

The Powers Report Podcast

Episode 30

Health Care without a Net: My 2nd Year without Health Insurance

Welcome to The Powers Report Podcast. I am your host, Janis Powers. The show brings you candid, unique and data-driven perspectives on the health care industry. I believe that any solution that is going to positively impact the American health care system has to satisfy two major criteria: financial viability and behavioral incentive alignment. In other words, access to high quality care can only be achieved if we can afford it, and if we behave in ways that optimize our health. Please subscribe to our show on your preferred podcasting platform and connect with us on social media. Again, this is Janis Powers, and welcome to The Powers Report Podcast.

Happy 2021! I am sure we're all kicking this year off with high hopes. Here's to lots of things getting a lot better than they were before.

For me, one thing will stay the same in 2021: I won't have health insurance. I'm going into my third year without being covered by an ACA-approved health insurance plan. Going this route isn't for everyone. But I have saved a lot of money and I've learned even more about how to shop for health care.

In this show, I'll go through five things I've learned being a health care consumer. I'm going to skip some of the things you may have heard already, like, "Ask for cash prices" or "Negotiate with the billing office to get better rates." These are good things to do, but they are reactive.

We have to re-think the health care shopping experience altogether. Consumerism works well when customers understand the market and sellers understand customers. That means patients have to understand doctors and vice versa – through the lens of not only the clinical experience, but the financial one too. That latter piece isn't just about finding the lowest price. It's about finding the best value.

On this issue of shopping for health care...in late-breaking news, the Centers for Medicare and Medicaid, or CMS, has pushed forward a major price transparency initiative (1). As of January 1, 2021, hospitals are required to show the rates for the goods and services they supply, with an emphasis on posting prices for shoppable services. I guess shoppable services are outpatient things like imaging and simple procedures. This is going to be a mess to implement, and it is going to take months before any of this is put into a format that's useful. Nonetheless, it is a fantastic initiative that is going to help patient consumers tremendously.

If you've been following the news on this, the American Hospital Association sued the government over the ruling. The AHA argued that the prices that they negotiate with insurance companies are proprietary. They also asserted that the price lists required to be made available to the public will be too large and complicated to understand. And of course, there is their cost of implementing the initiative and maintaining the price lists – which is an issue, I'll give them that. However, the feds prevailed in court and this ruling is now in place.

Now that we have some monumental regulations supporting the consumerism effort, it's important to reflect on some other issues that pushed me to opt out of buying an ACA health plan.

When the Affordable Care Act was passed in 2010, it included what's known as the "individual mandate." Everyone was supposed to be covered by health insurance. If you couldn't get insurance through your employer (because the company was too small or because you weren't employed) and if you did not qualify for Medicaid, AND you were under age 65, you had to buy health insurance. I satisfied all those criteria: self-employed, not qualifying for Medicaid and under age 65.

Buying insurance was terrible because I paid hundreds of dollars a month and I barely used the insurance. Even when I did, I still had to pay co-pays. Over the years as I purchased plans with lower premiums, the providers I had previously used, like the lab across from my gynecologist's office, weren't part of my coverage. In fact, in my last year of ACA coverage, I had to go to a lab in a grocery store so my insurance would pay for the baseline bloodwork done as part of my annual doctor visit.

We all have stories like this and it's ridiculous.

Then came the 2017 Tax Cuts and Jobs Act. In it, Congress eliminated the penalty for not having health insurance. Since there was no penalty for not abiding by the law, was it still a law? That is a question posed by several state attorneys general. And the issue was presented to the Supreme Court last month in the case *California v. Texas* (2). Soon we'll find out what impact, if any, the elimination of the penalty for not having health insurance will have on the Affordable Care Act.

So what do people like me do? I don't think it's wise to have no insurance. In fact, in my book *Health Care: Meet the American Dream*, I noted support for an individual mandate. Not "the" individual mandate in the ACA, but something. Everyone should have some sort of coverage against anything catastrophic. So people like me buy short-term, catastrophic insurance plans.

The Trump Administration expanded access to these plans. The Biden Administration will probably try to limit them. There are several issues with these short-term plans, some of which are legit and some of which are not.

One problem with short-term plans is that you can't get one if you have many pre-existing conditions. The plans are extremely restrictive, excluding people who have all sorts of things,

including high blood pressure. From an insurer's perspective, I can understand that. The plans aren't designed to cover much of anything. No preventive care is covered. Pretty much nothing except unexpected, unforeseen medical issues are covered. If you have an expensive chronic condition, you need more comprehensive insurance. That's just how the products are designed.

The bigger issue is that it's impossible to know what you'll pay if something bad does happen. Plans have varying levels of total dollar amounts that they will cover for catastrophic care. Usually, the plans cover several hundred to many hundreds of thousands of dollars.

