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Companies are Finding Opportunity in Obamacare's Wake

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Peppered over the news channels are some of the hot topics coming out of Washington pop-culture, arguably the most contested one of this year is “ObamaCare.” The Affordable Healthcare Act has taken this country through litigious and bipartisan debates, countless hours of television and radio coverage, and many businesses shaking their heads or their fists.

Beyond the rhetoric from mass media, government bureaucracies, and pubic opinion, companies both large and small have been watching the changing healthcare environment closely as every move in today’s healthcare legislation is an exponential move in so many businesses’ bottom line. Few have been able to accurately and efficaciously interpret exactly what the implications of the Affordable Healthcare Act are. The overtones are lucid enough for executives and proprietors to make idiosyncratic healthcare coverage decisions versus the proclivity to choose an umbrella-style HMO or PPO.

As the rolling sets of waves carrying new healthcare regulations crash on the front steps of corporate America and small business, those who’ve opted to insure their own employees have been the first to be able to skirt the rip-tides of new legislation. The big move towards becoming a self-insured organization like Ford Motor Company (NYSE: F) have been growing due to the ability to control benefits and costs, and also effectively skirts around the minimum benefit requirement the red-tape of Obamacare puts in place.

Municipalities such as Freehold Township, N.J., have sought to self-insure to keep the healthcare costs for 290 covered employees manageable. Rather than risk rising premium costs of an average of 20% year-over-year, this municipality is banking on the transparency and control of underlying costs keeping savings for the township at over $500,000 to $1 million per year.

Even small employers that employ as little as twenty employees are getting into the cost protection of self-insurance. According to the Employee Benefit Research Institute, 59% of employers have opted to be their own insurance benefactor, which is up significantly from 41% in 1998. Taking the facts of corporate consolidation and washout into consideration over the past fifteen years could put the percentage increase well over 25%.

What we do know now is that there's plenty of fish in the water for new and emerging companies to benefit from this flight to self-insurance. Companies like ActiveCare (NASDAQOTCBB: ACAR) have reaped significantly in the self-insurance market by signing up businesses along with local and state governments (such as Louisiana) to be a provider of health monitoring services. Their health monitoring service is a comprehensive solution via real-time monitoring and testing of patient members who unmonitored, would otherwise pose a significant risk in expense in future treatment.

Current data show a diabetic who is monitoring their blood glucose levels daily-and are accountable for their results-generally costs the health insurance provider approximately $40,000 per year, according to Bryan Dalton of ActiveCare. With their product, the insurer can see whether or not the patient member will become a bigger issue down the road and thereby bringing light to a situation where not only will the patient member become sicker, but also cost the insurer over $500,000 per year due to necessary kidney transplants and supplemental medication and hospitalization.

Programs offered by companies such as ActiveCare are beneficial to the growing population of the self-insured because with the increased visibility into the patient population-their employees-responsible for insuring, each company can, in real-time, project, manage, and adjust their healthcare costs resulting in reduced blows to the bottom line. ActiveCare has seen sales rocket from $1 million last year to being projected to do over $4 million in this quarter alone (with current fiscal quarter results being released May 15th). Their ability to equate transparency into businesses' self-insured members to controllable costs versus healthcare costs that would otherwise be a rogue variable is the main impetus for their growth.

But ActiveCare isn't the only one reaping where others have sown. MediPortal out of New York is another rising star in the healthcare IT arena. Their unique user interface consolidates medical records and patient report changes in real-time to the insurers and doctors. Previously, each patient would be responsible for providing supervising physicians with the contacts of other doctors in their managed care network, creating a time and information gap in treating the patient, which adds costs to the healthcare provider. Bringing all the information under one roof means efficacy and reliability certainly not found today, for those of us who go from doctor to doctor using our HMO or PPO.

There is opportunity for emerging companies to capitalize on the shift in our nation's redefining of the relationship between healthcare and business. Just recently, CNN outlined six other small businesses that have captured significant market share from this paradigm shift. One of them is Health Recovery Solutions out of New York City.

Through HRS, hospitals gives high-risk recidivist patients a portable device preloaded with educational videos and information about what they need to do to stay out of the hospital. "Our goal was to get to five hospitals by the end of next year," Sandeep Pulim says, and HRS has already contracted with seven so far. Additionally, HRS is expecting to close its first round of funding later this year as well, which shows even Wall Street is on this game in the early rounds.

Opportunists like Bryan Dalton of ActiveCare Anand Prabhu of MediPortal, and Sandeep Pulim of HRS will continue to emerge to help keep the allure of self-insurance in the front of companies like Ford (NYSE: F), state governments like Louisiana, municipalities such as Freehold Township, N.J., and small businesses across the nation. As the climate on Main Street shifts due to the changes from Pennsylvania Avenue, we will see even more businesses like ActiveCare (NASDAQOTCBB: ACAR), MediPortal, and HRS, come from the woodworks to cash in on the flight of businesses from the blue shields of the 20th century to the raised fists of autonomy in the 21st.