024 Health Insurance Alternatives
Samaritans Ministry with James Lansberry

Recording: Welcome back, America, to *Sound Retirement Radio* where we bring you concepts, ideas, and strategies designed to help you achieve clarity, confidence, and freedom as you prepare for and transition through retirement. Now, here is your host Jason Parker.

Jason Parker: Seattle, Tacoma, Olympia, Gig Harbor, all the good people right here in Kitsap County and for those of you tuning in around the country via podcast or listening online, thank you so much for making *Sound Retirement Radio* a popular destination on the iTunes ecosystem. As always, we are looking to bring experts on to this program who we believe can add real significant meaningful value to your financial life as you prepare for and transition through retirement, and I am really excited to bring our guest this morning.

Before I do, you know for the last well year or so I've been sharing something kind of funny with you every morning, and it's been a joke. This morning I don't actually have a joke from you, but I think it's kind of funny. It's something that Ronald Reagan once said, and I'll just read this quick quote to you from Ronald Reagan. He said, "The nine most terrifying words in the English language are 'I'm from the government and I'm here to help.'"

Ronald Reagan, he had a way with words, but it kind of brings us to the topic today which is healthcare. Healthcare -- we've seen a significant amount of reform and change in just a very short period of time. I want you to understand my personal story and what got us to this interview today.

Before the Affordable Healthcare Act went to existence, I had a high deductible HSA plan for insurance plan for my family. The way that planned worked is basically it said that I had a $7,000 deductible for my family with a $10,000 maximum out of pocket in any one year. Well, after Obama care went into effect, my personal insurance premium for my family increased by 70%, my family's deductible increased by 43%. I went from a $7,000 deductible up to a $10,000 deductible and my max out of pocket costs increased 25%. I went from a $10,000 max out of pocket to a $12,500 max out of pocket. All across the board I would say, my family personally, we've been hit pretty negatively by this Affordable Care Act. We're paying 70% higher premiums with coverage that is worse than what it was before.

I was out to lunch with a good friend of mine, and I was sharing with him this issue that I was having. He said, Jason, my wife and I signed up for a program called Samaritan's Ministry. He shared with me what kind of experience he had there which has been very positive and maybe I'll tell that story a little later here, and he said you might want to look into it. What I have for you here is really going to be a two part program. I've been doing some research on some of these different health sharing organizations. My first one is going to be with Samaritan's Ministry, and with that I'll go ahead and do my introduction of our guest today.

We have James Lansberry, is the executive vice president of Peoria based Samaritan's Ministry International, the world's largest Christian healthcare sharing organization. He's also president of the Alliance of Healthcare Sharing Ministries, and over the past few years has been recognized as an expert in healthcare policy. His passion is to see the reclaiming of authentic, private charity, especially in the realm of healthcare.

He and his wife, Theresa, recently launched the Morning Center, a charitable maternity care hospital project in 2011 under the oversight of Samaritan Ministry. The goal of the Morning Center is to lavish the love of Christ on women in need of providing them high quality, full service maternity care at no cost to the patient and without accepting any government funding. The ministry's first mobile maternity care unit started serving women and their unborn children in Memphis in 2013 with the Morning Center's first birth coming in January 2014.

James, Theresa, and their nine children -- my goodness, make their home in Peoria Illinois, where they worship at Providence Covenant Presbyterian Church. James Lansberry, thank you so much for being a guest on Sound Retirement Radio .

James Lansberry: Well, thanks for having me. It's great to be here with you.

Jason Parker: Yeah, I really am looking forward to this. I know there's a lot of people out there probably frustrated with their experience with the traditional healthcare health insurance system. I was hoping we could start out if you would just help our listeners understand what is Samaritan's Ministry. What do you guys do?

James Lansberry: Sure, Samaritan's Ministry is at it's core a non-insurance personal healthcare. It is an organized way of Christian's helping one another with medical expenses not using insurance. Each month, we have over 36,000 families sharing over $10 million in medical bills among each other. Each month I get to send my share which is only $405 directly to another family. This month, I sent it someone in Georgia. Last month it was someone in Arkansas. Next month it could be someone anywhere from Alaska to Florida to Maine to California.

Jason Parker: You said something very critical there. This is non-insurance. This is not insurance, but I think in a lot of our minds, it's filing that void if we decided to opt out of traditional health insurance and we wanted to sign up to share health insurance expense with people around the country. I think in most people's mind, it is an alternative way of thinking about covering healthcare costs. What would you say to that?