The issue comes when you get billed. Let's say you get in a car accident and your leg gets shattered. That's going to be expensive to fix. The hospital could charge you their highest rates – their charge master rates. And before you know it, you will have hit the coverage limit of your short-term insurance. You'll have to pay the overage at some silly rates that no insurance company pays, but you'll have to pay. Now you won't care if the amount is below the coverage your short-term insurer is supposed to pay. And maybe the insurer will go back to the hospital and try to renegotiate the payment. Probably. I would if I were the insurer.

The ACA plans are different. They have out-of-pocket maximums. In 2021, if you have an ACA plan, you shouldn't have to pay more than \$8,550 out of pocket for an individual plan or \$17,100 for a family plan (3).

That limit doesn't include your premiums. So you have to tack that on to the maximum if you're figuring out what your actual out of pocket payments will be. The plan also won't cover anything when you go out of network. That means that if the doctor you see isn't part of the insurance plan, you have to pay for the care.

But here's the real kicker. According to the healthcare.gov website, the out-of-pocket maximum doesn't apply for, "Costs above the allowed amount for a service that a provider may charge."

What does that mean? Well, let's go back to the shattered knee. You're using a provider that's part of your insurance plan and you have an individual, not family health plan. In that case, the out-of-pocket maximum is, as noted, \$8,550. You're thinking that's what you're going to have to pay to get your leg fixed. Being able to walk has its benefits.

Insurance companies have what are called "allowable charges." They'll cover not just certain procedures, but certain tests, certain medical devices used in surgery...you name it. Let's say your surgeon decides to use some screws or hardware during the procedure that are not covered under your insurance. What are you supposed to do? Wake yourself up from anesthesia and ask him to use something else? I mean, how the heck are you supposed to know what's covered and what isn't? And how is the doctor supposed to keep track of all the different coverage issues for all the different insurance plans for all of their patients? Ridiculous!

This is why a lot of people have been flocking to short-term insurance plans. They think they're going to get financially screwed if something bad happens, regardless of their insurance. Many would rather roll the dice, pay a lot less in premiums, and hope for the best.

Well...“hoping for the best” is not a good way to manage your health. It's a strategy of neglect. You can't sit still and do nothing when it comes to your health. Doing nothing is a choice and it's a bad choice.

Yet this is how many individuals with short-term health plans and even high-deductible health plans behave. Since so much of the financial burden is on them to pay for care, they are sort of paralyzed and don't do anything. Well, my company, Longitudinal Health Care, is in the business of changing that conversation.

We believe that catastrophic health plans are good, as long as people have the tools and appreciate their responsibility to pay for the rest of the care out of pocket. Our long-term plan has always been to advocate for coverage that offers catastrophic insurance and then consumerizes everything else.

The big challenge to such a model is getting people to understand how to shop for care. The idea of shopping for health care and doing it are two different things. This is exactly why I've spent two years on catastrophic care: so I could learn what the actual challenges are and design a solution to address them.

So let's get to some of the lessons I've learned about shopping for health care. These should be useful to you regardless of your insurance coverage. In the end, you are your best health advocate. The more you know about yourself and the system, the better your health care experience will be.

1. **Doctors aren't commodities.** It is absolutely essential that you, the health care consumer, find a doctor you like. We've gotten to a point where some insurance plans and some doctors just want everyone to get the same thing. This is a problem with a single payer system. It eliminates customization. Already, the private health insurance market in America has reduced this customization because many insurance companies don't have all doctors on their health plans. This was not going to fly for me. I have been going to the same doctor for over 20 years. Yet over the years of buying health insurance for myself, the plans that had this doctor in network became more and more expensive. Now, most of the plans on the Marketplace do not have this doctor in-network. Yet this doctor knows me, I know his staff, I work with this doctor to structure the care I need and want. Why on earth would I go to someone else? Well, you might want to ask an economist. Economists have been involved in designing the health care system and it's one of the reasons it doesn't work. Why? Because the system is designed in a way that has you pay the same co-pay for a doctor whether you like what they've prescribed for you or whether you think he or she treats you like a widget.

Which brings me to point #2...

2. **You get what you pay for.** While we patients pay the same co-pay regardless of the doctor, insurers pay doctors different amounts to have them in-network. That's why some doctors are not in every insurance company's network – they are too expensive. That, or they are undesirable. But odds are these days, an insurance company wants to keep costs down so they don't want to pay for the more desirable doctors.

We in the cash-paying world need to be wary of this. A good example is some of the men's health stuff that's out there. I bring this up because I have been hearing ads for low testosterone or "low-T" for years. Some providers pitching these services say they can fix low-T problems and the first visit is free. Sometimes it will be covered by insurance. But the key for many of these places is that they want you to buy their hormone therapies. These are recurring charges that may be out of pocket, may be partially covered or may not be covered at all. So of course a doctor will offer a free consult. If they can get the revenue stream on the back-end, it's worth it.

The issue is that whatever hormone therapy these folks are hawking may not be the right answer for the patient. Maybe the patient has a thyroid issue, a heart problem or is just overweight. Some doctors may do a workup to get to the root cause of the problem; others may not. But odds are if the visit is free, you, the patient, are probably going to get a one-size-fits-all answer. That's not good health care.

