Opening Hook and Show Intro

and what they basically stated is their strategy is margin. This is literally what Aetna said. We are prioritizing margins, which is profit, over members.

They analyzed it, they said, you know what, these 600,000 people, we don't need these, this isn't profitable for us, screw them, so they got rid of that.

So there's 600000 You didn't build your clinic to feel like an employee in your own business. I'm Matthew Kulowgli, and on Out of the System, hosted by Dr.

Talks, we challenge the broken rules holding healthcare entrepreneurs back. Hear from clinic owners, rebels and builders who are creating bold, profitable patient center practices and doing it their way.

Good morning, everybody. Happy Saturday morning. Or wherever you are, if you happen to be in London, it's Saturday evening, I am in California, beautiful Los Angeles, just woke up about 30 minutes ago, had a long, long week, but a fun week.

Weekly Client Work and Practice Reinvention

For those of you that aren't familiar, we do a lot of what are called Dominion Path days here with our clients and clients come in and get their businesses reinvented because they are tired of the system.

And we had couple in this week that I think tie in beautifully to this conversation of what went out into the internet space as we were talking about the latest changes to specifically joint replacement, we'll talk about that.

We're going to talk to the profits of the insurance companies, why you should not be fooled by their one time charges that came out in 2025 that made them look significantly less profitable.

But it was all just accounting, voodoo. And we're gonna talk how do you take back control? And this is this isn't just me flapping my gums, please feel free to ask questions, put them into the chat, you want to have a lively back and forth, I'm all for it.

I've got some coffee here, i've gotten my Martha's Vineyard mug which was given to me by my long-time mentor Rob Berkley, and so let's dive in. Let me tell you a little bit about this week.

So this we had three separate orthopedic surgeons here in Los Angeles, so for those of you that aren't familiar, We do what are called Dominion Path days and it's one of our top levels.

It's 1 of the ways that you can work directly with me. We have a couple different ways of people work with us. This is actually probably one over most popular because they get to spend a day with.

Me in a room at the Aster my private club here in West Hollywood hotel right there. Beautiful location. And they go through this process and they they fill out about we wind up creating about 120 page internal coaching document.

Would do a full review of their business doesn't matter if they're starting up with people that come to us that are starting that don't have anything to leave in the hospital.

We have people that came to us that are doing 15 million dollars a year. So it's a wide range. And the thing that fascinated me the most about this week is that we had three separate orthopedic surgeons come in.

Now, we have a lot of orthopaedic surgeon's coming this because we could just been in a couple of work to be to surgeon events. You know, here in functional medicine space, three weeks ago, We had a doctor in from Indiana that does you know, just shy of $10 million a year in GP and is converting a section of his practice into cash.

So again, this is just not the only people we work with, but this who we had this week. And the most amazing thing is we have kind of a startup that's been open for about a right of the year, doing $1.2 million.

We had another one that was doing about $3 million, and then we've had one doing another $13 million and every single one of them, they started. Now, first one still does surgery, second one doesn't, third one does, has a bunch of doctors that do surgery.

Every single of one started with the whole thing of, what the hell just happened with reimbursement rates? Now I was having a conversation with Donnie Buford, Dr.

Don Bufford about a week and a half ago, and he said, the orthopedic surgeons are in an uproar about the latest cuts with joint replacement. If you're not an orthopaedic surgeon, don't go like, oh, this doesn' relate to me.

This is happening across the board. This isn't just indicative of what's going on. So let me just give you some. Let me give me some background on this.

I think this is really, really important. And then we're going to talk about the profitability of these insurance companies, which is just insane. As you all know, obviously, the big cuts don't come from commercial insurers.

We all understand that they come form CMS, right?

Orthopedic Reimbursement Cuts and Joint Replacement Impact

And the commercial payers, what they do is they just follow behind, Which to me is complete and utter BS, because if you just stop right there, It doesn't take my, my uh, well, I, uh my youngest kid's 21, so I can't, a 12 year old configured this up pretty easily because there's a long history of inducement of our political apparatus in the United States, be it elected or bureaucratic.

