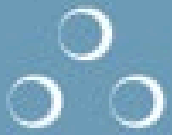


The US Healthcare System and what the Future Holds

Ron Howrigan, President & CEO



FULCRUMSTRATEGIES
SUPERIOR PROVIDER ADVOCATES



Economists

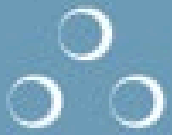
Economists are people who are too smart for their own good and not smart enough for anyone else's.

The First Law of Economists: For every economist, there exists an equal and opposite economist. The Second Law of Economists: They're both wrong.

Agenda

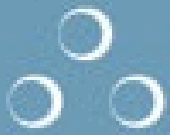
- History of Health Care in the US
- Current State of Affairs
- Understanding the Payers
- The Future of Health Care
- What you Should do





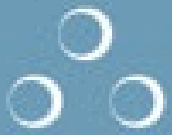
2008 – Too Big to Fail





Healthcare – History

- Health insurance started in the 1920s
- WWII and tax changes pushed employer funded insurance
- 1965 – Medicare and Medicaid, the government became the largest insurance company.
- 1970s – Push for HMOs
- 1990s – Hillary Care
- 2009 – Obama Care
- 2019 – Covid
- 2025 – Big Beautiful Bill

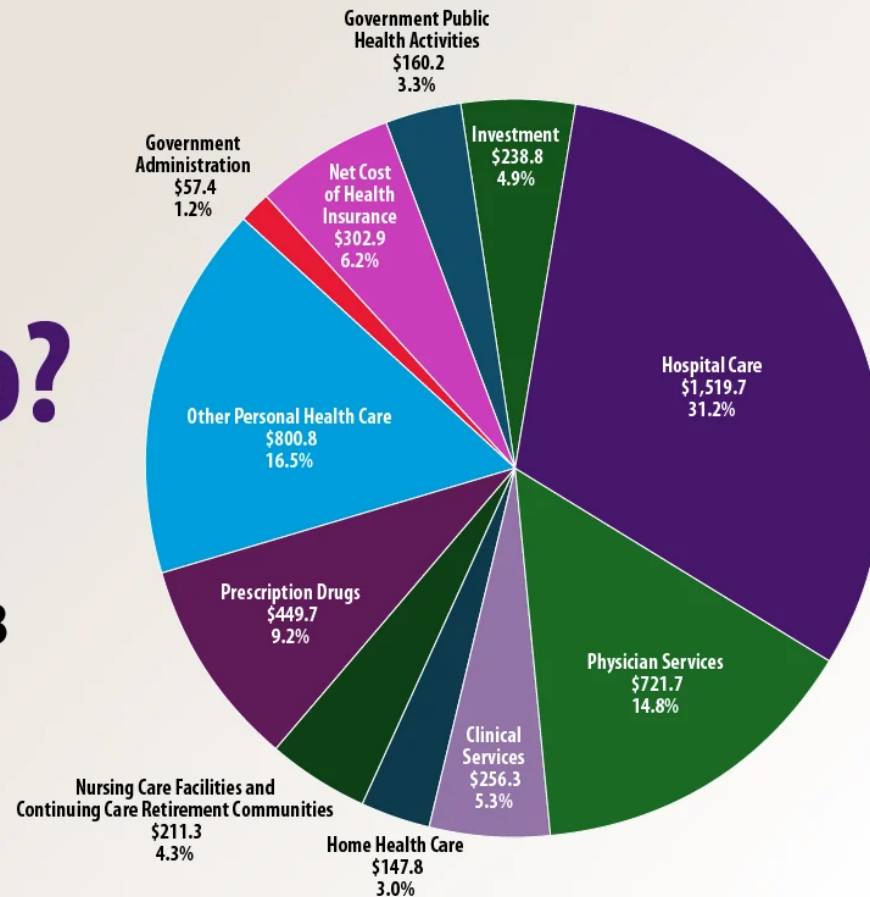


Follow the Money

Follow the Money

Where did it go?