Which leads me to...

3. **Providers can give more up-front pricing than they let on.** We've said doctors aren't commodities and you get what you pay for. These ideas work in practice only if you have an idea, up-front, of what the price for the care is going to be. Providers have been pushing back on making prices public because they claim that people will misunderstand them and not know how to shop. Providers' biggest concerns (or complaints) are that they can't estimate prices because they don't know what they will find once a visit or a procedure begins.

So here's my approach: consumers can be informed of the baseline price, knowing that there may be add-ons. This can be done for so many activities done in the outpatient environment and it isn't. Here's what I mean.

I had two different experiences with two different doctors this year. First, when I had my annual visit, I was charged \$200 up-front to see the doctor. That price was quoted to me in advance. I was told that if anything else should come up, I'd have to pay for that too. Fine.

That experience is different than when I went to a retail clinic. I was told there was a \$50 co-pay and I'd be billed for the rest after the procedure. About ten days later, I got a bill for \$300. I was livid. The doctor portion was \$194. They could have told me that up-front. They should have told me up-front. Also on the bill: a \$30 after-hours fee because I went on a weekend. I have to think that the front-desk staff knew it was a Saturday when I walked in, so why they weren't advised to charge me the \$30 up-front is beyond me.

The more I shop for health care, the more I realize that shopping on price alone isn't how consumerization is going to play out. I would have been willing to pay the \$194 to see the doctor. I paid \$200 to see my regular physician. What angers people and disenfranchises them and causes them to disengage from the system is not knowing what's going to happen. I think there's a real misunderstanding about how health care consumers think. It's not about getting in to see one doctor because he's ten dollars cheaper than another. It's about being treated with respect and integrity. I said doctors aren't commodities. Well, neither are patients.

On to a related issue, which is...

4. **Don't avoid care because you don't know the entire price.** A good way to explain this is to talk about everyone's favorite medical procedure, the colonoscopy. Your gastroenterologist should be able to tell you, in advance, how much that procedure is going to cost. What is not known is whether, during the procedure, the doctor will see something weird that will then require a biopsy. That's going to cost extra. But the entire point of having the procedure is to have the doctor look for something weird because something weird could be something cancerous. You want that biopsy done. You can't fault the doctor for doing it.

Yet some doctors may do five biopsies when they probably only need to do three, or even one. How do you know the difference? You don't. This issue goes back to why insurance companies have those allowable charges. They don't want doctors going crazy and ringing up all kinds of costs just because they can.

This is the hardest part about consumerizing health care. Patients aren't doctors, and we're not in a position a lot of the time to challenge a doctor on what he or she is doing. That's why it's so important that you find a doctor you trust. It is on us, the health care consumer, to make sure that a solid relationship is in place so we feel confident knowing that we're getting value for our money.

To help understand what could happen during a doctor visit, people turn to the internet. Which brings me to the final point.

5. **Appreciate the internet's limits.**

The first thing I want to say is that Dr. Google is good. Many doctors hate that patients use the internet to research their conditions. They get frustrated with patients who think they can diagnose themselves by suffering through all the ads on WebMD and researching their condition. They come into the physician's office with all this documentation about what's wrong – as if a doctor's years of medical school and residency and practice are irrelevant.

Well, Dr. Google isn't going anywhere. As frustrating as it may seem, it is a good thing when patients are curious about what is going on. It is good that they want to learn more. If it helps patients have more productive conversations with their doctors and be better engaged in their health, then that is a win.

What I would strongly advise against is using online reviews to pick your doctor. I know this is a popular idea and it's something other startups are doing. I don't like it. Why?

Because, as stated from the outset, doctors aren't commodities. People aren't reviewing the iPhone 10. This is about finding someone who's going to give you the health care that works for you.

Some doctors have a horrible bedside manner. That really bothers some people, even if the doctor delivered world-class service. If a patient thinks a doctor is rude, then they can slam the doctor with a bad online review. I mean it's one thing to remove the wrong kidney or leave forceps inside someone's abdomen. But online reviews are notoriously tilted towards the negative squeaky wheel.

On top of that, they can be easily faked. I had a doctor offer me some free stuff as long as I wrote a good review on Yelp. Some doctors aren't that up-front; they'll just post fake reviews. I'm not saying that you shouldn't look at online reviews; just don't rely on them as the main source to choose a doctor.

So what should you do if you don't know which doctor to pick? Ask a doctor you like, even if he or she isn't in that specialty. And ask your friends. I've referred at least three friends to my doctor because I am able to explain how the doctor practices, how I interact with the physician and what I get out of it. Each of my friends accesses care differently than I do. But since they have an idea of what to expect, they can be more involved in their care. That creates better outcomes, which is what everyone wants.

I hope these tips have been helpful. This is going to be an interesting year. We will keep pushing for consumerization in health care. Even if short-term health plan access is curtailed, there will always be a need to help people shop for care. I'm looking forward to bringing these tools to you so you can be as healthy as you can be.

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