Affordable Health Care in the Age of Obamacare
Guest: Sean Parnell
July 7, 2014

Sean Parnell is the author of* The Self-Pay Patient: Affordable Health Care Choices in the Age of Obamacare*.

WOODS: Give us the one-minute overview of what the "self-pay patient" is.

PARNELL: A self-pay patient is simply anyone who is paying directly for some or all of their health care. The book that I wrote, *The Self-Pay Patient: Affordable Healthcare Choices in the Age of Obamacare* as well as my blog, theselfpaypatient.com, are both intended to be resources for these self-pay patients, explaining how they can find affordable health-care options by going to providers and facilities that cater to self-pay patients. A lot of facilities and providers in health care are so entangled in the health insurance system that it's difficult for them to actually just give a price, certainly a fair price, to a self-pay patient. But there are people and organizations out there that cater to self-pay patients, and my book explains all of the places that people can go to to get this information and to get the health care they need.

WOODS: But why would I want to be a self-pay patient if I can go through the insurance system – no matter how convoluted and bureaucratic it is, I can still get discounted care. What interest would I have in divorcing myself from that, or is this a strategy simply for people who don't have insurance?

PARNELL: It's a strategy for anybody who wants to be in control of their health care. You're right: people can, if they want to, be a part of the bureaucratic health-care system, but I don't think that they are going to actually get much in the way of a discount. In fact, being a self-pay patient is usually going to be a lot less expensive than going through the insurance system once you start to factor in your premiums, your co-pays, your deductibles, and all of those sorts of things. One of the things that I discovered over the years – this is one of the things that spurred me to write this book – was that once you step out of the bureaucratic health-care system of third-party payment, costs actually drop. Because the average doctor practice—for every doctor that they have in the office, they have one person whose job it is simply to submit the billing requests to the insurance companies, to haggle with the insurance companies, to argue with the insurance companies. It costs a lot of money to send paperwork back and forth from a

doctor's office to the insurance company for what ultimately is a $60 or a $70 or an $80 medical bill, and that just adds costs to it. So if you can step outside of that system and just pay directly, eliminate the overhead, then it's actually much less expensive in most cases to be a self-pay patient. Plus you get to have control over your health care. You don't have to worry about an insurance bureaucrat or even a government bureaucrat saying, no, this is not an improved treatment, or this isn't on the formulary—we don't cover this. You step outside of that entirely, and the relationship that a self-pay patient has is directly with their doctor. There is no third-party interfering with that.

WOODS: I had a guy named Dale Bellis on the show talking about Liberty HealthShare as an example of a way that you could be more or less a self-pay patient in the sense that he is not really offering traditional insurance. He's just offering a system in which people share medical expenses together, and there's an exemption for that in Obamacare. But apart from an approach like that, as Obamacare comes into effect and people are penalized for not having insurance, doesn't the role of the self-pay patient in medical care diminish or even disappear?

PARNELL: I don't think so. One of the things that I point out is that for—to be a self-pay patient means you are paying for some or all of your medical bills, and most of the policies that are being sold through Obamacare and also the direction that most employer-provided insurance is going have very high deductibles, $2,000, $3,000, $6,000. And what that means is that even though you have insurance, conventional health insurance for the catastrophic event—cancer or a serious car accident—you are still a self-pay patient when it comes to going to the emergency room with a $500 bill because you sprained your ankle, or going to the doctor because you have a cold or just sort of the everyday, run-of-the-mill, relatively low-cost health-care events that people have—they are going to be self-pay for those. And so the book that I wrote is designed not just for people who are uninsured but also for people who have high-deductible plans who are going to be looking up there and being told by their insurance company, hey, you want to have an MRI on your knee because it's kind of sore, well, that's on you. That's under the deductible, and if they—if the patient in that type of situation simply were to go to, say, their local hospital for that MRI, they are probably going to wind up paying anywhere from three to five times—and this is for somebody who is insured—for that MRI what they might have to pay if they simply went to a stand-alone MRI clinic or one of the other facilities that I talk about in my book.

