Introduction and Show Setup

When it comes to offering cash-based services, really what is happening is that it's all about commanding respect. That is what it is all. When you've decided, hey, I'm going to start doing some of this, there's an entire science and psychology at play.

You didn't build your clinic to feel like an employee in your own business. I am Matthew Kalogli, and on Out of the System, hosted by Doctor Talks, we challenge the broken rules holding healthcare entrepreneurs back.

Here from clinic owners, rebels, and builders who are creating bold, profitable patient center practices and doing it their way. Hey, good morning, everybody.

It's Saturday morning copy with Matt. Not even 730 yet, but I thought I'd get here. We have we are paying homage to the Liley Dodgers where I live because they lost.

But you know what? Back to back world championships ain't bad. So today, what are we going to be talking about? Well, we're talking We're going to be talking about the three mistakes that doctors make when offering cash based services.

So we'll get started here in just a minute. If you are watching this streaming, feel free to post any questions or comments. I'm going pull up a couple of things here and get this running on my end.

Just bear with me here for one or two minutes. while we get this going. You can post questions, by the way. Um, you can pose questions on the stream. So there'll be a couple of different opportunities and places to post your questions.

Wherever you are watching, we'll able to be apart. Let me just do a few other things here before we start. Let's see. Okay. All right. Like I said, good morning.

It's great to see everybody. I want to talk to you today about the mistakes you make, the doctors make when it comes to offering cash-based services. There are lots that you can make.

And I write about a lot of this in my latest book, Out of the System, which is available on Amazon, or you could order it via our site at MavericksProfitSystem.

Cash-Based Care and Pricing Psychology

com The book. So let's talk about this. When it comes to offering cash-based services, really what is happening is that it's all about commanding respect.

That is what it is all. About when you are in that space, when You've decided, hey, I'm going to start doing some of this, there's an entire science and psychology at play.

And this science and psychology that I'm going to go over with you is backed by literally a hundred years of studies plus based on price. So let me give you some context.

Let me, give me some understanding in the world of business, the, world, of in medicine are exactly the same. And the reason why I can say that was such competence very simply is that in business our decisions are based data.

Business is not an emotional, ethereal thing. Now, for some people it is. Some people, it's a totally emotional and ethereal thing, and unfortunately, those are the people that generally don't do very well.

Sometimes they don' t do well, there's always the X factor of when you are creating something new or you're developing something and it bucks the system like what we're doing here at Mavericks.

But it's also grounded and based in understanding human psychology. Human psychology is human. I don't care if they're buying a shirt at TJ Maxx, $200,000 Mercedes Benz, or they are buying functional medicine or regenerative therapies from you, whatever it is.

So, there is a science that is based on all of this. And what I'm going to be doing is, I am not giving you my theory today. What I'll be giving is my hard-fought experience, my data about the mistakes that doctors make when it comes to offering cash-based services.

The first thing is that everybody believes that patients want everything covered by insurance. That's simply not true. What they want is the patients want to get better.

And the mistake that doctors make is they believe that every single patient, with the exception of the people who are uber wealthy, want everything covered by insurance.

In reality, what they what is, they to want get to better, All right, so here's some data for you. OK, this isn't this is not theory. This is hard data.

The average American family, 60 percent of the average, American families are covered by what's considered a quality plan. I don't know how the U. S. government quantifies what is a equality plan, OK?

I'm pretty sure they don' know what that is, but. Be that as it may. 60% of the American public is covered by what's considered a quality health insurance plan.

The average American family in 2024 paid out of pocket after premiums $18,500. Now that number is up from 16,000 in 23, and it's clearly going to go up again, okay?

It's going clearly to up up and the reason why it is going up is that health insurance premiums are going somewhere in the neighborhood of 22% this year.

I've seen numbers as high as 45%. I live in California and health insurances premium in many cases are growing up 45% It's just mind blowing, okay? So what is happening is that you've been told a lie and the patient has been taught a lot.

And that lie, if you just think about this, 30 years ago, the patients paid you for your services and then the patience submitted their forms to get reimbursed by the health insurance companies.

Well, that wasn't an easy sell. So the health insurance companies came along and they said, here's what we're gonna do. We're going to go to the doctors.

we are going tell the doctor, we will pay them and the patient doesn't have to worry about getting reimbursed. so they flipped the burden, right? They flipped a burden from being on the patients to send in the right forms.

And they flip it to you. Well, when they did that, they created a huge leverage point that you realized, hey, wait a second, I can't survive. And in the beginning, it paid you great, right?

They paid your really good money, you got paid right away. You didn't care. Slowly and slowly and slow and they nicked away at it, okay? And so they've started to tell you that your patients won't do anything unless it's covered by insurance.

Again, It's simply just not true. What we have found is that pricing becomes a message and the general message that exists with health insurance. If you think about how people view health, insurance, do you know anybody?

Because I sure as heck don't.

Mistake 1: Assuming Patients Want Insurance Coverage

But let's just assume that 97% of the American public, and if you're listening to this in England or Ireland or France or Spain or Italy or Greece or Australia or New Zealand or Canada, Mexico, I would say 97 percent of your patients are completely dissatisfied with their health insurance.

