

Ep #176: Consumer Oriented Surgery Shopping – with Sanjay Prasad



Full Episode Transcript

With Your Host

David Saltzman

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David: How would the market change if consumers could shop for nonemergency surgeries and pay bundled pricing, too? We'll find out on this episode of ShiftShapers.

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We talk an awful lot on the podcast about consumerism and more to the point, the lack of consumerism, the lack of individuals to be able to move markets in ways that they want that makes sense for them, and to discern pricing. We're very excited this morning to be talking to Dr. Sanjay Prasad. Dr. Prasad is Founder and CEO of an organization called SurgiPrice. He studied this area and this problem. They're working very diligently on trying to bring some tools to market that will impact that in a very significant way. With that, welcome Sanjay.

Sanjay: Well, thank you, David. It's an honor to be on your show. I think very highly of you and your show. Thank you.

David: Well, we appreciate that. Thank you. A little bit about your background so that folks understand where these solutions ... What part of your brain these solutions are coming from?

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Sanjay: Well, I've been a practicing surgeon for 25 years. I've seen patients come and go, and I've seen my colleagues, and how they operate, and how things work in a hospital setting, how things work in a surgical setting in an ambulatory surgery center, what the costing is, the finances, et cetera. I am absolutely flabbergasted by the system we currently have that has not evolved. We have a system now where patients are herded from primary care doctors to specialists without any regard to costs, without any regard to quality, the quality of care that's delivered. This is absolutely unbelievable. We don't shop for anything else in this way, but in healthcare, patients ... and I can easily be a patient, and you can easily be a patient. We are herded from primary care doctors to specialists without any regard to our needs. So, it's horrible what's happening out there.

David: To what do you attribute that? I mean, it doesn't happen, or more to the point, I guess, we don't allow it to happen in any of our other consumer encounters. Why has it been allowed to happen? What's the ground in which those infertile seeds have been planted?

Sanjay: Well, I think people inherently trust their primary care physician. There's absolutely nothing wrong with that. When the condition is severe enough to warrant a surgical specialist getting involved, they have to ask themselves the proper questions: Why is my primary care physician referring me to this surgeon? What is the basis behind that referral? Is it based on quality of outcomes over a number of cases that he sent that person? Are there other possibilities, other alternatives to treating the condition that's at hand? I think consumers have to be more intelligent. They have to be armed with tools that allow them to make more informed choices.

David: So, you obviously feel that the time is right to start bringing those tools to market why? What's the perfect storm that's come together to make this the right time to move forward?

Sanjay: Well, the exploding healthcare costs, obviously. Employers are dealing with double-digit annual increases in their premiums,

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and healthcare expense is becoming a bigger part of their expense sheet, month to month, year to year. Insurance carriers continue to raise the premiums on a yearly basis. On the patient end, what's happened is there's been a certain shift of financial responsibility from the employer to the employee. As you were well aware, the deductibles are getting higher. Patients often times are not even able to afford some of their surgical care. When you can't afford surgical care, then it's a question of access. Now, we don't have access to surgical for some folks.

David: So, it is indeed a perfect storm of a number of different things in confluence that are bringing us to this point. Where you've been focused is on helping folks get pricing, and pricing in a different way as well, for nonemergency surgical procedures. Talk a little bit about the process and how that works.

Sanjay: Sure. The system is really simple. If you really look at it from the outside 30,000 feet up, it's a very simple system. When patients are told they need surgery, we're basically gathering the medical records. We're helping the patient gather those records through a concierge service. Then we are uploading these records in a HIPAA compliant fashion to a server, cloud server, and then distributing those records to board-certified surgeons ... it could be local, regional; it could be national ... through an app called the Surgi Connect app. What we're doing here is basically getting multiple opinions. We're getting multiple opinions using the flow of electrons. What we're doing is we're validating the medical necessity of having the procedure, alternatives that there might be to the procedure.

If that procedure is indicated, and surgeons can review the MRI scan or the CAT scan that shows the conditions right on our app, they can enter their pricing: Surgeon's fee, facility fee, anesthesia fee, and they can also add in there and report on what their experience has been with that procedure, in terms of how many cases they've performed, what's been their success rate for that procedure, what's been the complication rate, and they can also qualify their complications. They can have an area where they can actually discuss and explain why they may

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have had certain complications. So, we're creating a platform for patients where we're really creating a platform for marketplace competition, if you will.

David: If I'm a consumer, does that information all come back to me? Does it come back to my primary care physician? Where does that go?

