Author Jim Barksdale once said, “There are only two ways to make money in business: One is to bundle. The other is to unbundle.”

When questioned about his flippant answer, Barksdale simply mused “Well, best I can tell, most people spend half their time adding and other people spend half their time subtracting, so that’s what works out.”

Bundling and unbundling have been around in some form as long as business itself, but especially as it applies to presenting a product to the consumer. You might say that a business or industry is defined by whether it’s in an era of bundling or unbundling.

Take the music industry as an example. At the start of this millennium, music existed in a mostly bundled form. It was bundled on albums for the consumer and similarly the business was bundled too with record labels being bundled services for artists.

We all know what happened next, at first Napster and then iTunes unbundled music back to the days of paying for a 45 to get one song. For some of you, that might sound like ancient history, but it happened in the same amount of time it has taken for Audiology to move from a non-dispensing model to today, so there is a lot to be learned about how content might be distributed through subscription services and even our own version of direct-to-consumer bundled and unbundled services.

On the podcast this month, we are unraveling the mysteries of unbundling with an amazing businesswoman and podcast host of “The Unbundled Audiologist,” Dr. Erica Person.

Dr. Person has been a practice owner since 2005. She started two private practices from their inception and completely rebranded one company after 10 years of ownership. She currently specializes in hearing aids and vestibular diagnostics while operating in an unbundled service delivery model. AND, lucky for us, she helps new and existing audiology practices implement and thrive in a fee-for-service business model with confidence and ease.

Welcome to The Hearing Journal Podcast, Dr. Person!! Thank you so much for taking the time to share your thoughts and wisdom with us.

Dr. Erica Person: Thank you for having me on.

Tell us a little about your unbundling journey. What got you interested in unbundling in the first place?

The initial pique of interest came when I was looking at insurance. For the first time, I was figuring out how to maximize a patient’s benefit, then I realized the model I used which was the bundle didn’t fall within that, so I had to get some education on it.

I went to Kim Cavitt Bootcamp if you are not familiar, then look her up. From there, I learned a lot of details about how it works and what it should look like. I put it on the back burner until I was far into my practice, and we were super thriving, but I had a couple of providers come up to me to say they are missing out on some of the patients
who I feel like we should be able to help, but their price point was too high for them at that time.

I am a huge advocate of helping anyone. In fact, I always remind my team to tell me what we can do and not what we can't do—come to me with a solution of how we can help these people, yet at the same time the business needs to be profitable. It wasn't simply Math or a matter of slashing prices or trying to find a cheap hearing aid that is not going to do the job. It was taking a step back that would say how we can offer a premium technology at a lower entry price for the consumer, and still be profitable as a business that hopefully, it would be a lot more transparent for the patient.

04:59 Dr. D'Anne Rudden: In my own unbundling journey, it feels overwhelming because you want to do all these things, but at the root of it it's patient care. You think somehow, if I do this then I am either providing sub-care or I am not able to keep my doors open.

05:26 Dr. Erica Person: Yes, those are some of the biggest fears I hear from people. It is simply trying to figure out how to make all the pieces work because if they don't work, something will fall. Patient care will go down. Patients will feel as though they are not getting the time and energy from you. You, as a practice owner will start to squeeze more patients in, or you will start looking at your bottom lines and would say it is not sustainable and that you will have to do something different. It doesn't have to be that way, and that is the cool part about it.

06:01 Dr. D'Anne Rudden: It brings me to a good Segway because it is great to look at it on the other side of here's how it can be. I remember sitting on a chair thinking to myself that I know I need to do this, but I didn't even know where to start. Talk about what you would recommend as starting points if someone was saying "I know I need to do this, but how do I get started?"

06:28 Dr. Erica Person: Let me go back to Simon Synnex. Start with your Why. What is your basis for it? Are you doing it because you feel you have to? Are you doing it because it is based on fear? Is it because of Costco, or big-box, or maybe big competitors are doing it? Is it because you want to provide transparency? Is it because you want to be able to show your value, and what you are offering to the patients?