James Lansberry: It certainly is an alternative, but I would quibble with the term traditional, because health insurance as we know today has only been around for about 75 years. Before that, the body of Christ has been taking care of each other for thousands of years on top of that. Really calling it traditional makes it -- is very myopic in the sense of how we look at history, but we as look at this, it's an opportunity for people to take care of one another, accept responsibility not just for their own needs, but also for the needs of others which is what we talk about in Philippians chapter two, and I think that's an important perspective for us to have is that we don't just have responsibility for ourselves, but to bear one another's burdens. That's really the goal at Samaritan's Ministry is to provide a mechanism, an outlet, for the body of Christ to do exactly what we were created to do.

Jason Parker: Yeah, and tell me how did the program get started?

James Lansberry: Sure, our founder Ted Pittenger was a part of one of the other healthcare sharing ministries and thought why can't there be more than one? He started to look at ways he could spin something up and at the time World Magazine had classified ads, which I think they still do, and was able to start investing just a little bit of money trying to advertise as we go.

We started with just a handful of families in 1994 who were sharing just a few needs a month, and we grew up to now over 36,000 families. We started out in a remodeled chicken coop outside of my boss' house over in Washington Illinois, right across the river from where we are now. We've been able to remain debt free as an organization over our entire history despite being in our fourth building over time at this point and God has really blessed us. We've been able to slowly at the beginning grow from that handful of families to 100 families then 1,000 families, at some point we hit critical mass and we were able to start growing steadily for the last 10 years.

Jason Parker: That's great. One of the things we want to do with this program is educate people and we want -- the tag line for my new book is we want to deliver clarity, confidence, and freedom. Now, anytime we're talking about making a change, and this is something that my own family, we are grappling with a little bit, my wife -- she's not big into making this -- this kind of a change is very unsettling. I think it's unsettling for me, not just for her, but somebody once told me, the only person that really likes change is a baby with a wet diaper.

I want to ask you some kind of hard questions, because I'm sure other people out there listening to this conversation are going to have some of these same questions. The first one is how can we know that participating in this type of healthcare sharing isn't some type of scam? How can we be sure that we're not getting involved with something that's going be damaging in some way?

James Lansberry: Sure, well, the way you know is that because so many families have already decided to join in front of you. This is something where we've had thousands of families for years and years who are needing tens of millions of dollars in medical bills. Are track record is that if we can give you story after story, including giving phone numbers out and email addresses of members who are in your area who have been a part of the ministry and had a need share to be able to do a little consumer checking.

We have probably 700 members on our reference list who are willing -- who have had needs shared and willing to let us give their name and address out so the people can come check them and ask them questions about how the need process worked for them. We have testimonials all over our website from actual members who have been around and many of whom you can talk to personally. We like to have one in every area. I think we have enough area codes in the United States now, I don't know that we can still say that, but making sure that you can have someone close to you that you can talk to and reach out and touch and say hey, can we have lunch and they ask you about Samaritan Ministry.

The whole idea of this model becoming some kind of scam is really just based out of, I think, an irrational fear that because something is government regulated, it's therefore safer. We have all kinds of incidences over the last hundred years of where there's a government regulated industry that's actually caused more trouble for people than something else. Bernie Madoff stole money while he

was participating in a government regulated industry and government regulated business. Even though he's in jail, all the people who got frauded are still broke.

There's an idea that somehow the government has this ability to protect us whereas trusting in God and the body of Christ to take care of you is somehow unsafe and somehow there must be a catch, there must be something there. It doesn't work, and I can tell you that for the thousands of families that participate in Samaritan's Ministry, again over 36,000 families sharing over $10 million a month.

This is not just something that works, but it works well. We have draws and draws full of letters from our members that are excited about what we do and never members who have complained to any government agency about us, because they are pleased with what we do, we have a good resolution procedure for members where they get to have their cases adjudicated by other members and

where the members get to elect the board of directors and are in control of that monthly share. This is a member center, member lead organization and the reason that it's trust worth is because it's run by people just like you.

Jason Parker: Well, that's great. I have to tell you, I'm really excited and I do have a story that I'll share with our listeners and how I was introduced, but before I do, we are at this place where we need to take our first break and we'll be back in just a moment, Mr. Lansberry, to ask you some more questions about Samaritan's Ministry.

Alright, folks, welcome to another round of *Sound Retirement Radio*. I'm your host Jason Parker, and as always, I sure appreciate you tuning into this little program. Today I have James Lansberry on the program. He's the executive vice president of the Peoria based Samaritan's Ministry. We're talking about healthcare. I would call it an alternative to how traditional healthcare insurance.

Mr. Lansberry, maybe you could help me phrase this, put it in the correct context. We would care it healthcare sharing? What's the proper term?

