

 **FULCRUMSTRATEGIES**

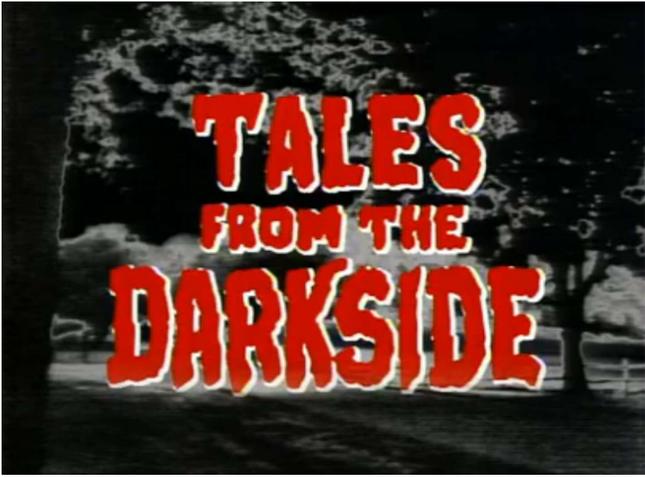
Tales From the Dark Side:
Stories from a Recovering
Managed Care Executive

Ron Howrigan, President & CEO


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SUPERIOR PROVIDER ADVOCATES

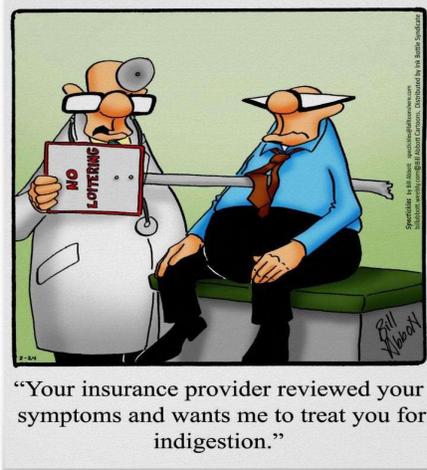
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“Your insurance provider reviewed your symptoms and wants me to treat you for indigestion.”

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Agenda

- How to think like an insurance company
- Why it's called "Health Insurance"
- How insurance companies make money
- Adverse selection
- The perverse incentives of insurance companies
- How to think like a managed care executive – A true story
- The denial game
- What does this mean for you and your practice
- Questions

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“The problem with Doctors is you all make too damn much money.”

- Insurance Executive

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Think like an Insurance Company

- We run a business where when the customer uses our product it's a bad thing.
- We don't provide health care any more than your bank built your house.
- Dr. Kavorkian would have made a great HMO doctor.
- Quality doesn't matter, only cost.
- Doctors and Hospitals are not partners or friends. They are suppliers and adversaries.
- We don't work for our members or employers we work for our shareholders.
- He who has the gold makes the rules.

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“We are not interested in growth. We are only interested in profitable growth”
- Insurance Executive

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Why it's called “Health Insurance”

Average **total** health spending by type of service and percentile of overall health spending, 2019