Sanjay: So, the information that we gather back from the surgeons, that is pricing data, and quality metric data, we take that data and compare it against what's nationally reported and against national norms, and letter grade their quality metrics. So, what the patients see are a list of surgeons. They see their qualifications, how many cases they may have performed over the last 12 months. They see their out-of-pocket costs related to going to surgeon A, B, or C. Then they see a list of quality metrics, so then up to five quality metrics graded on letter grading system: A, B, C, and D. So, this starts the conversation. Patients are free to contact their bidding surgeon through a telemedicine platform. What we've created is a system where you can sit at home and you can get multiple opinions from the universe of providers that are local to you, regional to you, national, and even international.

David: Are you finding that consumers are comfortable once they're armed with that information in going out and contacting the bidding surgeon? Because for a lot of folks, physicians are still on pedestals. It's difficult, and it may be a generational shift for them. We've talked about that on the program, until they're completely comfortable saying to their primary doc, "You know what? I'm going to go get some other prices and some other opinions."

Sanjay: Yeah, and this really deals with healthcare literacy. There will be some patients will listen to their primary care physician and only go to the surgeon that was referred to. Then, there will be mostly other surgeons, perhaps other younger patients that will embrace this whole idea. It's very disruptive. There's no question, but what we're doing is we're holding the healthcare system accountable, accountable both in terms of pricing and

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accountable both also in terms of quality. So, in the very beginning, it's going to be a bit difficult for the consumers to understand. That's why we have the concierge to help them understand what the differences are.

David: So, they have somebody who's qualified, who can kind of talk them through the data that you provide back to them?

Sanjay: Yeah. We call ourselves a healthcare technology company, but we're really service first. We're really services and technology. The concierge is critical. It's similar to going to a hotel and having a concierge desk and having basically everything taken care of for you. Any questions you have, you can communicate with the concierge at any time you want. So, we have someone, a compassionate soul that really handholds them from the moment that they're told they need surgery until they're back to work.

David: And now, a word from our sponsor. Captivated Health is a single source solution for your clients and prospects in the education and engineering verticals. The Founders of Captivated Health have 35 years' experience, working with healthcare and benefit clients. Over that time, they've developed a keen understanding of the unique problems mid-market clients experience. Frustrated by a lack of control, the unpredictability of ever increasing healthcare costs, and the pressures and regulations of the Affordable Care Act, these groups have been adrift in the fully insured commercial market place, until now. Captivated Health has built a program that solves those problems, and does so with virtually no disruption to employees, while saving clients millions of dollars.

We wanted you to be among the first to know that Captivated Health is building a national distribution partner network, so you can bring this cutting edge solution to your education and engineering clients that you advise. To learn more about Captivated Health's solution, go to our website at www.captivatedhealth.com, or click on our logo on the ShiftShapers website. Two things from chatting with you off air that I thought were really interesting. I'd like to explore both of

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them. It's entirely possible when the information is sent out to the network of surgeons that somebody may come back and say, "We don't think this surgical procedure is medically necessary." What happens then?

Sanjay: Well, the multiple opinion service does create the system where you have some conservative opinions. Remember, surgeons are very different. Surgeons are different. They've trained at different institutions. Some institutions are conservative. Some are more radical thinking that surgical options are necessary earlier on. So, what we're doing here is taking advantage of the varied opinions that are out there. Again, these are all board-certified surgeons. Yes, some will render opinions that the condition isn't severe enough to warrant a procedure. Maybe physical therapy is warranted. Maybe acupuncture, maybe alternative forms of treatment would be recommended initially, and a surgical option would be recommended later. So, it starts that whole conversation.

On our platform, the customer, the patient can reach out to that bidding surgeon who says that a conservative option may be more prudent and determine the reasons why, what his reasoning is. It's all about information, David. In today's world, patients are just completely information-locked, and we want to unlock their ability to get the proper information.

David: Well, that's going to be the key. What's interesting besides the medical information that you get back, and you've alluded it a couple of times, the pricing that's being offered here is what you refer to is bundled pricing. What does that mean, and why is it important?

Sanjay: Well, it's important to bundle simply because it creates a system of accountability. If you have a knee replacement, and what we're talking about is bundling the surgeon's fee, the facility fee, and the anesthesia fee, and if you provide upfront pricing ... you can do this procedure at this cost ... then there's some accountability in the operating room with opening disposables, et cetera, that's already been taken to account. Then, there's an effort within the healthcare system to control

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the cost, because there has to be some profit margin, obviously. So, I mean, those are the beauties of upfront bundled pricing. I'm not sure I made myself clear, but did you have another question on that?

David: Well, no. So, basically, it's a flat price ... instead of playing the game that gets ... we'll talk about this in a moment, but at the moment you're playing more in the partially self-funded space. So, a TPA ... I've helped run a TPA for quite a long time during one portion of my career ... a large surgical claim will come in, and it maybe gets negotiated down once, and maybe it gets negotiated down twice. In this case, what you're seeking to accomplish is that the bundle pricing is one kind of flat fee that includes everything and is kind of equivalent or better than what that last reprice would be, isn't it?