James Lansberry: That is a great term. That's the one we use. We are a healthcare sharing ministry. We're a part of families grouping together to share one another's healthcare needs, and that means more than just the financial need also. It means the spiritual and emotional needs that go along with that. Our members are encouraging one another and meet the need through notes and cards and they're also praying for one another, which health insurance as an alternative product only meets that financial need, it's a financial product while healthcare sharing is designed to meet that entire need not just the financial portion.

Jason Parker: Let me just share with you this quick story that I have, because I think it is powerful. I went out to a lunch with a friend of mine and I was sharing with him my frustration over the health insurance and how the costs have been increasing and the coverage has been getting worse. He shared with me several years ago he made this transition over to Samaritan's Ministry and that's who he had.

During the time, his wife got cancer which was very serious and very -- a fairly expensive thing to go through. He went on to tell me how he through Samaritan's Ministry, though this healthcare sharing organization, when they had to come up with the money to pay for all the medical treatment that his wife needed, they got checks from people all over the country to help cover that cost. He said what really was transformative were the notes of encouragement and prayer. He said, Jason, we had one of the darkest times of his life, one of the very, very trying time in his life. Getting these notes from people all over the country who said hey, we're praying for your health. He said it wasn't just a great experience from a reimbursement standpoint, but it was a great experience just from

how people came together to make that work. That's the story that I have, but I want to ask you about regulation, because you mentioned government regulated. Is this type of health sharing industry regulated by anyone?

James Lansberry: It is regulated in the sense that all other charities are regulated. There's State Attorney's Generals and as a [inaudible 0:15:00] Ministry, we're also under the offices of the IRS and certain requirements that are based on that including [inaudible 0:15:07] requirements for our officers here at Samaritan's Ministry.

The other thing is that we have an external audit that's actually performed by an external accounting firm for Samaritan's Ministry that is available publicly on request. All of our financial statements are audited by an external firm that has no interest in Samaritan Ministry whatsoever, and they publish those financial statements so that we can give those out to anyone upon request. That's another level of accountability that we have.

We also have a member elected board, which is how we stay accountable to the members. Members else the board of directors that serves without pay, that then are then in charge of making sure the officers don't get paid to much. They make sure that they have compensation, they fit the budget for the year with the organization and oversee all of our guidelines. That member elected board of directors is responsible for then being the best line of defense for any kind of untoward activity, because the members again run the organization. That's one of our core values from the very beginning is that we want to be a member center, member directed organization.

Jason Parker: Yeah, alright. We got some of the regulatory stuff out of the way, kind of the big picture, what it is you guys do. Let's start getting into some of the nuts and bolts here. What is the monthly cost? How do you break that down?

James Lansberry: Monthly cost right now is $180 for a single person or $405 for a family of three or more. You have two people in your family it's exactly double the price of one person. $180 or $360 or $405 for a family of three or more a month.

Jason Parker: Regardless of age?

James Lansberry: Regardless of age, regardless of family size above that three, and you send that check of $405 or less directly to another family, 11 months out of the year. One month of the year you will send that to our officers, that's how we pay our bills, make sure the newsletter gets mailed, support our website, handle our staff, computers, everything else that goes along with running an organization. You will send that check to us once a year, the other 11 months you'll send your share directly to another a family.

Jason Parker: This program, Sound Retirement Radio , we have a lot of people listening to our program who are already retired and as you I'm sure know, we have the medicare program available to people in our country when they turn age 65. Is this type of healthcare sharing relevant for that demographic that has medicare?

James Lansberry: I think it is for two reasons. One is that medicare is on a collision course with insolvency. Medicare is actually paying doctors less and less every year, the reimbursement rates are going down which makes it less likely that you're going to find a provider that takes medicare than the days they had, and because medicare is just not actuarially sound right now, the premiums are not taking care of all the bills that are available. At some point, the chicken have to come back to roost.

That's important to look at and say, medicare is just not fiscally solvent and at some point it's going to be difficult for people to be able to get care while they're in medicare. That's part of the purpose of the cuts that are in the Affordable Care Act and the IPAB, the Independent Payment Advisory Board, where they're going to make decisions. It was also referred to by some as death panels, and I think being part of a healthcare sharing ministry, increases your options even within a medicare system and having that available for you.

The second is even if you're over 65, being part of a community of believers who are taking care of one another, sharing one another's burdens, praying for one another has value to it. I think there's an important of just making sure that you're part of that community going forth, but also that you're making sure that your family is being thought about even within the confines of that medicare system that is just really going to be difficult to remain -- have a balanced budget over the years.