So we all know what happened with the Sacklers and how they in the pharmaceutical companies, how they would quote unquote, induce members of the FDA to get approval because when they wouldn't move from government work, they will have a position waiting for them at the big pharmaceutical company with bonuses and money and all that other good stuff.

And so there's a lot of different ways to be a bribe and look at how much money you're giving to the PACs by the insurance companies and to all the political parties.

The say that this is just coming from CMF is really BS because we know that the health insurance companies have a lot of influence, undue influence. And what we also know is that, the insurance company's, on paper, not in the bank account, they had a statistically bad year in 2025. They had specific numbers where they, we'll talk about that or what their kind of hits were.

So, in case of just joint replacement, as we now, there was an 8% net pay to joint replacement surgery just in the prior year in 2025, beginning in 2026.

That was roughly about $60 to $95 less per case on a total knee. So a practice that was doing 480 joints per year, they lost $36,000 a year annually. Not only does the revenue go down, they're all everything else goes up right like the cost is going to go up there's payroll is gonna go off all these things are going up okay.

So if you then look at the latest changes the proposed is now a proposed change of nineteen point six for total hip and sixteen point. For total knee.

Stacked with all of this, this is an effectively, between that and the 8%, this isn't effective 25 plus percent reduction in fees and less than a year.

25% reduction of fees. If you look at what this means, that someone who is the same work that you were doing is now, you're doing 480 joints in a, year this an effective $96,000. Think about that.

Think about the fact that you can be a surgeon who has done this for 35 years and you are paid the same as someone who comes just out of residency. It's absolutely insane to me that that is the case.

If it blows my mind, I know no other industry where this is a case where somebody who is paid. The same amount, even in a law firm. If you want to work with the senior partner at $750 an hour, if you wanna work in the junior partner who's overseen by the Senior Partner, it's $250 an hours.

You get to make the choice, but doctors, you don't even get set your own price based on your experiences, which is just absolutely insane. If your in insurance industry, now if decided to be cash side, obviously, then you can set you own prices.

But this is the fundamental thing that is Do you have what had doctors have done if they have given up in seated control of their ability to price based on their value?

Not based some value pricing. That's a whole other conversation, but they haven't given you a given-up-your-right to determine your worth to Washington DC bureaucrats.

Okay. And so this is. You know, this is what's in here. That's even more discussed. Let's let's continue this. And then I'll open this up for any questions or any comments.

OK. So. When you when you start to really look at all of this, hey. By the way, here's the other thing. With the 8% cut this year, the proposed night, let us call it 18% this upcoming year 27. The payer.

Won't approve. Any of the admission or the work in the first place, the denial rates have gone up to something like 94%. Just automatically, because you're using AI, automatically denied, right?

Which causes more work and more load for you as the doctor. So that's an additional cost, okay? So. And if you don't own your practice, this just causes frustration that causes an environment.

If you're working for a large group and you know, I don' deal with any of that. This is causing even greater frustration. So now here's what makes it even worse.

There's a big headline that came out in 2025. Health insurance companies was the industry's worst year ever in over a decade, which is complete and utter total BS.

It is not true in any way, shape or form. it is an accounting voodoo. Okay. Now there, what's happened, how we know this is that in the first half of 2026, in first two quarters, there has been a sharp across the board rebound in health insurance companies profits.

And it did not come because all of a sudden, mysteriously, every single one of Americans got healthier. It came from what is known as repricing. They exit markets and know another thing, which is know as tighter utilization management.

So what does all this fancy business speak mean?

Insurance Company Profits and Accounting Tricks

What it means is at every dollar of his that didn't go out the door. Is is profit. Okay so when they when i have the health insurance right and they take the premiums in.