Once you figured it out it goes easy and fasts if you want to. Most people would start from their hourly rate, which is your break-even for expenses, plus whatever profit you want to make. Then, it will become a simple math problem. This is where people make it too complicated.

07:15 Dr. D'Anne Rudden: Yes. I was told I would not have to do Math. I know that's what everybody is thinking. No one said Math when I was starting this whole audiology journey.

07:27 Dr. Erica Person: It is simple math. You know, I sat through a class about unbundling, and it took an hour. It was so complicated that I was unbelievably overwhelmed. I thought I had to set two days to figure out what this raid is all about, but in reality, you can figure it out in just two minutes. It can be super simple. I think the key is not to overcomplicate things, but to get the number and move forward from there.

07:53 Dr. D'Anne Rudden: That is the simple part, but what is the most difficult part?

07:58 Dr. Erica Person: I would break it down into two parts. One is simply wrapping your brain around the fact that even if there is an initially lower price point, the long term would be more profitable for the business. The second piece is simply when people start to unbundle. When they look at what they are doing, sometimes it is very difficult for specific practices to justify their fees. The reason they have trouble is that they are not following
best practices. To clarify that, when you want to start breaking down some of these insurance codes or what you did in the practice that falls within those codes, you are looking at test box measures, probe mic measures, or oral rehab measures.

So some of the things that not everybody does has an assigned value to it and it helps you generate more of that income. If you are not doing insurance this may not be a big issue for you, but now you have to justify and say that here is my product, the mark-up of my product, and my service fees. It will start to become the opposite of what you are trying to do. It is less transparent because now you may have the lump sum dispensing fee which is two thousand dollars versus somebody else that has five or six line items of all the things you are doing during the fitting, then maybe adds up to two thousand.

09:32 Dr. D’Anne Rudden: Are there rules, or regulations, or laws, or anything that I have to worry about from a legal standpoint or a regulation standpoint because it feels that there might be things that can trip you up?

10:01 Dr. Erica Person: The biggest thing I have seen with regard to laws and regulations is simply the return fees. What happens when the patient decides that the product is not working for them, or maybe they want to go someplace else? What do you do with the service fees? Depending on the state that you live in will dictate what you get to do. The two extremes, one is where I live. I’m in the state of Indiana. The state of Indiana is unbelievable with the fact that we don’t have to offer a return fee at all. All the practices I am aware of in the states do offer some type of return whether it is 30 or 45 days, but from my perspective, all my fitting fees and the services I have provided I get to keep.

It is great that I get paid for my time, my time is valued—it is a wonderful business model. The extreme to that is California where anything is tied to the sale and the fitting of a hearing has to return to the patient. You can unbundle at any state but you just have to be aware of what the guidelines are as far as keeping the services.

Some of the states are a little bit muddy. Their regulations specifically talk to hearing aids based on a traditional bundled model in state laws have not caught up with the unbundled model that is currently happening.

11:31 Dr. D’Anne Rudden: Just being aware of what the rules are of your own state, and making sure you are staying within that state’s parameters.

11:40 Dr. Erica Person: Correct.

11:43 Dr. D’Anne Rudden: I remember back when I first started to consider unbundling, and unlike you, it took me longer than a couple of hours. I was wringing my hands thinking if it was the right thing to do. It felt right, and yet I was so worried about how the patients would receive it. I had to learn how to stand in my value. It was a process in which it was solved.

What if you are in that situation? Give me some guidance. If I am saying to myself that I have a patient and they are pushing back and would say something like, “I never used to have to pay for that. Why do I suddenly have to pay for things I can get for free at other offices?” How would you guide people to respond?

12:40 Dr. Erica Person: I would say don’t put yourself in that position, to begin with.

12:47 Dr. D’Anne Rudden: I am just an old school to never have had that choice.

12:51 Dr. Erica Person: I am a huge advocate of being in charge of the conversation. When I have a new consumer,
a new patient, in front of me, and I have a little bit of their history that they come from a bundled model. That is my opportunity to educate them about my practice differentiator. This is why I am different from where they are coming from, why it is better for them as a patient or as a consumer, why it is better for their pocketbook of what they are going to get.