The U.S. spent
\$4,866.5 billion on
health care in 2023



Economics of Healthcare

Consumer not the purchaser

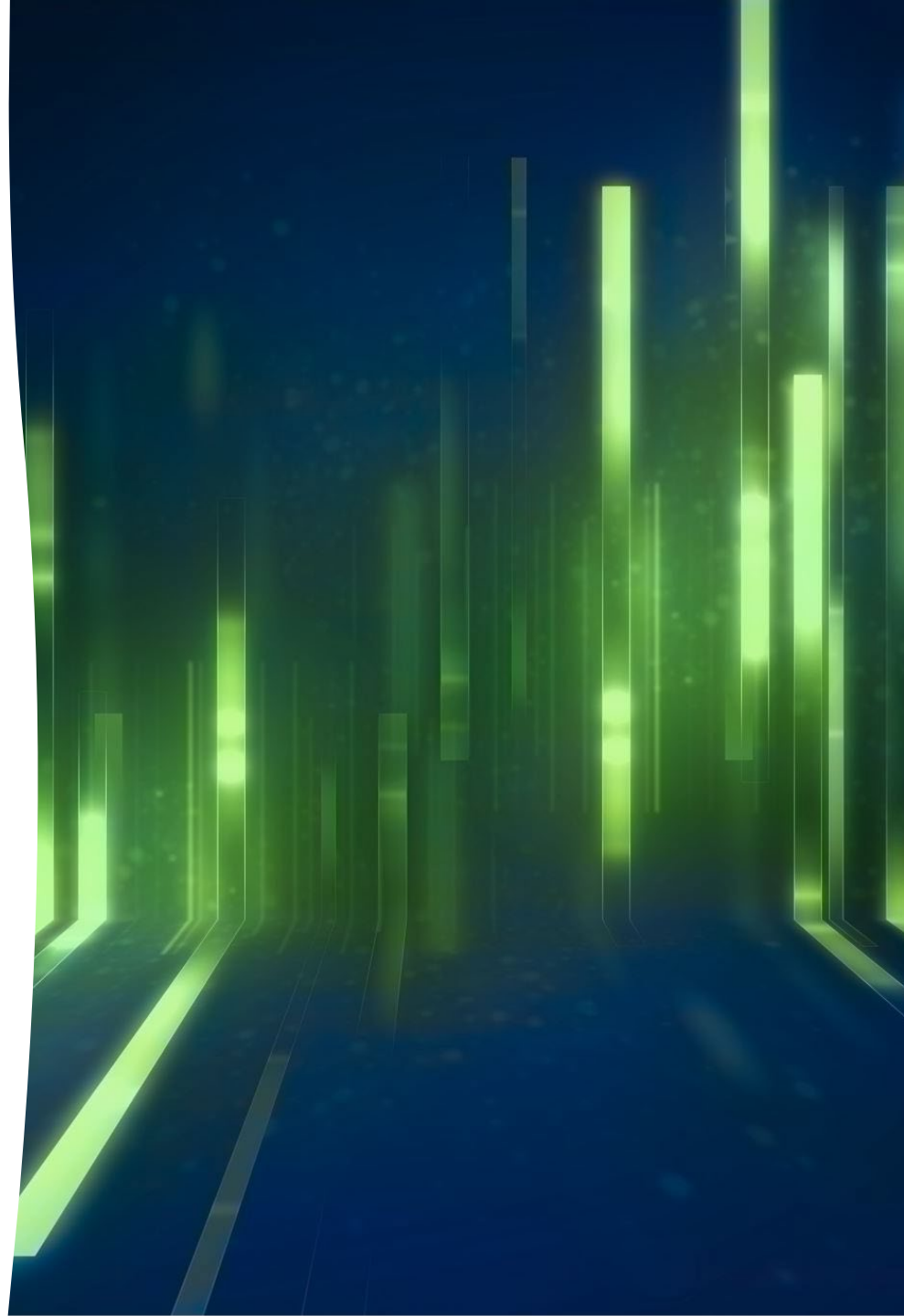
Not rational purchasing decisions

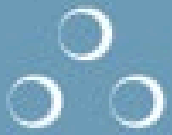
Inefficient rationing

Supplier controls demand

Right vs. privilege

Market entry controlled



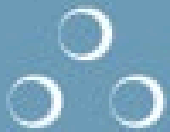


Healthcare Spending as a % of GDP



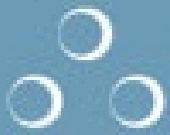
Impact on Wages

- Rand Study – 1999 to 2009
 - Wage increase after paying for healthcare \$95 per month.
 - Part of this is artificial because of the federal debt used to finance healthcare.
 - If taxes had increased to cover cost increases, average wage would have decreased by \$295 per month.