That dollar the longer they can hold on to that dollar and it doesn't go out the door that's not paid as a claim. They counted as profit So if I take this money and then I don't have to pay it out for two more quarters or two, more years that sits in my books and I can make money on that.

What's on Oh, called overnight funds. Okay. The health insurance companies hold billions of dollars in cash reserves. Well, they're paid a percentage that paid like a half a percent or a quarter percent, or something like that or 30% whatever the number is on what's called.

Overnight funds, well, that may not sound like the line, but if you're paying, if they were being paid, like 0.025% your funds overnight, and you have a billion dollars in there, whatever the number is, could be $250,000. Well, you do that every single night, okay?

Over 30 days, it's a big chunk of money, right? This is how Amazon makes a lot of, Walmart makes money this way, by holding the funds overnight. Same thing in the health insurance companies.

So what happens is that, okay, so they have their worst year in a decade. Well, what really caused the worst-year in the decade? Now, by the way, watch this because it's actually kind of manufactured and it is kind across the board of the big five.

Cigna in 2024 had a $2.7 billion non-cash investment loss. So, that's a loss on paper. So they go out and they've got, Oh, signal lost $2.7 billion. Okay.

And that adjusted income from operations that that impacts. So it's a, it' a paper loss. It's not like they'd lost 2. 7 billion dollars in cash. it is a non-cash investment loss, they re they recast the value of an investment that they made and then go, oh, It is now worth 2 point $7 million less than what we originally thought, which means that we can count that as a loss but they don't lose the money.

They don' write a check for $ 2.7 Billion. Senti, which usually is not counted in the big five, but it lost and had a single most important number on the page.

They lost $6.7 billion on a goodwill write down on Medicaid, plus another $513 million tied to divesting in Magellan. This is basically an accounting admission that states that the Medicaid book that they purchased was worth far less than what they paid for it.

Again, it's a write-down. It's not that Let's not sit there and say they lost six point seven billion dollars. Now, the headline would be like something loses six points, seven million dollars and somewhere somebody some of some somebody's going, yeah, right.

You know, good corporate money, corporate greed that that's, you know. Finally, they did not write a check. OK, this is a paper loss. This is a way to recast it so that then executives and people who are smart can come in and buy this stock because it's going to take a big hit in the stock market and then they can wait for it to rebound.

So classic move, okay? So what this does is this makes the overall headline for the health insurance company industry. And by the way, UnitedHealthcare in 2025, $12.1 billion net profit.

Okay. Cigna, 6 billion. Elevance Health, 5.7. CDS lost 1.8, one-time charge. Humana, 1 point 2. Okay, these are all one time charges. Now, here's what happens.

Check this out. The share of the premium dollars, when I say premium, the health insurance premium paid out in medical claims. If what happened is they were paying out more claims towards the end of 2025, across the board, CVS, Elevens, Humana, United Health, they we're all paying in the low 90s as a percentage of share premium dollars paid out in medical claims.

What they target is anything in low 80s. So what's happened, is that at Q4 2025 they're paying more in claims, guess what happen in 2026, the first two quarters?

They went from paying out in the low 90s, on average 93% of their premium dollars were paid out and medical claims that was at the end of 2025. In the first two quarters of 26, they're paying up somewhere in their neighborhood of 87% as an industry.

That means that they went for paying 93. So it's a 6% change, which dramatically positively impacts the tune of billions of dollars in profits for health insurance companies.

What does that mean? How do they do this? Okay. How they did this, very simply. Actually, the consensus for the industry in the first two quarters, let me update my numbers, were 85.5%. Okay, it's an enormous number.

Every major payer, except for Humana, has raised their full year profit guidance. Okay? And what that means is they're telling Wall Street, we're expecting this trend to continue.

We're going to be very profitable by our stock. Hey, so what drove the recovery? Let's take a look at this. First and foremost, they all repriced the premiums in twenty twenty six premium were set.