Because I certainly don't know anybody that goes, Oh my God, my health insurance was so amazing with this. It was. So simple. Everything was covered and I feel fantastic.

They took care of everything. it was phenomenal. No, I. Certainly don' know. Anybody. Okay. Because what the patient wants is they want to get better.

That's what they. Want to do. they wanna get. Better. All right. And so what is happening is that. They, when you believe that patients want everything covered by insurance.

When you talk to the patients, what they want is they wanted to get better. Doctor, I'm tired of being sick, okay? So pricing becomes a message. And that message tells your patient everything to know they need to about your value and your skill set.

Okay? When you learn to charge what you're worth and not just charge more, but you charge, more than your competition and how, when you learned how to set price in any market, even if competitors charge less in all of these other things, you start to realize that your patient doesn't want everything covered by insurance.

What they want is they to get better. So that's the first mistake that you make as a doctor. You believe that patients want everything covered by insurance.

The truth is, they want to get better, okay? So then, the next thing is that your patient, you believe, most doctors believe they need to be competitive in their pricing, Okay?

They believe not only that they should be not competitive but that they can't charge what they feel isn't, well, I'm going to stop there for a second, but they believe that have to be competitive in the pricing.

And here's a traditional conversation and how it goes. The traditional conversations that I have with doctors look something like this. I go, so what do you charge for, you know, hormone replacement therapy?

Well, what we do is they come in, they pay me $150 for my appointment, I send them off to LabCorp requests to go get their panels and it's covered by insurance and then it comes back and we charge them a fee for every single transaction.

Okay, how did you develop that program? Well, we modeled it kind of after what our, you know, the health insurance system does. And, everybody said that they wanted to get their, their labs covered.

We figured that would be a great way to keep the cost really down. Then they come back in and they said, well, when you charge them money, every single time that, they came in, how many times did they, come in in to see you?

They go, Well. They come at a long time. I said okay, let's run the numbers. So they run their numbers, What they think is that people come in for a long time when you are doing a la carte pricing, let's say in the functional medicine space or even the orthobiologic space, but I'm using the Functional Medicine space as the example here.

The number of months that they will continue to come and see you is 3.5. Well, Matt, I have people that have been coming to see me for two years. I want you to take a look at the entire universe of all your clients, all of your patients.

When you charge them every single time they come They will see you for 3.5 months, and here's why. They get what's called buyer's fatigue. You don't generally like to keep spending money, okay?

And they really don' feel like it feels like you should be covered by insurance because they have to come back and they keep paying you a little bit of money.

See, that's how insurance works. So how the human brain works is the Human Brain works very simply. It takes all this data and it puts it through your prefrontal cortex and decides it goes in a fight or flight mode.

And it says, have I seen this before? If it has, it moves it into that bucket over here. If doesn't, It tries to find other buckets that it should feel like so the brain can make the decision making process.

The brain's desire is to make sure that you continue to live. Some say it's because of the saber tube tire. I don't think that is true. Nice story though.

So what happens with your prospect is that if you start treating it like it's like insurance and you create the model like its like, insurance, they're going to expect that it is going be covered like Insurance.

And so therefore they get really tired of reaching into their wallet and buying and spending money over and over again. So what we do is that we teach our clients to not cover your blood panels with health insurance.

Mistake 2: Competing on Price

If the patient wants to submit it to their insurance company for reimbursement, let them do it. And it turns that plan It turns everything into, or you can actually charge and then pay the lab yourself, which allows you then to do a markup.

We have a client that was in this last week. They charge 880 for two appointments. That has gone to 3,500. because they've gone from something that doesn't make them money to making that a profit center.

We know that this is gonna work because we do this all the time. That's one example. So one, you try to create your patient experience to feel and look like what you already know, and that's an insurance-based model, which means that they expect it to be covered by insurance.

The second thing that happens when it comes to setting your price is that you think that that have to could be competitive. You feel like you have to sharpen your pencil and charge a dollar less than the doctor down the street.

Well, that's just not a really healthy way to go. Here's how this conversation goes and this I said, Don, how did you set your pricing for your PRP injection?

He goes, well, you know, I know that the guy down the street charges $750, another one up the streets charges 950. I was at a conference, talked to a bunch of people.

They all seemed to charge right around $850, so that's just kind of where I landed. That just kinda felt like it was right. And I say, okay. He said is that how you do your injections?

You just feel what's right? And he's like, no. So I want to make sure I got this right, You talk to other dead broke doctors who have a hard time making payroll about what they're charging.

And he goes, I see your point. Pricing based on your competition is assuming your composition knows what they're doing. How many of your doctor friends have been to business school?

How may of them have run retail operations? how many have them studied the science of pricing? Now I've owned medical practices, cash-based medical practice and I have studied all of that.

Price is one of the things that I'm fascinated the most about, very much like many of you are fascinated about gut biomes or joint pain or whatever it is.

You see, in my world, understanding human psychology and price is everything. It's like you understanding how the body works. And so price, when you feel like, oh my gosh, we have to be competitive.