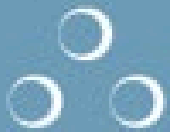
Impact on Deficit

	<u>1997</u>	<u>2025</u>
Social Security	23%	22%
Health Care	19%	27%
Defense	16%	13%
Interest	15%	14%
Total	\$22B	\$1.8T



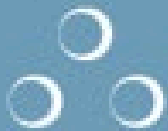
Think like an Insurance Company

- 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.



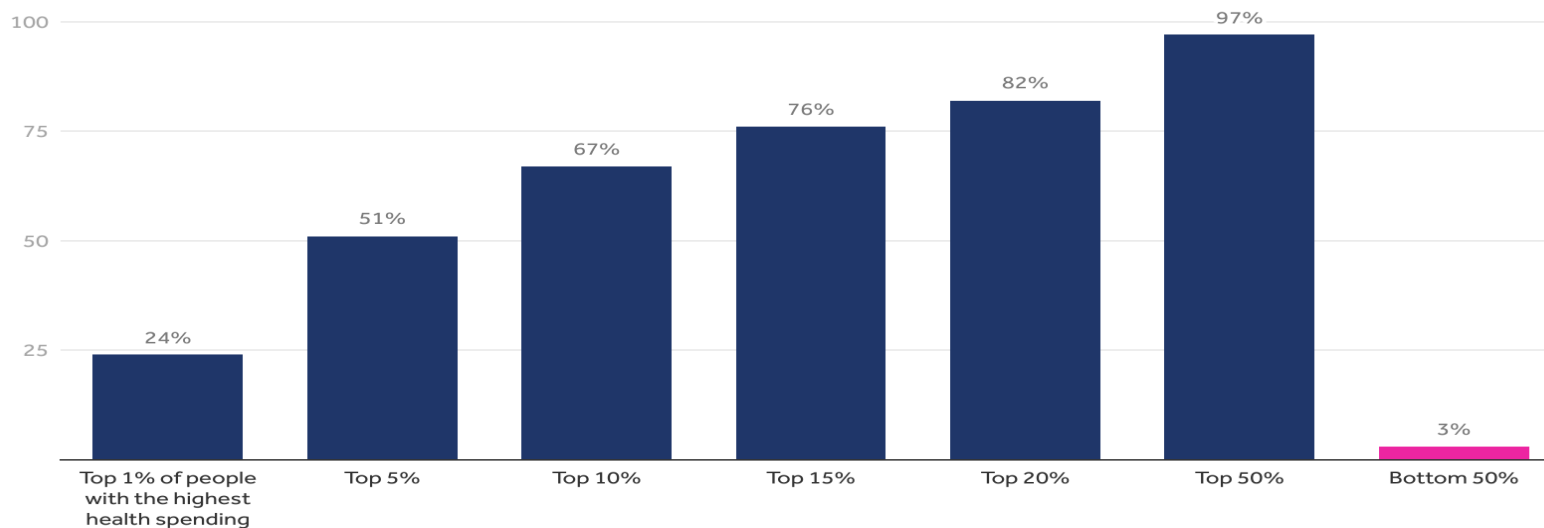
UHC

- In 2000 the stock price for United Health Group was \$7.30
- The current UHN stock price is \$375
- 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 \$41,000,000 now.
- The all time high was November of 2024 - \$600 per share
- In November of 2024 your \$100,000 investment was worth \$65,760,000!!!