Jason Parker: Help our listeners understand. You pay -- let's say you have a family like my family. We have a family of four. Husband, wife, and two kids, we're paying $405 per month as our share, our health sharing and we send that directly to a family in need around the country. When does the need actually kick in? When is it considered -- when does somebody get help? At what dollar amount of healthcare costs?

James Lansberry: Sure, that's a great question. We share most needs from $300 on up. If a need is less than $300, they get it met at the local level. We're trying to balance -- there's two principles in place. Each one should bear his own load and the other is that we should bear one another's burden. We're trying to keep those two passages there that are both intention, but not contradictory, those in mind when we set that amount.

It's a relatively arbitrary amount. It tends to be one that most member families can handle. Once it gets above $300, the members will share in that need unless it fits a narrow definition of either maintenance care, preventive care, or something that we find morally reprehensible. We'll never share a bill for example related to abortion. It doesn't matter whether that hits $300 or not, it's something that members will never ever share in as part of our life conditions to make sure we are not ever doing anything to help the harming of a living child whether it's self-inflicted or any other way. That's the goal.

Generally anything over $300. You have your appendix out, you break your arm, those needs start to get up in the thousands of dollars. That's where the members kick in and they start sharing that need. The way that happens is, you go to the provider, the provider will treat you as a cash or self-pay patient and they'll send the bills directly to you and you send the bills into Samaritan Ministry and we get families to share.

Let's say you had appendectomy and it was $25,000, about average for most places in the country. You'll send that $25,000 in bills into us, we'll get enough families to send their checks of $180 to $405 to meet that entire $25,000 need minus that first $300. In the meantime, we're going to work on negotiating discounts on that bill to try to get it down a little closer to a fair market price. Most people aren't aware of this, but cash patients actually get charged sometimes as much as three to five times what an insurance company would pay for the exact same service. We try to get something that's a little closer to a fair price and when that is occurred, than we'll have you send a little bit of that money on to someone else, because you won't need the entire $24,000 at that point.

In the meantime, you're going to get notes and cards from people across the country. You're going to get encouragement and prayers from people across the country, and you're going to be able to pay those medical bills even if we're unable to get a discount within 30 to 60 days of when we receive those bills.

Jason Parker: Okay. With Obama care, with Affordable Care Act, everybody knows now that if you don't have health insurance, you could be fined at the end of the year. I don't think any of us are really 100% sure what that's going to look like yet. What does -- if you sign up for something like a health sharing program through Samaritan's Ministry, does that qualify? Do you not get hit with the tax penalties?

James Lansberry: That is one of the great things, the healthcare sharing actually was granted an exemption from the individual mandate related to the Affordable Care Act. Our members are going to be able to retain or participate in healthcare sharing without penalty even going forward. We're very thankful for that. We have no reason except we went out and we asked and the senate staff that we worked with were willing

has been around since before January 1, 2000 and it has people in religion and publishes an annual audit to their members, that those meet qualifications and the intent of the individual mandate and so you'll be able to find away without penalty to participate.

Jason Parker: What's been the greatest shared need that you guys have had to support?

James Lansberry: The largest thing we ever had to date is about $1.5 million. We were able to get that reduced down to under three-quarters of a million dollar, but the bill total started out well over a $1.5 million.

Jason Parker: Wow. That's pretty significant. One of the concerns my wife had, she said, Jason, if you're going into a hospital or a doctor's office and you don't have insurance, they could turn you away. What are your thoughts about that? Can a doctor or a hospital turn you away if you don't have a traditional insurance care in your pocket?

James Lansberry: They may attempt to do so, but they actually can't especially if they receive any kind of federal funds, especially if it's an emergency service. There's a law called EMTOLA, the emergency medical act, that actually requires hospitals that have emergency services that receive any kind of federal funds which includes medicare dollars, to receive patients irrespective of their ability to pay.

Now, we have a good reputation with providers and usually as soon as someone explains their part of a healthcare sharing ministry, any provider that's dealt with us before has no difficulty, because they get paid usually more quickly than they do from some other options. Hospitals are happy with us, they get above average payment structures, and there's never been a case where we haven't been able to get a member in to get service and we work with the member and the provider to make sure that happens if there is hiccup.

Jason Parker: James Lansberry, we got to take our next break, but we'll be right back.

Recording: Are you 50 years or older and have at least $500,000 of investable assets? If so, this message may be beneficial for you. Are you confident that you will be able to retire and not run out of money? Are you concerned about higher inflation, higher taxes, and what market volatility will do to your portfolio? If you answered yes to any of these questions, then I encourage you to take advantage of this offer. Jason Parker, the author of Sound Retirement Planning and president of Parker Financial is offering a free report entitled Ten Things to Know about Planning Your Retirement Income that may provide you answers to the above questions and much more. Call his office at 1-800-514-5046 to receive your report free of charge. Again, call now at 1-800-514-5046.