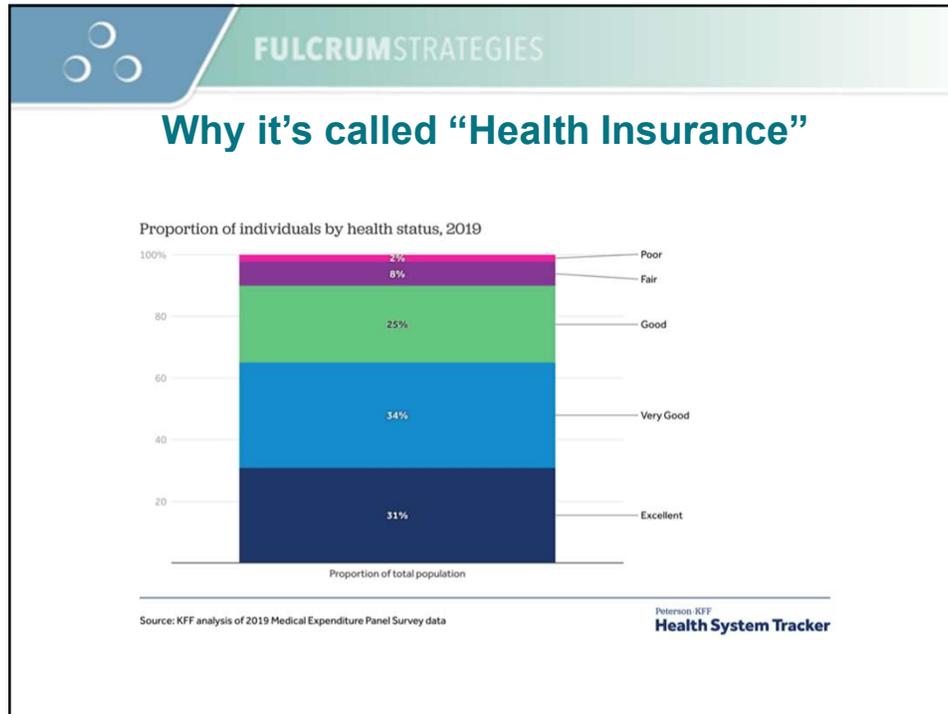
Select: Total Out-of-Pocket

Percentile	Prescribed Medicines	Hospital Inpatient	Ambulatory Events	Home Health	Dental and Other
Overall population	~5,000	~5,000	~5,000	~5,000	~5,000
Bottom 50%	~1,000	~1,000	~1,000	~1,000	~1,000
Top 50%	~5,000	~5,000	~5,000	~5,000	~5,000
Top 10%	~10,000	~10,000	~10,000	~10,000	~10,000
Top 5%	~15,000	~15,000	~15,000	~15,000	~15,000

Source: KFF Analysis of 2019 Medical Expenditure Panel Survey data

Peterson-KFF Health System Tracker

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How Health Insurance Companies Make Money

- Fully Insured – Lower claim costs
- Self Insured – Employer money
- The customer bank account game
- Medicare/Medicaid
- PBMs
- Buy doctors
- CVS/Aetna
- What's next?

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Adverse Selection

“Adverse selection occurs in health insurance when there is an imbalance of high-risk, sick people to healthy people. The imbalance can happen due to sick people, who require more insurance, using more coverage and purchasing more policies than the healthy people, who need less coverage and may not buy a policy at all.”

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Causes of Adverse Selection

- Benefits
- Price – Death Spiral
- Network
- Ease of use
- Industry
- Legislation/Mandated Benefits

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Perverse Incentives of Insurance Companies

- Preventative Care – Mammo, Colonoscopy etc.
- Coverage – Wegovy, NMR etc.
- Patient experience – Propofol, Inspire etc.
- Network

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***“It’s time to execute a few
hostages”***

- Insurance Executive

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How to think like a Managed Care Executive

- You are a VP of Network Management. You are challenged to lower costs and improve profit. Corporate has an idea and you make it better!
- Trim the network
- Select the “right” doctors
- Patient loyalty
- BIG BONUS!

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“What do you want your denial rate to be?”

- RBM Executive

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The denial game

- Deny coverage not access
- Zero accountability
- Automation
- Mod-25 example
- Adjustable criteria
- Not required to follow any specific criteria
- Different by payer

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“If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”

- Sun Tzu – The art of War

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Have the Payer Won?

- In 2000 the stock price for United Health Group was \$7.30
- November of 2024 the UHN stock price was \$614.67
- UHN stock has split 3 times on a 2-1 split in the last 25 years.
- If you invested \$100,000 in UHC stock in 2000 you would have purchased 13,700 shares.
- Because of the splits you would now own 109,600 shares.
- Those shares would be worth \$67,367,832 now.

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Conclusions – what can you do?

- Know thy enemy
- Be part of the solution
- Play their game when it benefits you
- Understand where they are vulnerable
- You can't make friends with a shark

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Questions?

Thank you.

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