WOODS: I am sure you would be familiar with the Surgery Center of Oklahoma. Are you, in fact, familiar with that?

PARNELL: I am very familiar with the Surgery Center of Oklahoma. I probably mention them at least once or twice a month on my blog.

WOODS: Okay, I thought there was a 3% chance maybe this somehow escaped your attention, but explain to the listeners then what the significance is of what they are doing, and do you think there's going to be more or less of this in the future and why?

PARNELL: What the Surgery Center of Oklahoma does is very simple. They offer what is essentially what I call all-inclusive pricing, meaning that if you need a hernia repair operation, you go to their website, and there's four or five different types of hernia repair operations, and it gives a single price, and it's all-inclusive. That means it includes the surgeon, facility fee, the anesthesiologist, everything. This is in contrast to going to your local hospital, or really any other hospital in the country, where a hernia repair operation might literally generate hundreds of lines of codes that are pretty much indecipherable and probably filled with a lot of errors, and it's probably inflated and is more than what you would pay for at the Surgery Center of Oklahoma. So what they've done at Surgery Center of Oklahoma is just offer a flat price. You come in, you get the treatment, you pay for it, and you're done. There's no having to figure out five months down the road, did the nurse really come in and deliver this medicine three times that day or four times that day because I am getting charged for four times that day. You don't have to worry about any of that. Furthermore, because these are fairly simple cash prices that they are offering for people who are self-pay who don't have insurance, who don't have access to the pre-negotiated rates that a lot of insurance companies do, unfortunately what happens at most hospitals is they charge wildly inflated prices for basically—to the uninsured.

So a hernia repair surgery that might cost $3,5000 at Surgery Center of Oklahoma—if you go to a major hospital in Brooklyn, or Los Angeles, or Topeka, Kansas, they are probably going to charge you $15,000, maybe $20,000 for that because of their frankly bizarre pricing strategies. So what Surgery Center of Oklahoma has done is to say, okay, we're just going to charge people a fair price, a simple price, and they are doing very well by it. I do think that it is going to grow. Again, when you get back to the issue of Obamacare and the high deductibles that a lot of people are going to be finding, and I am a fan of high deductibles, but they can be kind of startling to people at first, but I think that as more and more people wind up in these high-deductible plans, they are going to be looking for places that they can go to like Surgery Center of Oklahoma where they can simply go, get a fair price, and know that they are not going to be haggling over 13 out of 28 line items on their bill five months after the surgery was done.

WOODS: You have a section here called "Options for Employers." I'm interested in that because I'm curious to know, especially in the age of Obamacare—because you have that in your subtitle—what options employers really do have. Certainly their options have been diminished.

PARNELL: Yeah, and I'll preface this by saying that anybody who is an employer and who is looking for ways to sort of opt-out or at least limit the role of bureaucratic medicine and the health-care benefits they provide their employees really needs to talk with a professional benefits administrator or a health insurance broker. That said, I think I can offer a few thoughts on what I have seen being done that people can follow up with. One of the things that is sort of misunderstood about the Affordable Care Act is there's a belief that employers are required by law to offer this very rich benefits package that the Affordable Care Act supposedly requires on employers. And while generally there is some benefit to doing that in some regards under the Affordable Care Act, there are some ways to get around that that basically allow employers to

still design benefit plans that meets the needs of their employees but that don't conform with the very high standards, the very expensive standards that Obamacare would like to impose. Basically, it's a matter of finding a benefit package that works and then accepting that maybe a few of your employees will then wind up going to the Affordable Care Act exchanges and getting the coverage, and that that might result in a small penalty, but that's probably going to be much less than one, the decision for a large employer not to offer health insurance at all, or two, the decision to offer a plan that does comply with all of the Affordable Care Act's requirements. So it's kind of convoluted, and like I said, you do need to talk to a benefits professional, and I usually recommend that people talk with Ralph Weber of Route Three Benefits in Tennessee. He's sort of pioneered a lot of the work that people are doing to find creative ways to get out of the Affordable Care Act's supposed requirements on employers.