Jason Parker: Seattle, Tacoma, Olympia, Gig Harbor, all the good people right here in Kitsap County, welcome back to another round of Sound Retirement Radio . I'm your host Jason Parker. It's my good fortune to have James Lansberry on the program. James is the executive vice president for Samaritan Ministry. We're talking about healthcare sharing. This is part of a two part series we're going to be doing. You can catch this one online. Of course we'll have the transcript online for you to read, but I'm also going to have another interview shortly with another one of these healthcare sharing organizations so you can get some perspective and hear how these different programs work.

Mr. Lansberry, we were just talking about being turned away from healthcare or a hospital or doctor's office. What about preferred providers? Do you have to use a network of selected doctors to be a part of Samaritan's Ministry?

James Lansberry: No you don't. That's one of the great member directed ends of Samaritan Ministry's is that we don't have any preferred provider networks, any networks at all. There's no incentives or penalties for choosing your own provider, using your own doctor, making sure you can get the kind of care that you want. We try not to -- stay as far as way as possible from prescribing treatment or prescribing a provider, because we think the best way for those decision to be made is by the individual family.

We think that it's one of the biggest heartaches of having health insurance is especially if it's an employer provided policy, you have very little control over who your doctor is and what hospital you want to chose. I think that's one of the biggest crimes in American healthcare is that we have a situation where your boss chooses your doctor which is not something that really ever has made any sense. We kind of backed into that system, a series of bad economic incentives.

With a Samaritan Ministry membership, you chose what provider you want to go to. If you live in the state of Kentucky and you prefer a doctor that's 50 miles away across the border in Tennessee, please go to the doctor in Tennessee. There's absolutely no reason for you to talk to us about where you're going. You get us involved after the bills are incurred.

Jason Parker: In my community, I live in a pretty small community just west of Seattle. One of the reason that this issue has been pushed ot the forefront for my family, not just from a cost standpoint and the fact that my coverage is worse now than it was a couple years ago, but recently the largest -- one of the largest insurance companies in the area, the one that I have my health insurance with, the local hospital are at odds with one another about reimbursement rates. We haven't heard an official announcement, but it looks like the insurance -- the health insurance, the traditional health insurance

that I have right now would not be accepted at the hospital, the largest hospital in the area. This is getting uglier and uglier all the time it seems like. Go ahead.

James Lansberry: That's one of the biggest complaints we're hearing from participants in the HCA Exchange plans is that in order to keep the costs down for the premium price, they narrow the networks consistently from what they were before. We're finding those networks of providers are narrower and narrower whereas for Samaritan Ministry's we've never had a network, because patients are in complete control and those member families are in complete control. It doesn't matter what provider you chose, whether it's the hospital right next door to your house or a hospital a 100 miles away.

Jason Parker: You said something there, keep the premiums down. I tell you, that hasn't been my experience at all. I guess my hope would have been if everybody has to pay into a system that maybe that would help keep the health insurance cost down, but like I say, my health insurance premiums jumped 70%. That's seven zero percent in one year, and my coverage got worse. We're not seeing -- maybe the idea was to help keep health insurance premiums down, but that hasn't been my personal experience.

James Lansberry: Well, some of that is I'm going to imagine you're younger person, you're under 40, and insurance premiums are jumping faster right now for people who are under 40, because of an additional ingredient in the Affordable Care Act called community rating which says the highest aged and the highest risk policy holder in any particular policy can pay no more than three times the amount of premium that someone who is the youngest or the best rated person in that same policy.

If you're 27, single and healthy, you're going to pay at least one third of the price of someone who's 64 and has been sick for months. That's really a big part of this is that insurance companies have been removed from actually rating these people based on actual risk. They're having to rate people based on a community approach, and for younger and healthier people, that's caused those costs to go up faster than they would have ordinarily in order to keep the costs down for people who are older and less healthy.

There are some arguments in favor as why the policy makers chose that ingredient into it, but I think if you really want to get the young invisible involved insurance to try to keep those costs corrected over all, you're going to have to make it so it's even more affordable for them not raise the price through community rating.

Jason Parker: I want to ask you about lifetime maximum, because this was another potential red light when I was reviewing the plan is that can you speak for a moment about the maximum amount that you would pay out if there were a health crisis?

James Lansberry: The maximum amount that we pay out in any particular incident is $250,000 unless you chose, as about half of our members do, to participate in paid a “Save to Share” which is an additional add on. The optional add on which is $399 a year for a family of three or more, and you put that in a savings account and you completely control it and you only pay out of that if there's a need over $250,000. There is no lifetime maximum, there is no annual maximum per healthcare sharing at least as Samaritan Ministry's operates it.