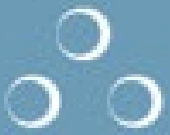
Why its call “Health Insurance”

Share of total health spending, by percentile, 2021



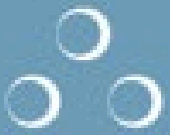
Note: Between those aged 18-64 and 65+, there is a statistical difference in the share of total health spending for all quantile categories.

Source: KFF analysis of 2021 Medical Expenditure Panel Survey data



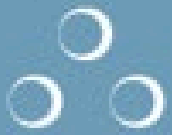
How Health Insurance Companies Make Money

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



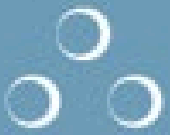
The denial game

- Deny coverage not access
- Zero accountability
- Automation
- Down coding
- Adjustable criteria
- Not required to follow any specific criteria
- Different by payer



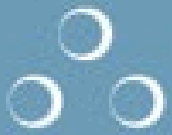
What Does the Future Look Like?

- Increase in the uninsured
- Shift of more cost to consumers
- Inflation
- Interest rate increases
- Health Care Death Spiral
- NSA – Price Controls
- Medicare for all
- Defined Benefit Plans
- Medicare Buy-In
- GovCare – Public Option



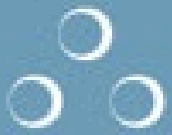
What Does the Future Look Like?

- Hospital closures
- Physician shortage
- Labor inflation
- Lack of system capacity
- AI
- Virtual care
- Consumerism
- Transparency



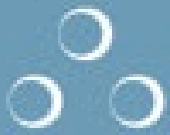
Medicare for All?

- Everyone included
- One standard of care – No cash medicine
- Everything covered – No cost to patient
- Regional budgets for hospitals
- Physicians FFS?
- Two year phase in
- Sect. of HHS develop coverage and guidelines
- Individual doctors can override guidelines
- How and how much are providers paid?
- How are we going to pay for all this free care?



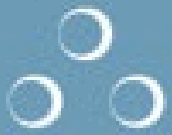
Medicare Buy-In?

- At age 55 individuals and groups can buy Medicare
- Good for employers
- Government Profits
- Payers Profit
- Consumers like it
- Bad for Physicians and Hospitals
- What happens to your bottom line is 50% of your patients in this age bracket suddenly get paid at Medicare Rates???



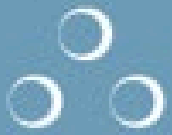
Gov-Care Public Option?

- Federal Government becomes a commercial payer
- Tied to Medicare rates
- Payers respond to compete
- Good for employers
- Bad for physicians and hospitals
- Gateway drug to Medicare for All
- What happens to your bottom line is 25% of your commercial patients suddenly get paid at Medicare Rates???



What Should We Do?

- Understand the environment
- Focus on cost and value
- Plan for the future
- Be part of the solution not the problem
- Be flexible and agile
- Prepare for the shift to even more patient involvement – Digital Native
- Understand your PR position



Five things to help fix health care

1. Pass the Breakup Big Medicine Act
2. Define Medical Director denials and the act of practicing medicine.
3. Investigate payer concentration
4. Legislate universal clinical guidelines
5. Universal Coverage

Things to Remember

“Truth is like poetry. Unfortunately most people hate poetry.”

“Facts are stubborn things; whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts.”

“People hate to think about bad things happening so they always underestimate their likelihood.”



Questions?

Thank you.

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