WOODS: So we can see, then, reasons that patients themselves as well as employers might favor the kind of alternative strategies that you are advocating, but how about the physicians themselves? What are the benefits to physicians of dealing with self-pay patients, and secondly, if such benefits do exist, why are such physicians so few and far between?

PARNELL: The main benefits, and I guess it's from talking to a number of physicians, but the main benefits to them in dealing with self-pay patients really are twofold. One is they get payment immediately, and they don't have the overhead expense associated with having to go through an insurance company. There are no requirements that they document their patients in certain ways. They don't have to become experts in the billing codes that each company requires. They are able to simply accept payment for the services that they provide, and that's it. The other benefit to doctors, and this is what I hear probably more so even than the financial benefit, is they get to practice medicine, and it's just them and their patient. They don't have an insurance company saying, no, we don't cover that. Or you need to get pre-authorization before we'll allow you to do this. It's restored the doctor-patient relationship and eliminated the third-party interference that doctors have been complaining about for a long time. I used to work for the congressman who was the author of the Patient's Bill of Rights back in the late '90s and early 2000s, and while that bill had its issues, one of the things that was very, very clear is that doctors were extremely unhappy with the degree to which insurance companies were interfering in that doctor-patient relationship, and that's sort of a necessary thing if you're going to have a third-party payer system, and which is why I tell people: if you don't want third-party interference in your health care, then move away from a third-party payer system.

WOODS: Now, how is it possible that you can have a blog dedicated to this subject when I bet some people would think once I have read his book *The Self-Pay Patient*, that's pretty much all I need to know. How could there be ongoing commentary on these basic principles? I'm saying this because I genuinely want to know: what sorts of issues do you find coming up on a daily basis that are relevant to the self-pay patient concern?

PARNELL: The book was written basically just to be a guide, to lay out the basic ideas of how, for example, you can find a cash-only doctor, how you can save money on your prescription

drugs. What the blog intended to do is to supplement, and augment, and in some cases, clarify and correct what's in the book, because things do change, and there are new companies that are springing up. In fact, you were talking earlier about the Liberty HealthShare, which is a health care sharing ministry. I actually only found out about them very late in the book editing process, and I was able to get them into the book in time, so now my book talks about there being four, not three health-care share ministries, but since then I have actually learned about a fifth, Altrua HealthShare out of Dallas, Texas. There are new companies that are coming into this market on a regular basis. There are new offerings. And so the blog is intended to provide running commentary, news and information about new developments in this area, new companies. One of the things that I like to do is be able to tell my readers about a new, cash-only doctor's office that might be opening somewhere. It's a fairly regular staple of my blog. It's a short book. It's 123 pages, I think. There's just not enough room to put that sort of thing into a book, and with the blog I can extend and expand the information and commentary that I started in the book.

WOODS: Well, you covered quite a few topics in a short amount of time in this book. The book is *The Self-Pay Patient*. Tell me again the subtitle because I have mislaid my Kindle.

PARNELL: Sure, the full title is *The Self-Pay Patient: Affordable Healthcare Choices in the Age of Obamacare.*

WOODS: Okay, and then you've got a blog and website by the same name, selfpaypatient.com. I want to steer people in that direction, and I appreciate your time today. Any parting words of advice?

PARNELL: My biggest advice is just if you want to save money on health care, and if you don't want to be part of the bureaucratic health care system, I think people should really consider becoming a self-pay patient. It's not for everybody, but I think that most people would benefit from this sort of system, and I would really, strongly encourage people to consider their options and, most of all, just understand that they do have options. That's one of the biggest myths out there, which is another one of the things that spurred me to write this book. People think that since the Affordable Care Act passed, they're stuck with it. They have to be part of that system, and they don't. They can opt out, and they can opt out in such a way, as my book describes and the blog expands on, that they still have protection against major medical expense, which everybody should be concerned about, and also still be able to find affordable health care for the run-of-the-mill stuff that they have to pay out of pocket.