It doesn't matter if you have eight $250,000 needs in the same year, we're going to share those over and over again. If you're part of saved a share, there's not a maximum at all even after that $250,000. We've seen again hundreds of thousands of dollars getting shared of needs for a particular person. It doesn't matter how many needs you have that are part of saved a share or not part of a saved a share. There is no lifetime maximum at Samaritan Ministry's. We will continue to share all your needs at the same price, the same monthly share you've always paid no matter whether or not you've been healthy or not been healthy.

Jason Parker: That's pretty incredible. The $250,000 is the limit per incident then, right? If I get cancer, the most they're going to cover is $250,000 unless I subscribe to this additional service for $399 per year, “Save to Share,” and then under that scenario, it doesn't matter if I spend $2 million, the share costs are going to continue to be covered.

James Lansberry: That's correct.

Jason Parker: What's incredible about this is the savings -- the Samaritan's Ministry is about 52% less than I'm currently paying for health insurance and it starts to cover needs after I get over $300 whereas the insurance I'm paying for doesn't cover until I have over $10,000 of expenses in one year. How is that an organization like yours can operate so much more efficiently and less cost then traditional insurance? I know you don't like that traditional insurance, but today's insurance system?

James Lansberry: Right, there are three things that I think caused us to have a consistently lower share than the worst insurances out there, that your average insurance policy is. The first of which is under the Affordable Care Act, all preventive care needs to be covered with zero copay. That's only going to drive costs up pretty quickly, because any time something is free to the consumer, the provider can charge whatever they want and there's absolutely no penalty for it. The insurance company just pays it, passes it on to the premium, and then the premium continues to go up. You have that continual spiral of perverse incentives that drive up the cost. That preventive care that instead of being thoughtful about for an individual family and consider the cost benefit analysis, being covered with no copay, that's driving the cost of insurance up very quickly.

There's that bad economic incentive and drive that's built into all Affordable Care Act plans.

The second thing that tends to drive costs lower for us as opposed to insurance is that our members are paying for one another. I think they're intentionally thinking about good health, but also they're praying for one another. We believe that prayer actually effects the health of our members so that they're having on average few healthcare events per capital than the average society.

The third thing which I also think is important is that our members are engaged. Part of the problem with health insurance that's been driving the cost up for decades is that we've moved further and further away from an engaged patient. Before the Affordable Care

Act, on average only 11 cents out of the dollar for the average healthcare expense was paid for by the patient. That means 89 cents out of every dollar in healthcare was paid for by the government or by insurance company, and because of that the patient was very disengaged. Economically, any time you disengage the consumer, in this case the patient, from the paying process for a good, you drive the price up, because you have no objectivity in the price.

The reason why we have low prices for computers is because every dollar you pay for a computer or an individual graded computer comes out of your own pocket. The consumer is the person who can actually effect that, who can price down and quality up, because he's actually able to make a good cost benefit analysis. Whereas if the consumer is not the payer for a service, there is no way to drive that price down and quality up, because he's not engaged in that.

Price is never to be treated in economics as a cause of anything, it's always a symptom, it's always an after the fact. When you see prices rise, you have to look and say where are we effecting supply or demand negatively that's driving up that cost? We're driving supply down, cost is going to go up. We're driving demand up, the cost is going to go up. That's what we've seen with healthcare is the cost is going up quickly, because we're negatively effectively supplying because of over regulation and we're negatively effecting demand because of a disengaged patient that artificially increases demand.

Those two things are driving costs. We're insulated from that, because our members are engaged in the picture. They see all their own bills. They evaluate that, the communicate better with their doctors, they're making their own decisions, and I think that is one of those three things that drive our costs lower than you'll see for insurance.

Jason Parker: Mr. Lansberry, we'll be back in just a minute. I want to ask you some questions about prescription drugs after this.

Welcome back to *Sound Retirement Radio*, everybody. I'm Jason Parker, your host, and what a fascinating conversation we're having here with James Lansberry, the executive vice president of Samaritan Ministry's on healthcare sharing, an alternative in my mind at least to a traditional insurance. Doctor Lansberry -- I'm sorry, Mr. Lansberry, before we went to break, I had mentioned prescriptions. Would you take a moment and talk about how prescriptions would be handled through something like Samaritan's Ministry?