I am preemptively stopping the question. If I have someone I know, for example, yesterday I had a lady who has memory issues because of a stroke. She is someone who when we talk through it even though she would do well in an unbundled model or pay as you go, we opted to do a service contract for her because she couldn’t remember how to do the filter change even though right after I showed her. If you have somebody like her, then you should have the flexibility of changing it based on what you hear from them.

I am a huge advocate. Always prepare the patient by letting them share their experience before, and if you happen to forget and you have questions, then the best way to answer is “Let’s talk about it. Tell me about your last hearing aid set, and I’ll give you the number so I can break it down for you. This is what you paid for and what you already paid for.” Are you the type of person who would rather pay a large sum so that I don’t have to charge you each time, and then give them the options?

14:40 Dr. D’Anne Rudden: I love that. In some ways, you are meeting the patient halfway and you tell them their options by finding them a way to put together a plan that works for you?

14:53 Dr. Erica Person: Yes. We always talk about customizing patients’ treatment plans. It is a perfect opportunity to differentiate yourself from everyone else in the area. A part of coming to my practice is that I cater to what your needs are, so let’s put this plan together.

15:15 Dr. D’Anne Rudden: Perfect. Dr. Erica Person, you are amazing, so inspiring, and so positive around what could feel like the most complicated thing I could think of doing in audiology.

Thank you so much for your time, your expertise, and your willingness to share how we can all be better at unbundling.

15:40 Dr. Erica Person: Thank you. Hopefully, we can talk because it is a subject I am super passionate about.

15:46 Dr. D’Anne Rudden: Absolutely, you make all of us more passionate about it.

AFTERSHOW

00:44 Dr. D’Anne Rudden: We are back on The Hearing Journal Podcast Aftershow with Dr. Erica Person, and we are talking about unbundling. Is it to bundle or unbundle? That is the question.

In my head, is it really a question anymore? I think it used to be a question that people wrestled with, but I don’t know if that is the case anymore. I am curious, Dr. Person.

What is the number one question you get from people who are ready to jump in because they have made a decision to unbundle, and they come to you?

01:31 Dr. Erica Person: The number one question that I get is simply, "Show me an example?" I can talk about ad
nauseam, I can go to CPT codes, I can go through it...Let's talk about what you do during a fitting. Walk me through it. But, at the end of the day, people are visual, they want to see what my invoice looks like when I am handling patients. Walk me through the mental process of how you explain to the patient what they are paying for, how they are paying, and if they can see it?

The challenge within our profession is we don't want to price fix. There are vocal people online saying that they want to make sure we are not price fixing because they are scared to show it. The fear of showing the pricing is that somebody might take it, and it may not be great for them. If it's high, then it is great because it will make more money for them, but if it's low, then they will be in financial dire straights pretty quickly.

02:33 Dr. D' Ann Rudden: They will probably say, "Oh, this unbundling thing doesn't really work."

02:36 Dr. Erica Person: Absolutely. When I heard that unbundling didn't work, I just freaked out. Tell me why? What happened? Walk me through it.

What I found was that they didn't have a plan. They didn't see how it works.

02:52 Dr. D' Anne Rudden: Having a grasp or an example that may not be precise, but at least it puts some guardrails up for you. You get an idea of how you are doing your own number is like, "Oh I feel like I'm in the ballpark. Great!" If you are not in a ballpark, then why? What is going on with the health of your business?

03:26 Dr. Erica Person: We have to stop thinking about profit per patient and start looking at your profit per day.

If I focus on Mrs. Smith and would say my goal is to increase my average sale price which has always been a huge key performance indicator, and if you want to make money, then increase your ASP. Instead of looking at it, I will look at where I want my revenue goals to be. What should I bring in every single day? It also helps that I am not reliant on hearing aid sales.

If you think about it, we have unbundled every other aspect of our business. We want to bundle the vestibular, hopefully. We are talking about hearing aids but think about vestibular diagnostics. We should be charging private pay pricing for the things insurance is not paying for. The same concept with hearing aids. We got locked in the hearing aid portion, but think about all of the other diagnostics that we do but don't necessarily get reimbursed from insurance for not doing—they don't pay for oral rehab classes. Shall we be charging with that?

