIVES | 10,000

AREA | Suburban Florida

TIME PERIOD | January - December 2020

REALIZED SAVINGS: 61%

PROJECTED

	CIGNA	GI	PER PROCEDURE SAVINGS	
			%	\$
MRI	\$ 1,415	\$ 525	63%	\$ 890
CT	\$ 2,007	\$ 388	81%	\$ 1,619
US	\$ 330	\$ 250	24%	\$ 80
X-RAY	\$ 199	\$ 100	50%	\$ 99
Mammo	\$ 300			

TOTAL ANNUAL SAVINGS (Projected):* \$1,322,860

ACTUAL

	CIGNA	GI	PER PROCEDURE SAVINGS		# SCANS	TOTAL SAVINGS
			%	\$		
MRI	\$ 1,415	\$ 467	67%	\$ 947	248	\$ 234,960
CT	\$ 2,007	\$ 420	79%	\$ 1,587	167	\$ 264,972
US	\$ 330	\$ 213	35%	\$ 117	574	\$ 66,969
X-RAY	\$ 199	\$ 86	57%	\$ 112	205	\$ 23,022
Mammo	\$ 300	\$ 227	24%	\$ 73	328	\$ 23,983

TOTAL ANNUAL SAVINGS (Actual):* \$1,523,294

TOTAL ANNUAL SAVINGS AUG 2020 - JULY 2021: \$2.3 MM**

Analysis of Osceola School District 7K member/10K lives CIGNA spend vs. Green Imaging prices for same exams.

*Includes PET/CT, Bone Density, Mammogram and other exams not illustrated in Per Procedure snapshot tables.

**Trailing 12-months.



“ *Green Imaging has been an invaluable partner—not only with a 60% average savings on major imaging but with top-notch customer service. Our employees rave about how easy it is to schedule their major imaging and the fact that it is at zero cost. With a 79% savings per CT scan, our self-insured trust-fund is reaping the rewards.* ”

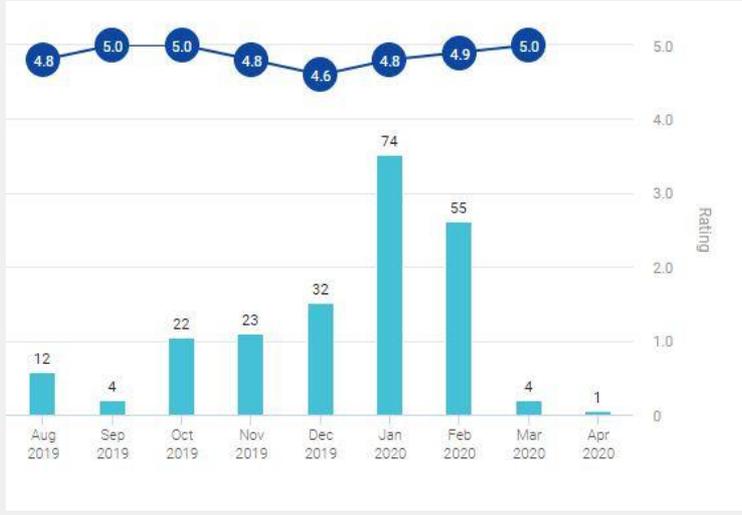
- Lauren Hadox, Risk Manager | SDOC



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HOW DO WE STACK UP?

BirdsEye Review Consolidator



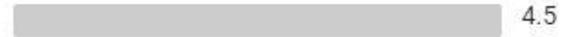
COMPETITIVE BENCHMARKING

You are 6% above the industry average.

You (256 reviews)



Industry average (49 reviews)



Ongoing Average 4.8 stars

Review Rate: 5x industry average

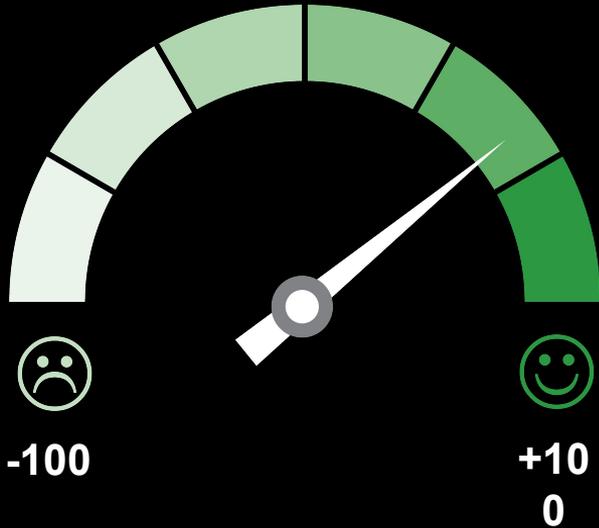


Nicole A. January 16, 2020

I called at 3:50pm after receiving an order for a CT scan and Leo was able to get me an appointment at 4:30 the same day! Everything was done electronically. I walked in the office and was in and out in 15 minutes! I am very pleased with the process as well as the fact that there was no copay.