OK, and so what they did is they charged more. They went through and did what's called a benefit redesign, which means that there's higher deductibles, narrower networks and more cost is shifted to the member.

and more burden is shifted to the medical industry, meaning specifically the doctors who run the practices and who are the hospital groups. They left unprofitable products.

So, Aetna, for example, left the Affordable Care Act Exchange and shed 600,000 members. And what they basically stated is their strategy is margin. This is literally what Aethna said.

We are prioritizing margins, which is profit over members. They analyzed it, they said, you know what, these 600,000 people, we don't need these. This isn't profitable for us.

Screw them. So they got rid of that. Which now that there's not somebody else in that marketplace, that means that somebody comes along, swoops them up and says, hey, yeah, sorry, there are no other options, but we're going to charge you 25% more.

So now their health insurance has gone up, their group's health insurances have gone. And then on top of it, they probably have a reduction in coverage and they're probably having a delay in claims being paid.

Okay. If you run the numbers on this, one last thing, tighter utilization, which means More prior authorization, more denials, and more downcoating. And what this means is they're using AI.

94% of all claims are denied. It used to take seven days. Don't quote me on this, but I know it used take on average seven day to hear back. Now it's taking somewhere in the neighborhood of seven hours or seven minutes.

So the denying claims, 94 percent of claims were denied on the first go-round. That's what tighter utilization management means. More prior authorization, more denials, and more down-coding.

Or down coding as well. It's not this code, it's going to be this. So we're going pay you less. Here's the thing, you have no control. You as the doctor, don't have control, the patient doesn't.

The control is all with the health insurance companies. Your big group that you work with, they think they have power to negotiate this, but really, where else are they going?

You see how the insurance companies own the market. They own, the patient, they own. The customer. Okay. In, in my world, when I first was coming up and I was starting to do events, events.

If you could put people in a room, that's where all the money was. Right. And so it's the same thing. We used to say, whoever owns the blast, who ever controls the list wins.

Well, health insurance, companies control the less. And they think and they believe that you will not, under any circumstances, leave them because they have your customer, that's you're not going to be able to figure out how to get your customers.

They haven't met me. OK, this is what this about. You see what we do at Mavericks, it's all about you.

How Insurers Shift Costs and Deny Claims

Having control. That may seem scary. I understand that, but it doesn't have to be. I mean, you made it through med school for God sakes, okay? So let's keep running these numbers.

Just run the arithmetic on this tighter utilization management. Let's continue down this path. Lets just show you what happens when there's small percentages, the power of small numbers, United Health Care, one of the 10 largest corporations in America by market cap in the same market, in same breath as Walmart, NVIDIA, face meta, okay, Tesla, all of these, right?

During that same group, what they did is they reduced by 2.7%. I want to get this right. Let me get the right number for you. Okay, they dropped this number.

this utilization. So when I was talking about the, you know, how like they want that number in the low eight, in mid eighties, that percentage of the MLR number.

so they dropped their number, That number Entirely Utilization Managing. They dropped that Number 2.7 points a year over year on a $112 billion of quarterly revenue, not the year, $112 billion a quarterly Revenue.

What that means is that's an additional $3 billion in profit in a single quarter. That's $ 3 billion that would have gone out to claim to pay claims under last year's ratios that didn't.

So what they did is they titered their utilization management. They went from 93.7% of every dollar being paid out, to dropping it to like 89% or something like that.

I think it's a little bit higher than that and on $112 billion of quarterly revenue. What that meant is that UnitedHealthcare dropped an additional $3 billion with a D, $ 3 billion in single quarter in profits.

How is good for America? How in the world is a good thing for American? We spend almost 3X more than the next country in world on our healthcare. and we had the 50th worst results.

We have some of the highest cases of type 2 diabetes, of high blood pressure, or high cholesterol. Or some the largest users of anxiety medications that don't work, by the way, they just mask it.

And we have the some largest chronic health diseases in the world. The highest suicide rate for doctors in You are almost 3x more than any other professional industry in the United States.

