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## **MDSave – A revolutionary one-stop-shop Online Healthcare Shopping Platform allowing Patients to Bundle, Save and Pay**



**Interviewee:**

Paul Ketchel, CEO

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MDSave

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**CEOCFO: *Mr. Ketchel, the first thing I see on the MDSave website is "Shopping Online for Healthcare has Arrived," how so?***

**Mr. Ketchel:**

What we have seen happen over the last five years---is that patients are moving to more out-of-pocket plan designs with higher deductibles. This drives patient responsibility, so the patient/member themselves are now responsible for a lot larger portion of their healthcare payment than they were in the past.

Now that patients are more financially responsible, shopping can really generate savings which is even more meaningful in the world we live in. On average we see patients save between 40% and 60%---and that's with (often) the same providers that they were going to with no out-of-pocket---so we ensure quality as well.

Today, technically, self-pay is the third highest payer behind Medicare and Medicaid in the US as far as healthcare is concerned.

**CEOCFO: *Are there particular types of medical services where people are more likely to consider reviewing costs?***

**Mr. Ketchel:**

About 75% of all healthcare services today, everything from the office visit, the lab test, to advanced diagnostics like diagnostic imaging and so forth, all the way up to in-patient surgeries like total hips, total knees are powered by the technology in our platform. So, people are literally shopping for almost everything. One area where you see less shopping is when you get into personalized medicine services like oncology treatments and things like that which are specific from patient to patient. In general, the more time patients have to shop for non-emergent services the more likely they are highly searched from our platform.

When you look at the financial risk associated with healthcare, we believe that almost everything should be “shoppable.” When it comes to consumerism anything that could be an out-of-pocket responsibility, meaning even when you have not met that deductible, you can save thousands of dollars. For services where there is no insurance coverage or limited coverage it’s even more important---that includes things like bariatric surgery or sometimes a revision surgery that is not necessarily covered or having procedures that you know your health plan has not covered yet for various reasons.

If you are uninsured, you need the ability to shop. Even patients who have no insurance are often now accessing care at a much lower cost than those patients who are insured. It is really important for patients to continue to shop. There is a lot of money that can be saved. There is a mountain of data that shows there is really no correlation between cost and quality of healthcare. Higher cost does not necessarily translate to higher quality. Shopping and the ability to transparently view the entire cost of care is important to patients. We believe you can have it all.

**CEOCFO: *Other than becoming self-aware, when do patients realize there are options and how do you reach out, and is there a movement to educate people as to what is available?***

**Mr. Ketchel:**

We have a large online presence. We are in forty states and close to 350 integrated health networks around the country. Patients are finding us online if they do a search regarding a procedure, but today about half of our patients are provider directed, meaning that these patients are coming in through health system networks. For example, they might be at a specialist office owned by your local hospital system or so forth, and those patients have a high deductible and out-of-pocket and those providers want to help those patients access care, so they are offering those patients the MDsave option at checkout. They are letting those patients know that this is a purchase option and providers are able to help patients purchase right there at checkout and get those savings. Providers have been really supportive of the MDsave model, and they have helped educate patients at their physical offices and locations.

**“We are now licensing the MDsave platform in a white label context to other entities to power their healthcare organizations and basically speed-up direct to consumer healthcare. We are seeing a lot of licensing taking place now and we are licensing technology and working with patients to help them power that experience and get consumer to direct healthcare to patients faster.” Paul Ketchel, CEO**

We are in seven of the ten largest national health systems and those health systems all have departments that are either patient access or financial counseling and patients are learning about us in that area too. Part of our challenge as a newer technology platform is that we are trying to get the word out to more patients, so we are doing that through providers, through marketing and on the internet itself. It is growing exponentially. Providers are a great trusted source of healthcare information to patients.

**CEOCFO: *What type of information other than price do you provide to a shopper?***

**Mr. Ketchel:**

Within our platform, MDsave provides the price, location, office hours, and even the credentialing of the provider, not just their medical credentialing, but also education history. We then aggregate a series of review services that give third-party information and reviews about the provider and the service. We also give information about health systems that providers are aligned with so that a patient can go in and review the available research all in one place to help in deciding about their medical service.