We can't charge more than your competition. You're assuming a couple of things. Your assuming your patient has two hours for every single appointment.

And really the average amount of time that a patient makes uses to go to an appointment is two plus hours. They're going to drive 30. What's actually all closer to three.

They drive 30 minutes to the doctor, they check in, sit in the waiting room, wait for you to come in. You perform your exam. They check out. If they go back into their car, if they drive another 30 minute back.

So they're at your place for at least an hour. And they've got about 30 of drive and commute time on each side. It's two hours. Your assuming they have the ability to do that four to five times with other doctors.

Its simply just not true. Well, but Matt, my competitors down the street, they put their pricing on their website. That's fine. But that's not the only factor in making the decision.

So, for example, I am in the middle of doing some cosmetic stuff, right? I know it's going to be expensive and I'm probably going one, maybe two, I'm going to do a bunch of my research.

I might see a second one. Zeroed in on a person that I want to go see here in LA. And I've done a ton of research online. Watched a lot of videos, but I know I only have time to see one of them.

Maybe I'll go a see second. Cosmetic is different, they're regenerative, it's a little bit different than functional health. It's because there's I remember when my first wife was getting breast implants.

We went and saw three or four because it was different. Like it had, is there an energetic match that's a little bit different than say regenerative therapy.

Okay. But it would certainly had nothing to do with price. In fact, we actually chose the one who was the most expensive, the guy that said, if you sign up today and I'll give you 20% off, We didn't use him.

Now, we were going to see who we are connecting with, but our decision was not based on price. Okay. So you do not need to be price competitive with your competitors.

What you need do is show your prospect how your services are better. You're pulling more blood, you're doing more in-depth analysis on blood work, You are doing these kind of blood tests, all of these things.

Mistake 3: A La Carte Pricing vs Packages

So then what is the last and final thing when it comes to what? Is it that people? Look for or what are the three mistakes? I should say that doctors make When it come to price and that is they charge a la carte So we talked about this in the first one So let me talk about again.

Okay, and I'm gonna dive into this a little bit more At the end of the day, what you want as a doctor is you wanna compliance. You want your patient to follow the procedures that you're asking them to do.

Now, I think what the number is, is that only something like 60% of patients followed the complete protocol that should give them. That means that they take 60 percent of medications that to give then they do, 60 of exercises, the physical therapy that just them do all of it, okay?

I'm no different, by the way. And when I share this statistic with my doctors, they all laugh and they go, yeah, I am exactly the same way, okay? So how do we get more compliance?

Well, studies show that when you put together packages, people are going to have a significantly higher utilization rate. Let me explain. This is going give you a perfect example as to why a la carte pricing doesn't work and why package pricing is the answer.

We study price all the time, our entire world, how do we get people to spend more, buy more? That's what we do. How do get the prospect? How we create an environment so they spend and buy?

Whether it's a retail operation or a restaurant, which I've run both. So how we this? Environment has a lot to do with it, but also the way that you price it.

They did a study with regards to people who buy season tickets to the theater. The people that say that they're going to Pay as they go. They'll go see about 20% of the shows.

The people who buy the season tickets, they're the ones that will hit 80% percent of shows I own season ticket to the theater and I've done a la carte.

Currently I do not own seasons tickets to theater because I travel quite a bit. But for years I have owned season to go to see the theatre. I love the Theater.

And when we own the season tickets, we go to about 80% of the plays. When we don't own season ticket, s we forget. Oh, I gotta buy tickets for that. That's right.

Oh I got to buy ticket for them. So let's translate this to medical care. When you put people into a package, they will utilize more of everything. Now I'm not talking about just one thing.

I am talking when you are putting together a 3 plus modalities that are going to utilize at the same time in order to improve their output. It might be blood work panel, it might supplements, what they drink in the morning, hormone replacement therapy, peptides, Regenerative there might be TRP or BMAC with laser or shockwave and physical therapy IV therapy Whatever these things are home HBOT hyperbaric chambers Red light therapy, whatever it is.

Okay when you combine multiple modalities one Statistically when we track this in registries like data biologics We know that we're going to get significantly improved outcomes for the patient Two, we know that the patient is going to utilize most of that package.

It's that simple, okay? So those are the three mistakes. So that's what we have folks. All right. I hope you enjoyed this Saturday morning coffee with Matt.

We're going to do these one or two times a month. Hope you enjoy it. And you can also catch this on our podcast. Check out our podcasts. It's out of the system.

Is on Spotify and Apple and all of that good stuff. So take a look at it And hopefully you enjoy it. Share that with your friends and or get a copy of our book out of the system.

It is found at Mavericks Profit System, M-A-V-R-I-X, Profitsystem.com forward slash the book. That's it, I'm Matt. I am the Chief Mavert. Come join us.

We're on a mission to lead 100,000 doctors out-of-insurance-based care worldwide. Maybe you'll be our next success story. So what I have for you, have a great day everybody.

Bye. If this episode got you thinking differently, hit follow and share with someone stuck in the system. Please leave a review, it helps us grow. Want more?

Visit MavericksProfitSystem.com to schedule your free discovery call and explore how far your business can go.