More than lawyers, more the CPAs, blah blah, dentists, the whole thing. And they made an additional, this is just, by the way, just UnitedHealthcare. This doesn't factor in Blue Cross Blue Shield, Adenos, Cigna, none of them.

An additional $3 billion in quarterly profits that were not paid to you. Now, I don't know about you, but you probably didn't get invited over to that health insurance company's executive's new vacation home out in Hamptons.

because I didn't get my invite. So, when you really start to look at this and you look what they've done, in that same 12 months, what are they also going to do?

You're, and I'm just using orthopedic surgeons even if you're not one, the doctor is absorbing an 8% Medicare cut fee and then absorbing another 20% cut.

In the five companies, who stand between the doctor and the patient, posted the sharpest profit recovery in years. And they told investors that it came from pricing discipline and better utilization management, meaning screwing the patients and screw the doctors.

This is absolutely disgusting. Let me tell you why this drives me though. When I tell you that we're going to lead the exodus of 100,000 doctors out of insurance-based care by the end of 2040. And I'm very open about this strategy.

In the world of business, when you go to business school, and I don't have a, I didn't go get my master's in business. Okay. I want to talk about business goal.

Yeah, have my undergraduate in marketing and business But I'm talking about the business school of day to day making payroll, growing a company, finding funds to grow a.

Company. I've been an entrepreneur for 25 years. And I worked in corporate America. But the thing that. Here's when you have to look at you. Have to get strategy right when it comes to.

How you get to kind of look it. There's a basic concept of called supply and demand, OK? And the best way I can explain it is I had a college professor explain this to me and goes.

Okay. He said, it's 12 o'clock in the afternoon. And you said you're hungry and you want a pizza. How much are you willing to pay for pizza? And, you know, whatever back then, $3, four dollars, just the 80s.

You said okay, two o clock in a morning. There's one pizza place open. Then he said You're really high and You've got the munchies. how much you wanna pay For a Pizza?

$20. Because that's applying to me. That always stuck with me, okay. This was the eighties, he was talking about being high. So in school, So I want you to think about it like this.

Right now there is, and there. Open funnel to private equity and the current corporate medical structure of a system of the train that is delivering doctors who are trained.

Building Cash-Based Practices and Taking Back Control

Now, if you think. If I am. working at Goldman Sachs, and I need to hire kids coming out of college, Wharton School of Business, so they're 26, 27 years old.

They are coming in sort of trained, but they haven't really laid hands on stuff. In the case of somebody coming of medical school residency and then a fellowship, well, you've actually physically, let's use surgery as an example, we've physically been doing surgery.

I've been doing it for a while, right? You've working in the ER. You know, working on emergency surgery or doing orthopedic surgery, whatever it is, okay?

Or even delivering babies or you've even been a neurologist, you got hands on training and you paid, like they paid you, but they pay you a nominal fee for that.

So think about it. Your coming out and your invested half a million dollars, your carrying $250,000 for the debt, $350,00 for debt that you pay for your training, that you're coming out and you are completely trained.

Great, great, you still got a lot to learn, okay? And so the big corporations are like, this is great. These people are trained, I don't have to invest that much money in training them.

And then, so what do we do? My mission is really simple. They have a steady flow every year of doctors coming up, ready to work. What if we cut off the flow?

What if we created an environment that doctors were leaving the abusive health care system, opening their own practices, going to cash, saving patients money, getting better patient outcomes?

And then we were able to get doctors as they were coming out of residency that they didn't go into the the mechanized, the industrialized medical industrial complex.

And they went and got on their on like a Dr. Eisenberg has done. Okay, now we're hitting it from both places. Their supply chain is disappearing. That's where we start to get real impact.

And I'm very open about it, folks. I do not hide the strategy at all. Because I know when I look at these numbers, the health insurance companies are raping us.

They are absolutely raping us. They control the entire system. The control of pharmaceutical industry through their pricing, they control, the control Washington, control.

they controlled the system that control hospital groups, that controlled practices, controlled venture capitalists, to control a whole thing. A war chest that is massive.