Think about all of the other different avenues, the hearing portion is just a piece of it. When I look at my schedule, I am super excited to see maintenance appointments. They are fun and easy. You are chit-chatting while you are doing all this stuff. There is no pressure on anything, and yet every single person walking through my door is contributing to my bottom line. The patients are happy because they are seeing the value of what I am doing, and they are perfectly fine paying for it, but I am also not forcing them to come back 20 times to make sure I make my money. It is a natural movement of the cash flow of patients. It is a win-win for everybody.

05:22 Dr. D' Anne Rudden: It is something that resonates strongly with me because if you say in a bundled model, your goal is to see them as less as possible because that is how you make more money. On the flip side of that, with unbundling the goal is to see them for a reasonable number of visits. You want them to come back to get the care and service that they need. Instead of feeling like, "You are good, right? Call me when you need me."

06:03 Dr. Erica Person: Yes. The ones that you don't see are the patients whose care is being subsidized. They are the ones who need to see you three times as much. If you said that to any other...if you told me, "Look, Erica, you
are going to pay three times as much because I need to take care of 20 other patients, and I know you can afford it."

06:24 Dr. D' Anne Rudden: If you don't mind right?

06:24 Dr. Erica Person: Yes. It starts to get in your "Why?"

06:31 Dr. D' Anne Rudden: When I worked in a bundled model, I would find myself doing all these things to take favor with someone. It's like, "You like me, right? I am doing all these things for you. You will think of me. You won't go anywhere else." It became very emotional. I want to please them, and I want them to love me. Instead of being good about what you are doing. You are providing a service. I remember half the time the patient would say, "What do I owe you for that?" and I would say, "Oh don't worry about it." and they would say, "What? What do you mean don't worry about it?" They expect to pay for things they are receiving.

07:28 Dr. Erica Person: Absolutely. We feel that we take it personally when we lose a patient due to a pricing standpoint. I have had many patients that say, "I came from company x, and I loved my provider. But this is my third or fourth hearing aid, and I can't keep spending that type of money."

It has nothing to do with the provider—they had great relationships with them. It was an eye-opener for me. Yes, we want to create relationships with our patients, but it's not the end of the deal for everyone. There's a subsection of people who absolutely want a bundled model or a concierge service. I would encourage anyone who is listening if you are successful, but you don't understand the concept of unbundling, and you don't think it is right for you, for your patients, or your practice, then do not do it. It is a number one reason I believe people fail because they don't believe in it, and they are not doing it for the right reasons. Those are the ones you will hear saying that didn't work for me.

08:41 Dr. D' Anne Rudden: It goes back to your why which you mentioned in the beginning. If your why is not attached to it as a tool to achieve your why then it is not the right thing for you.

08:54 Dr. Erica Person: Yes. People think unbundling equals cheap. They are just slashing their prices so they can be competitive, so when their patients come in, they have a way to cut down pricing. As we have said before, a raise to the bottom by simply cutting the prices will hurt both you and the patient because the expectation is not there for the level of care that is provided. It is very easy for me to look at a patient upfront when we are talking about the whole journey of patient care or the life cycle of their hearing aid, and would say that they need to plan on spending—150 to 300 dollars a year for the continuation of care. If I set that expectation from the get-go, I don't have pushback.

09:47 Dr. D' Anne Rudden: It goes back to transparency. You are creating a vision for people to be happy and satisfied instead of surprised or upset. You are saying here's how it is.

I am going to take a little bit of attention because, in this age of uncertainty, we've got all these things squirreling around at any given time in our profession. I want to ask you, in this age of online marketplaces, 3rd party administrators, continued vertical integration of practices to manufacturers, and all of these that would feel a threat to private practice, is unbundling enough to keep Audiology thriving in the future?

