

The History of the Free Market working with Self-Funded Employers

The transparency movement pioneered by Surgery Center of Oklahoma and The Kempton Group is starting to have a major impact on healthcare costs around the country. The proof that free-market, transparent healthcare works is proven by looking at the dollars saved by both patients and employers. When consumers become aware that high value healthcare is far less costly, they begin to change the way they perceive their healthcare buying decisions. Healthcare services can and should be viewed just like any other purchase we make—based on VALUE, which includes both quality AND price. Whether you are a business owner providing healthcare benefits to your employees, or a consumer concerned about the rising cost of healthcare in America, only your persistent demand for transparent pricing from providers will revive a true free market healthcare system.

Surgery Center of Oklahoma

Dr. G. Keith Smith co-founded The Surgery Center of Oklahoma, an outpatient surgery center in Oklahoma City. SCO is owned by over 50 of the top physicians and surgeons in central Oklahoma. Dr. Smith serves as the medical director, CEO and managing partner while maintaining an active anesthesia practice.

In 2009, Dr. Smith launched a website that displays SCO's all-inclusive pricing for various surgical procedures. This move garnered national, and even international, attention. Not only do many uninsured, or underinsured, American patients take advantage of this cash pricing, but many Canadians have traveled to The Surgery Center to receive care. Recently, the focus has expanded to working with self-funded employers to offer high value care to their employees. Increasingly, self-funded health plans are taking advantage of Dr. Smith's pricing model resulting in significant savings to their employee health plans.

The Kempton Group

The Kempton Group Administrators is a third party administrator of self-funded employer benefit plans. In 1992, Joseph "Jay" Kempton started his journey with The Kempton Group, which was founded in 1969 by his father, Wayne Kempton.

Mr. Kempton became the President and CEO in 2003 and has diligently worked with Oklahoma employers to ensure their employee benefits fit the needs of our community.

In 2011, Mr. Kempton became aware of the free market medical movement in Oklahoma and what it could mean for healthcare in his community. Based on a true belief in transparency, and a genuine desire to change how employers and participants view and purchase healthcare, Mr. Kempton started the Kempton Premier Provider™ program. By partnering with free market minded providers in Oklahoma, Texas, and surrounding states, Mr. Kempton has helped his self-funded clients save millions of dollars in just a few years. Because of this program, now Mr. Kempton is asked to speak to other TPAs, providers, and employers all over the country about how to partner with free market providers to improve employee benefits and lower employer claims.

Additionally, Kempton prices their own services differently than other TPAs. Kempton's **total** compensation is stated up-front and based on a flat per employee per month fee. Mr. Kempton believes that failure to disclose *total* compensation in an open, honest, and knowable way puts him at odds with his clients' goals. Unlike other TPAs, Kempton does not receive a percentage of commission on ANY stop loss policy because they do not believe in getting a 'raise' if a client has a poor claims year. Additionally, they do not keep a percentage of any subrogation recovery, PBM rebates, or any percentage of out-of-network negotiated savings. Again, this is a drastic different between Kempton and other third party administrators.

The Kempton Group also believes that appropriate and frequent employee education about their self-funded plan, the free market in healthcare, and their benefits is vitally important to the success of any self-funded employer. Kempton invests heavily in educational resources to ensure their clients' success.

The Kempton Premier Provider Program

Dr. Smith and Jay Kempton were introduced by a client of The Kempton Group. Mr. Kempton had been seeking a real way to reduce employer plan costs that was not a gimmick. Because of Dr. Smith's bundled pricing, and the Kempton Group's 'cash pay' self-funded clients, the Kempton Premier Provider™ program was born.

Typically, employers who embrace the free market are paying the bundled, cash price at 100% to incent employee utilization, since accessing these cash prices can save employers between 30-80% over regular in-network PPO allowables. Employers save in claims dollars, the patients benefit by incurring no out-of-pocket costs for quality care, and the providers win by being paid quickly and at 100%. It's a "win-win-win" for all parties involved!

The facility (seller) also gets to decide which procedures they would like to see more of in their business and offer the competitive price on those procedures. Facilities base their decisions on what procedures their physicians and surgeons are the best at, and which services they can provide in the most efficient way, with the best quality outcomes.

The Kempton Group is continually seeking out providers like the Surgery Center; there are now more than 50 providers who offer bundled cash pricing to Kempton's clients. Kempton continues to innovatively apply transparent, free market principles to employer sponsored health benefit plans. Through the Kempton Premier Provider™ program, which rewards members for using these high value provider by waiving all out-of-pocket costs and covering travel expenses, Kempton has reduced claims costs by nearly \$16 million since 2011 for non-emergency procedures.

The Free Market Medical Association

Because of the success of the Dr. Smith and Jay Kempton in the region, they formed the Free Market Medical Association. The FMMA was founded in 2014 to expand on the premise of connecting self-funded employers, patients, and free market sellers (physicians, facilities, imaging providers, etc). Based on their mutual desire to change the face of healthcare, the goal of the FMMA is to bring together buyers and sellers of healthcare goods and services – reducing costs and increasing quality.

The Free Market Medical Association is a *non-partisan* association that provides resources, support, and education to our membership, and to the public, about the free market movement and why it is so important. The FMMA helps to defend and expand the practice of free market medicine against the interference and intrusion of the government or other third parties.

The FMMA membership includes both the buyers and sellers of healthcare goods and services. The FMMA connects free market minded providers with individual patients and self-funded employers who have embraced transparency in healthcare; educating physicians, self-funded businesses, third party administrators, and other health care service providers/facilitators in how to further the movement.

The FMMA website will soon include a search tool, available free to the public, where members can post their bundled cash price.

The FMMA now has nearly 250 members in 31 states, and has 8 state chapters! The Annual Conference brings buyers and sellers from across the country together for 2 days of networking and education.