James Lansberry: Sure, anytime you have a larger incidence, one that hits that $300 mark, we will take care of prescriptions for the entire time you're in the hospital or for 120 days, which ever is longer for those prescriptions. If you're in the hospital for 150 days, any prescriptions you get while in the hospital would be shared even if it goes over that 120 day mark. Again, what we're trying to do is balance personal and corporate responsibility and trying to make sure that we have an incentive to try to keep cost down and part of bearing one another's burden is bearing those burdens you can't plan for.

I have chronic asthma for example, I've had chronic asthma for a decade. I spend $300 a month on prescriptions to maintain my level of health, but that's something I can budget for. Is it unfair by some perspective that I'm paying $300 a month and the guy who lives next door to me who doesn't have asthma doesn't have to pay it, but that's the way it works with any kind of a personal trial. I can plan for that, and if there are prescription needs that go above that if there's setting for an unrelated need then they'll start that 120 day clock over again.

One of the things that we're faced with right now and that we're trying to address with our guidelines is that we now live in an era of designer pharmaceuticals where you can have a specifically designed pharmaceutical for yourself that may cure a disease, but is extremely expensive, sometimes in the neighborhood of $84,000 - $85,0000 a year in order to process that, because those would be replacing treatment, we're working on revising our guidelines that

we're able to take care of families in that venue where they're having prescriptions that are just astronomical in cost as opposed to something that is manageable.

Part of the issue here is we want to make sure we have good incentives built into the system. I can treat my asthma with a $10 a month prescription that probably would effect my quality of life a great deal or I can treat with a $600 a month prescription that may be state of the art, but brings no measurable quality of life increase over the $300 a month, but it's newer and it's cooler and it comes in

a neat little disc. I get to make those decisions for my health, because I have an incentive in the system to make sure I'm making the best decision for my health.

Then when it comes to asthma and obviously something that is not just a quality of life issue, but if you stop breathing, last time I checked, you died. My wife and I have sat around and we said, you need to stay alive, it's worth $300.

Jason Parker: I'm glad you came to that conclusion.

James Lansberry: You see, that's the important thing is that we have to be able to do that. If you're spending $500 a month on a prescription that increases your quality of life 5% and it's not a life threatening disease, then really is that a good investment for you to make? If you think yes it is, you should be able to pay for that out of your own pocket and make that work.

The day and age that we're in, the prescriptions have replaced treatment because of new advances and new research that have come out of the pharmaceutical companies research and development. We're trying to adjust to make that work, but currently the way that prescriptions are handled, 120 day within a larger incident and then if there's something that is administered by a doctor, we call that treatment. If you go in for allergy shots or something along those lines, that's treatment not a prescription, but again, we are constantly reacting to the market to try to make sure our membership value for our members is adequate for the way the healthcare system is working.

Jason Parker: When you were describing how this works, you actually - the members write a check to other members around the country that have a need and that sounds like it could cause potential for fraud, people submitting bogus healthcare needs, and also seems like it would be incredibly challenging to try to make sure people were being reimbursed for the total amount. Would you take a minute and just talk about that process?

James Lansberry: Sure, the first thing is that it is completely admittedly less efficient than the way insurance works on this concept or even the way the other healthcare share ministries. It's much less efficient, but the goal for here isn't to be efficient. The goal is to glorify Jesus in the process and to encourage one another in love and good works. Beauty and ministry are never efficient.

No one will ever lay down on a floor and stare up at the Sistine Chapel and say I bet that was painted in 15 minutes or less, but yet we will sit in awe of how beautiful it is, even though all the time it took is completely inefficient compared to a modern sprayer that we could spray that ceiling a single color and you could be done in 30 seconds.

Looking for efficiency is not always the answer. The point is what ministry is most effective. Yes, it is a little less efficient, but our members are engaged in the picture. We do hold people accountable through a checklist system that we have where members communicate back to us the checks they've received and we hold members accountable who didn't pay. Yes, it is a little bit extra work, but we're working through our member web app now, and through the glories of modern technology, we're able to do that much more efficiently than we were 15 or 20 years ago. For the member, it's nice, because you're getting those notes and cards in addition to getting the need back.

As far as fraud, we contact every provider on any large need to see about getting discounts. We're going to know if any of those bills are fraudulent in that process and we're going to make sure we're reacting to that effectively.

Please remember, no one outside of a personal of faith would believe this works at all. People out there who would be temped to be defraud their fellow humans here would be unlikely to think that this would work at all so why would they spend all the time to try to make sure that they could get fraudulent and risk that occurring? We've had no instances of fraud from our members over the years, and we're encouraged by that, but I think really the big deal is that members are trying to do what they can to be responsible to take care of one another and when that's your goal, your incentives start to line up with helping people as opposed to seeing what's in it for you.