**CEOCFO: *It sounds like more than I would get if I was just searching online on my own!***

**Mr. Ketchel:**

It is important because what we actually found in the early days is we were watching our consumer behavior on the side, and we were seeing if patients would visit and where those patients were going to research and find that information. One of our main focuses was to bring all that information into one place so that the consumer would have a one-stop-shop and be able to make an educated decision. It is a lot like a process you would see on any other eCommerce site.

One of our primary objectives at MDsave was not just to create another healthcare access vehicle but really to mirror the best practices that had been done in consumer tech in the last decade. We actually brought in a team of engineers from Silicon Valley that all came from consumer tech, things like Pottery Barn online and places like that to help bring that experience to a person shopping for healthcare just like what has been redefined and refined over the years in consumer technology shopping.

**CEO CFO: *What do your two new patents add to the mix?***

**Mr. Ketchel:**

When MDsave was founded, no one in healthcare had really created this type of service before, so there was no roadmap to follow. It is a lot like Amazon in the early days. Amazon started out as a company that was built as an online marketplace to allow the selling of used books, and then it moved to new books and then Amazon woke up one day and realized what they had built---a platform that enables ecommerce shopping and shipping online. It is so much bigger than books and we all know where that story goes today.

MDsave is similar to that, in the fact that we had developed a budget infrastructure to allow patients to shop, compare and purchase healthcare. Therefore, we built technology that bundles healthcare into unique episodes. Basically, we wanted the patients to get insight into healthcare in a "what-you-see-is-what-you-get" context. If you had a surgery, it had all of those components, the visit, the initial consultation, the facility and anesthesia fee, the pathology fee, and your physical therapy post-op. We put all that in one bill so it can be seen clearly and transparently upfront. We had to build a technology that connected providers and then we had to build a menu standardization on how patients might purchase those services. We built a technology that did all of that in a friendly, easy to utilize consumer process. We then built payment technologies to receive payment but also unbundle that payment and electronically transmit it to the providers.

In a nutshell, what we patented and developed was a technology platform that allows you to transact and pay bundled healthcare services and distribute reimbursement. The processes we developed were all novel at the time and we have continued to push those forward. Today, and over the last few years, we now have fourteen patents, and we expect another three or four in the next few months. Our intention over the next year is to build a patent portfolio including about 30 plus patents. We looked at those methods that we thought would be needed and useful. Our goal was to build a platform and empower other entities also to transact healthcare. That is a lot of what we are doing. We have patents on healthcare shopping carts, patents on how to build the bundle, patents on how to transact for that service bundle and we are licensing that technology to other entities to get this capability to the market faster.

**CEO CFO: *Do MDsave patients get better or faster treatment when engaging with doctors or facilities?***

**Mr. Ketchel:**

It is like any other shopping experience out there! What really matters to a consumer is cost, quality and those variables vary from patient to patient. What you find is upfront cost and that is not just savings, but upfront cost is important because knowing what that is has been a real problem in the healthcare industry for a decade. It is the only industry where a consumer who needs to buy a healthcare procedure has literally no idea what the cost of that procedure is going to be? And frankly providers are unable to tell them the full cost and that causes a lot of anxiety. Consumers cannot plan for that, and I like to describe it as mailbox anxiety.

We are solely focused on the healthcare experience from purchase to ensuring that there is good bedside manner, quality service, nice waiting rooms and access to care. When that procedure is over, we take care of the financial health of that patient and patients do not need to have anxiety for the next months when they go to the mailbox that a bill might show up and overwhelm them. What MDsave offers is to give that full price upfront so a patient can manage that cost and compare prices for what works for them financially and not just what is best from a healthcare standpoint.

Secondly, they get to see where they are going to have that procedure. They get to know the location, the doctor and see those other groups that are a part of that bundled transaction upfront, which is information that a patient does not get to see easily even if they have to do a lot of legwork on our own. Thirdly, consumers are able to see that information, do that research and make quality comparisons, so those three things are exactly the same things we would need to

know before buying a car. We would want to know if it was a good car, how much that car would cost, or where I can get that car. We are bringing that same shopping experience into healthcare---often a far more serious purchase.