Sanjay: Absolutely. The other thing our system does is, when you have surgery today, you get bills for six months a year later for radiology, for a laboratory test, for the pathology. What we're trying to do is eliminate all those bills. We want to know what the bundled price is right from the beginning before the patient has the procedure, and hold the healthcare system accountable.

David: There's normative data on both ... you mentioned on the quality, but is there also normative data on the pricing so that when a patient is looking at these various prices that come back to them, they understand where those prices are relative to the market or their geographic area?

Sanjay: Well, yeah. There are companies that are doing this right now that have developed normative pricing across the country, but we think that price is very plastic. We think of price as being very plastic both on the surgical end, the facility end, and the anesthesia end. If they have underutilized time, an empty Friday or a Friday afternoon that's free, what we're finding is that these surgeons, these facilities are willing to drop their price to get that patient through the door, and just become more efficient. So, we think of price as being very plastic, week to week, month to month, case to case.

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David: Interesting. I alluded to the fact earlier, currently, and this makes sense. You're working mostly or almost exclusively with partially self-funded plans. Are there any fully-insured plans that are interested in having this discussion about this kind of a service? Have you found those folks yet?

Sanjay: We were certainly in conversations. No, we haven't found great interest yet, but we certainly peaked their interest. When you have a large insurance carrier with a network of providers, it's a beautiful system to adopt within their network of providers if they're able to do it. So, we've had this discussion with Blue Cross a few years ago. They love the whole idea. They just said that the infrastructure changes and the amount of capital needed to make those changes is prohibitive. So, there is definitely interest. I think this is the way for the future.

David: What kind of reaction are you getting from the initial physician from the primary care physician or from the initially referred specialist or surgeon? How are they reacting to this? Because as you mentioned, it's disruptive, and I guess, depending on what chair you're sitting in, disruptive can also mean intrusive.

Sanjay: The primary care physicians are loving, because now they've got a way of determining quality where they didn't have it before. Before, they were referring patients to surgeons, they were on the basis of playing golf, or their kids go to the same school. Now, there's accountability. So, the primary care doctors actually will embrace it and do embrace it. The surgeons, initially, any time you disrupt the system, everybody takes a step backward. The older surgeons may not find this what they want to do, but the younger surgeons have certainly embraced the platform in a very big way. They see an opportunity to get access to surgical patients right through their smartphone as opposed to going through 100 patients in the waiting room. So, they see this as a very efficient system, a way of getting access to surgical patients that they never had.

David: Well, because we've talked about effectiveness, but we haven't talked a lot in the medical community about efficiency and so that's an interesting wrinkle. Question for you, and we've got a

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few minutes left. What kind of an impact does this kind of pricing does this have on cost? Because at the end of the day for a plan, it's all about throughput and cost, and unit cost, and et cetera. What are the deltas that you're seeing?

Sanjay: We did a pilot study with a large employer nationwide. We bid out a bunch of cases, probably about 70 cases or so, and we've found savings of \$3900 per procedure on average. That is unbelievable. It's an unbelievable number. That's even taking out couple of the outliers they had from a surgery center ... I won't tell you where, but was getting paid \$140,000 and \$170,000 for a sinus surgery outpatient. So, we took those cases out. Despite even taking those cases out of that pilot, we found a savings of about \$3900 on average, which is unbelievable.

David: That certainly is attention-getting. There's no question. So, in the minute or so that we have left, I always like to kind of wrap up with our guest and ask what they see the future looking like. If you were to place where you're being disruptive and intrusive, if you prefer that word, where do you see the future of this going? How do you see it growing, and the take-up, and engagement, and all of those pieces that you want and that you need?

Sanjay: The engagement on the provider has been actually quite rapid. The engagement on the consumer end is going to require some education. Once people get used to the idea of bidding out their surgery, it's just like they look for a hotel online, for a vacation spot. Now there's services where you can do that, but they will embrace it, and they're going to like it very much, because now they've got in a way of validating a surgical opinion. They've got a way of lowering their out-of-pocket costs, and in many cases, getting their deductible to vanish, which is really what our end goal is. So, we think the future of healthcare is in marketplace competition. There's no question. We can only speak to the surgical aspects of healthcare, but I see marketplace competition entering into the MRI, into radiology, diagnostic radiology the with physical therapy. I mean, I think it's just going to explode. It's just a matter of time.

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David: A great place to leave our interview on a hopeful note. Dr. Sanjay Prasad, Founder and CEO at SurgiPrice. Sanjay, again, thank you for sharing your expertise with the ShiftShapers audience.

Sanjay: Thank you again, David, and I wish you the best with your endeavors. I'm really honored to be on the show. Thank you.

David: Our pleasure, thank you.

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