Jason Parker: As a Christian organization, you have to be a Christian to participate in Samaritan's Ministry, is that correct?

James Lansberry: That's correct. In order to join Samaritan Ministry's you have to be a Christian, you have to sign off to a basic ecumenical statement of faith. It's designed to be as broad as possible. We have Pentecostals, we have Anglicans, we have Catholics, Protestants, Baptists, Presbyterians, people from all walks of the body of Christ, but you do have to sign off to that basic Christian statement.

Jason Parker: No denomination specific. What would you say is the biggest disadvantage for people who are considering this as an alternative way to share in health costs. What is the biggest disadvantage?

James Lansberry: I think the biggest disadvantage for most people is the amount of personal involvement that they have in the healthcare picture. You see that's really the part of the catch-22 of healthcare economics is the only way to start to drive costs down is to get personal involvement in, and people aren't use to that.

They don't like the idea of going into the doctor and saying, yeah, I need to actually make a payment arrangements with you, because it's going to be 60 days before I can pay you for this, but I'm going to be able to get the money together and pay you 100%. There's that level of personal involvement that is just maybe it's embarrassment, maybe it's pride, maybe it's not just being use to being that engaged, but I think that tends to be the reason that we don't work for everyone.

We don't say we're going to. This is -- we know who our customer is. We know what kind of member that this appeals to, and we want all of them to join. We also know that there are certain personalities and types of people that this is not what they want to do, and that's great to, because one of our desires is to see the most number of choices in American healthcare with the most number of people, because we think that's great for everybody.

Jason Parker: Yeah, I think it's great for everybody too, and when people start telling you, you have to have this, that, or the other thing, and then charge you an arm and a leg for it, it really becomes a frustrating experience for a lot of us. That's why you're on the program with me today, Mr. Lansberry, because we're trying to figure out what are alternatives are.

If people want to learn more about Samaritan Ministry, what's the best way for them to do that?

James Lansberry: Visit us online samaritanmisistrys.org. That's samaritanministys.org or you can get us toll free at 888-268-4377. That's 888-OTHERS.

Jason Parker: What has been happening with your membership since the Affordable Care Act took place? How has that impacted you?

James Lansberry: We have grown by leaps and bounds over the last six to eight months, and I think that's largely been due to the fact that healthcare has been a huge part of the national conversation, and people are trying to get something before that deadlines at the end of March to make sure that they had -- they were involved in something that was approved under the Affordable Care Act. Now that things have leveled out quite a bit for us, and I think that's normal for everyone in the entire industry, but in those months from October to March when everyone was scrambling to do something, we were seeing huge amounts of growth.

Jason Parker: What about pre-existing conditions?

James Lansberry: Pre-existing conditions we treat a little differently than anything else. Someone has a pre-existing condition and by that we mean something you've had treatment of or symptoms of in the last 12 months then we won't share any bills related to that need. We don't charge anymore for your monthly share, we still share every other need, but we'll share that as a special per need where we do what would be a lot more like a free will offering we take up for the members and we have hundreds of thousands of dollars that the members are giving every month towards those special per needs as well.

Someone needs to look at the cost benefit analysis for themselves to see whether we make a good model for them. If they're already having some kind of pre-existing condition, we have members join regularly that have conditions that exist before membership.

Jason Parker: Okay, if you had cancer say two years ago and you haven't had any treatment since. Your last treatment was say two years ago, then under your pre-existing condition, you don't have a pre-existing condition, because it's been treated?

James Lansberry: For cancers and diabetes it has to be seven years, but other than cancer, diabetes, or a heart condition, everything is 12 months. Actually, you know what? I came from a board meeting this summer, and it's actually only five years now for cancer and diabetes. Again, because we're trying to change the way we do things and make it as broad as possible and we continue to try to expand what we do for pre-exiting conditions and we'll continue to do that as long as we can.

Jason Parker: Wow, that's pretty amazing.

James Lansberry: Again, our goal as an organization is to help us many people as possible whereas if you're an insurance company, because you're a stock held company, your goal is to maximize stockholder value. We don't have any stockholders, we just have members, and so we want to help as many of them as we can.

Jason Parker: We’re out of time unfortunately, Mr. Lansberry, but thank you so much for agreeing to be a guess here on Sound Retirement Radio .

James Lansberry: Well, thanks for having me. I appreciate the time being with you.

Jason Parker: One last time for our listeners, the website address?

James Lansberry: Samaritanministrys.org, that's Samaritanministrys.org.

Jason Parker: Very good. Thank you very much.

James Lansberry: Thanks for having me, have a great day.

Jason Parker: You too, bye-bye.

Recording:

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