**CEO CFO: *What if a patient finds a doctor, they like would they come to MDsave for subsequent visits?***

**Mr. Ketchel:**

The thing about MDsave is that each consumer can see all of the details of an entire care episode. If a patient is seeing a particular physician and they buy a surgery and maybe they are going to have consultations for three or four months and some diagnostics and then that surgery itself is scheduled, and then after that surgery maybe there is a physical therapy and so forth, we bundled all that up into a single transaction so that the patient can stay with those same providers that treated them and stay with the same health system they select.

Another unique aspect of the MDsave service involves post-procedure purchases. For example, maybe you purchased a procedure and that procedure had only five visits for physical therapy. So, you saw your provider and went and had your five visits but not all patients are created equal and not all surgeries are equal, and your provider tells you, "I know you had five episodes of physical therapy but realistically just gauging where you are you might need ten more." It allows the consumer to come back on to the MDsave platform and purchase the additional physical therapy by itself specifically with that same provider and maintain that recommended care.

**CEO CFO: *What is your business model?***

**Mr. Ketchel:**

Our business model involves contracting with providers. Those providers, part of a health system, pay a contract fee, to join MDsave. That gives a license to all of their owned and affiliated providers to practice their in-office services and be paid by Software as a Service fee from the health systems. We have some minor transaction fees that are added on to the provider fees shown clearly when a patient purchases. MDsave pays the with credit card processing fees before we pay the provider, so we have fees to cover those costs.

**CEO CFO: *What about employers?***

**Mr. Ketchel:**

Employers will join MDsave because we have a suite of services that allow self-insured employers or third-party administrators to contract directly with health systems. The MDsave platform ties those groups together in a direct contracting relationship. In those cases, depending on our role, MDsave might be taking payment for those employer grids and transferring those to providers

**CEO CFO: *How important is distance to the provider? Have you seen any changes as gas prices have skyrocketed?***

**Mr. Ketchel:**

We have not seen enough data yet with gas prices to understand the impact of that variable. What we see generally with patients is that it is a cost quality convenience variable on a purchasing decision and that varies from patient to patient. What we typically see is patients will travel about 55 miles for savings because the savings can be substantial, hundreds of dollars to thousands of dollars.

When you get into large surgeries, a purchase where patients can be saving \$2 to \$5 thousand dollars, they might even fly to another city or travel because they might find a better-known health system in that market at a lower price than what they are seeing at home. We see it vary from patient to patient, but generally patients will travel for significant savings. Our goal at MDsave is to try to get our provider within at least that 30-minute or 40-minute drive and that is our goal as we continue to expand.

**CEO CFO: *Is it relatively easy to get a foot in the door within the medical community to explain what you are doing?***

**Mr. Ketchel:**

It was difficult in the earlier years, but it has become much easier now. The biggest change you are seeing in American healthcare is the federal regulations changing continually including having to have good faith estimate and pricing upfront. Patients are now asking providers "How much is this going to cost?" and "How much is my bill going to be?" All those things have made things much easier. If you went back five years ago it was the innovative early adopter systems who were interested--- that has changed today.

Today, in almost every major health system, you have a transparency committee, a consumer direct committee, so things have changed a lot in the last 2.5 years. It became much easier. MDsave is in 7 of the 10 largest national health systems and continues to expand. Just having the geographic reach and the number of provider systems that we are touching and are involved with, has also helped in moving the company into new markets.

**CEOCFO: *What is coming up for MDsave and what might be different a year from now?***

**Mr. Ketchel:**

I think what we've really been active with is all of our intellectual property and the platform that those patents have built. We are now licensing the MDsave platform in a white label context to other entities to power their healthcare organizations and basically speed-up direct to consumer healthcare. We are seeing a lot of licensing taking place now and we are licensing technology and working with patients to help them power that experience and get consumer to direct healthcare to patients faster.

The other thing we are focused on is enhancing our technology stack essentially to where we are doing a lot more work now with larger employer groups and collaborating with the large insurers and payers to make those experiences better. I think the biggest change we have seen in the last six to nine months is we are driving healthcare cost transparency in conjunction with what the federal government has said about upfront pricing. Those are tool suites that are being used now for employers and providers together. I think we are seeing a lot of evolution of technology platforms that are solving greater needs than our own here at MDsave.