So that's the question, right? So I'm going to open this up for questions or comments about this. Feel free. That monologue went longer than I thought.

And happy Saturday morning. No, I'm not in Martha's Vineyard. I am in LA. So, who has a comment or question on that? Put it into the chat. If you want to raise your hand.

You do not have to turn on your camera if you don't want too. It is not a requirement. But feel free to go ahead and put a question or comment to what I just shared in the Chat.

piss you off. Do you feel like you've been conned? This is pissing you of so much. Send chat. This pisses you so off so. You want to talk to Christine on her team about how you can get out and you want Take a look at ways that you can get out of the industrialized complex, start your own practice, do your thing, grow your existing thing.

I put a link in there, MavericksProfitSystem.com forward slash schedule. You can check it out and book a call with Christine. Let's go back to this. So let me take up a couple of other things that have come up here.

so let's get back where I started this morning. let us talk about the people that we are in. So like I said, three different orthopedic surgeons, one was a startup, Mark Eisenberg, then we had another client who was in, who's been straight cash and doing about three million.

Then we have a doctor who does about 13 million in Florida doing orthopaedics and is adding cash in. Here's the fascinating thing. Each doctor that is on a staff.

Meaning, let's say you're part of a large group, we're getting more and more larger groups that are contacting us saying, hey, We need to add in cash-based services.

We have a couple of our doctors that want to do it. And the thing is, is that they realize that each individual doctor, if they're generating $3 million a year in fees, in the cash side, and they are seeing whatever, 40 patients in a day, they starting to realize they could generate the same $2 million on 40 patient a month.

Now, if I am a business owner, you have to understand the higher volume I have, the more wear and tear in the facility, bigger facility I need, more systems, and more tools, computers, staff, payroll tax, health insurance, all of this.

But if can increase my profitability and I can reduce my structure load, it's a smart thing to do. So then that comes up with the question, what about the patients that can't afford it?

What about patients afford cash-based services. I'm very open about this. And I, you know, when you have patients that, and you, have great profit margins and your patients, that are paying cash and the way we teach you how to structure your payments so that you're highly profitable.

You can take a portion of that to take care of people who can't afford the procedures. Now it's not like we're charging $25,000 for a single PRP injection.

That's, not what I am saying. Chinese are paying $2,000, charging $2500 if they're packaging things together, it's $3,505 somewhere in the neighborhood.

But it is highly profitable. There's margin. Margin is profit. And so then what they are doing, very simply, is they taking a portion of that.

Audience Q&A and Closing Call to Action

They are helping those who are less fortunate. Kind of, to me, how society should work. Okay? I'm not necessarily about let's tax the billionaires and the rich and take all their money.

That's not what I am saying. It's an altruistic way of how I look at it. And so there's, you know, over and over again, there is this ongoing transformation happening in the medical industry.

Doctors are waking up. I wish you could have been with me this week. Wish you can have seen the doctors and how pissed they were. Not like angry being a wall, but they we're pissed off when they got this reimbursement rate.

So. All right, that is what I have this morning. Let me see here. Do you have any questions for me? You got me, ask me a question. Ask me marketing question, asking how to grow your practice, asked me.

A mindset question what is it that I can help you with this morning? You've got. Are you afraid to raise your hand if we don't have anything else? I'm going to let you go this one.

Take advantage of that. Go to mavericksprofitsystem.com forward slash schedule. Check it out, take advantage or this or get a copy of my book out of the system.

You can go to Maverick's profit system dot com forward Slash the book. or check out my podcast out of the system. It's on Spotify, iTunes, everywhere.

You can listen. That's it, that's what I got for you this morning. Happy Saturday. I hope this doesn't depress you. And I look forward to seeing you at a conference in the future and come over, shake our hand.

Thanks for joining me this morn. Take care, everybody. 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.