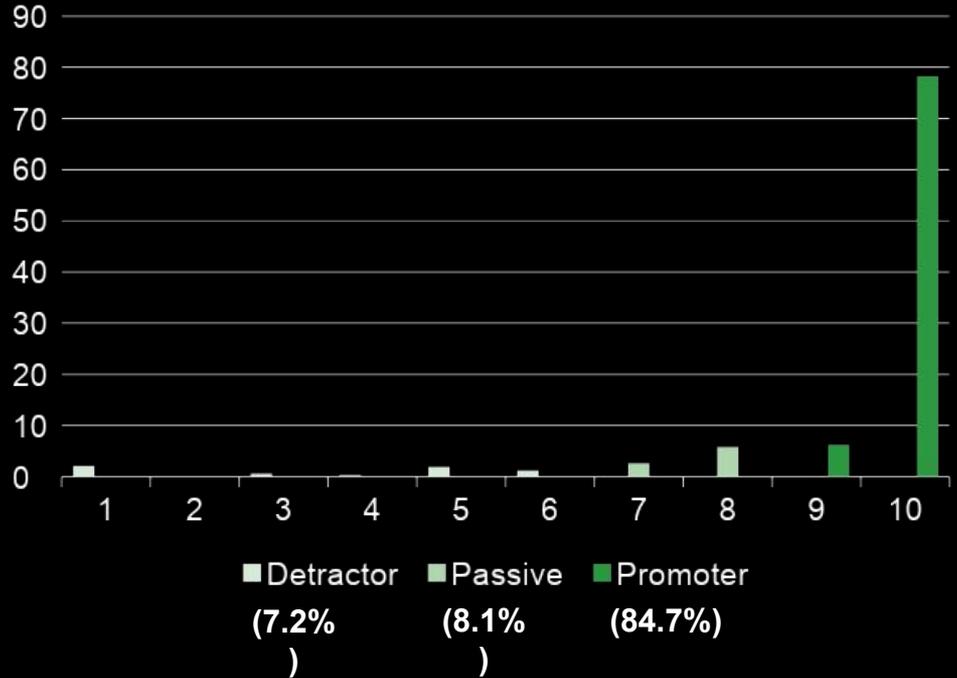
HOW DO WE STACK UP?

BirdsEye Review Consolidator Net Promotor Score



NPS = 77.5

How likely are you to recommend to a colleague or friend?



Market Forces

LIMITATION

Emerging private equity-backed radiology 'supergroups' combine operations and bill under the most advantageous contracts, driving dramatic cost increases. Same merger and acquisition forces occurring in the outpatient imaging space.

INNOVATION

Direct contracting circumvents this trend with up front, fair market pricing with financial benefit for both plan sponsors and members.



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TECHNICAL FEES:

\$526,559

PROFESSIONAL FEES:

\$405,523

GLOBAL FEES:

\$942,063

SUBSPECIALTY 'SUPERGROUPS' DRIVING UP COST

Professional fees for radiology have grown from 18-20% to **over 43% of global fees.**

Potential Employer Claims Data, Texas Market, 1/1/21 – 7/21/21



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Reference-Based Pricing (RBP)

LIMITATION

Is it meaningful?

INNOVATION

When comparing pricing against RBP, ask the following questions:

- Is it a valid reference?
- Is it market-based?
- Is it free-market?
- Which Medicare fee schedule?
- Is it adjustable for increased costs and inflation?
- Is it a reasonable starting point for a pricing discussion?



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MOST HEALTHCARE REFORM CALLS FOR BIG, BOLD ACTION.

What happens if, instead, we think small, tackle our individual components well, and make a really BIG impact?

**Excerpt from "The Price We Pay" by Marty Makary, MD as interviewed on Freakonomics Radio ep. 456 "How to Fix the Hot Mess of Health Care"*



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When members,
employers/plan
sponsors,
and doctors work
together towards a
common goal,

**everybody
wins.**

EMPLOYERS/TPAs

- Lower healthcare costs
- Improved employee satisfaction & health

DIRECT-CONTRACT DIAGNOSTIC IMAGING FACILITY

PATIENTS

- Easy to navigate
- Costs known up front
- Fraction of the price for diagnostic imaging—**without sacrificing quality**
- Better health

RADIOLOGY FACILITIES

- Fair reimbursement, less bureaucracy
- Access to employer contracting and aggregate purchasing power

