

HEALTHCARE ANECDOTES:

SEVEN TALKING POINTS MASQUERADING AS CONSULTING

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What if you could sound like a top-notch consultant? Would you get more recognition and significance from the C-Suite?

The industry is full of beguiling phrases that sound insightful yet consistently deliver anticlimax, inconsequential results and fictitious estimates of measurable ROI.

If you manage the healthcare budget, then you need to distinguish between myth conceptions and prescriptive counsel. The following verbal malware will more often

than not produce incremental change, one-size-fits-all recommendations and miss what's coming.

TRANSPARENCY

What They Say: We have a new solution to help employees be better consumers of healthcare, which will reduce costs. Insurance carriers are developing cost estimators while the private sector rolls out ecosystems of cost and quality solutions.

What They Mean: No one can agree on what transparency means. The limits of the data are problematic. Consumers aren't using available resources. The insights may not be reliable because costs and experience in quality are not correlated.

Transparency doesn't control healthcare costs, but it sounds reasonable. Implementation is typically on a voluntarily basis ensuring a trivial impact.

SKIN IN THE GAME

What They Say: The employees need to have skin in the game in order to give them an incentive to improve their health while reducing their out-of-pocket expenses.

What They Mean: We hope to lower costs by encouraging employees to shop for healthcare treatments at lower prices and better value.

TRANSPARENCY DOESN'T CONTROL HEALTHCARE COSTS, BUT IT SOUNDS REASONABLE. IMPLEMENTATION IS TYPICALLY ON A VOLUNTARILY BASIS.

Apparently, many consultants are too young or just too blind to see the fact that the healthcare system has indoctrinated generations of Americans to understand that cost is not important because medical insurance will pay for it.

Skin in the game merely shifts cost to employees and their families who are already living paycheck to paycheck and creates enormous financial inequity. Change will only happen slowly.

EMPLOYEE ENGAGEMENT

What They Say: Employees need to engage in the full array of their healthcare benefits, otherwise costs will increase, contributions will increase and the quality of medicine won't improve.

What They Mean: It's really hard to get people to change their health insurance, consumer habits and behaviors. Often, engagement is code for premium contribution cost-shifts, steerage or financial incentives.

Employers have been steering employee engagement in high-deductible health plans for years, including HSAs and a myriad of standalone-silo solutions and, despite years of implementation, healthcare budgets and costs continue to increase.

WELLNESS

What They Say: Wellness keeps morphing into different verticals. Since the passage of the ACA, outcome-based wellness programs have been implemented universally. The EEOC is likely influencing their continued use as much as the changing workforce demographic shift.

Wellbeing is the hot topic and includes financial wellness and emotional health, SDOH, student loan repayments, loans on demand to pay high deductibles, health literacy and mental health, to name a few.

What They Mean: "The beatings will continue until morale improves," according to Al Lewis. We can't reduce your costs, so we continue to attempt to reduce the demand for services and force behavior change,

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which has failed for nearly every organization. (Your renewal increases are the proof.)

Trying to instill motivation in human beings to change long-term behaviors that they don't want to change or aren't ready to change is a NET COST every year.

BENCHMARKS

What They Say: Your organization should demand bespoke health plan benchmarking to identify trends and meaningful plan design, and get a competitive advantage.

What They Mean: If we can distract you from assigning accountability for the fact that the advice you received from us resulted in another year of losses, then we can focus attention on why your position is less bad than other companies in the benchmark.

Warren Buffet doesn't believe in benchmarks because the only financials that matter to him are that of his companies. With a \$50 million healthcare business budget, you may outperform the peer benchmark average increase of 6.5% by only experiencing a four-percent increase. It sounds innocuous when HR says the company was 38% better (2.5 divided by 6.5) than peer benchmarks, but the truth is your management resulted in a \$2 million profit loss.

BEST PRACTICES

What They Say: The best practices we will review encompass best-in-class innovations from industry entrepreneurs from various market verticals. Many of the solutions represent disruptive technology with proven performance that can increase the quality of the member experience and reduce the cost.

What They Mean: We're changing carriers next year because (insert BUCAH

name here) provides the deepest discounts. We will switch PBMs next year to a transparent PBM provider that offers a pass-through of 100% of all the rebates. We are adding another single-silo solution that will attempt to lower the demand for services through clinical intervention or member-behavior modification.

Best practices, by definition, are legacy solutions. Typically, they are developed by small entrepreneurial companies within a market niche. Once the distribution channel has sold into the employer marketplace, the large national players or private-equity-backed revenue rollup machines look to purchase and rebrand as a best practice.

You can't learn from legacy-best practices where the market is headed or how the market is changing next year. Essentially, buyers have to be aware that not recognizing they are being over-promised and under-delivered again has the same effect as ransomware. You have to pay the very same people whose performance threatens your bottom line. [📄](#)



Craig Lack consults with public and private C-Suites, PE firms and independent consultants to measurably and predictably pivot OpEx into free cash flow and EBITDA. He speaks at national conferences and to C-Suite groups. Craig has appeared in Forbes, Inc., Fast Company, CEO Today, Huffington Post, Success and Yahoo Finance and has been featured on CBS, ABC, CW and FOX.