10:54 Dr. Erica Person: I am going to be optimistic and say, yes. This is my philosophy. If we are just talking about hearing devices like the widget, and nothing else.
I am a huge proponent of getting paid for what you are worth. There are a multitude of third-party administrators. I am someone who works with the couple, I've started with all, and I have slowly whittled them down. The ones that I work with specifically are the ones that allow me to charge the patient for services they don't cover. For example, they don't cover hearing and noise or speech testing, so I charge for that and they allow me to do it. Some of them do not require probe mic measures or live speech mapping, but I charge with it. Some of them do not cover oral rehab, but I charge for it. The fact they allow me to charge with it—and we have processes of placing policies in place to show that I have talked to the patient and that we have signed off on it, I get paid for it.

The 3rd party administrators that don't allow me to do that because unfortunately, their fees are so low that it doesn't make sense for my business. But it might work for somebody else. You just have to look at those, but we have a wealth of knowledge in our scope of practice as a profession—it's so large. I would highly encourage someone to really start digging deep. What do you like? Is it vestibular? Is it tinnitus? Is it a cochlear implant? Look at other revenue streams and diversify.

For me, I love when somebody comes in off the street who already has the widget because I get to be the savior. You have been suffering for how long, and you haven’t been hearing well. I can't wait to show you why you haven't been hearing well. Let me fix it because that person will become your biggest advocate. Literally, I heard them telling people in the waiting room, "I came in I was 100 percent she is going to try to sell me a new hearing aid." The fact that you can take your device, remold it, or re-fix it. I don't know if there's a hearing aid out there that you can't manipulate whether you are buying a new receivers, custom pieces on the ends? Is there something out there that you can't modify to fit the wide range of hearing losses that we have?

I mean it was a super exciting time. It is a time we should be able to shine and show what we have been taught why and how it is going to benefit the patient, and then just verification. How many people are verifying that the hearing aid works, put them in the booth, show them their scores before and after. If it's not improving them, then we have auditory training. We have so many tools in our toolbox to help these patients.

14:30 Dr. D' Anne Rudden: There's data, too. The patients love being involved as a more objective thing not like, "Oh that hearing aid is four years old, it is not working." How do you know? Test it. Show them. What if it is working? You are still able to charge with the services that you are providing by validation.

15:01 Dr. Erica Person: I love the idea of testing it making sure their hearing aid is performing. We have a test box measure, we have done live speech mapping, pop them in the booth to aid sound field testing with speech, get some scores, and then put a new hearing aid on them if that is what you really want to do. Guess what? Do the same thing. If their speech and noise score increase by 68 dB, then let them make the decision.

15:30 Dr. D' Anne Rudden: I am going to put you on the spot because I want you to get out of your crystal ball.

Give us a little glimpse into the future of audiology and give us some predictions as it applies to unbundling or practice in general or whatever facet you want to latch on to. Tell us how audiology looks through your eyes in 5 years, 10 years, even 25 years.

16:04 Dr. Erica Person: I will predict that more and more clinics will be going the unbundling route. The writing’s on the wall are there. We will be practicing more to our full scope of practice, and it will be a much more well-rounded profession. I believe this will increase our level of compensation. If you look at other industries when 3rd parties hit where they started to do some of that, their overall compensation went down.
I believe ours is going to go the opposite way because now we will be charging with every single thing we do. Every patient that walks through the door. It is a lot easier to justify pay increases for staff, and to not be so worried about making sure I've sent out all these mailers, I've got this many calls, or I need to convert this. I think the stress level of practice owners would actually go down.

I remember in the past, you had your five thousand-piece mailer, you prayed for 20 phone calls, you hoped they converted 10, and your providers depending on their conversion rate might help five. So, now we've got 10 units. I remember having to sit down and dissect with the provider.

17:30 Dr. D' Anne Rudden: What happened?

17:32 Dr. Erica Person: What went wrong?

17:34 Dr. D' Anne Rudden: I feel the same way with the pressure especially as a new and young audiologist that they didn't convert enough percentage of people. I am not in control of their choices.

17:52 Dr. Erica Person: In the next few years' somebody would say what you are. You are in control of it— you failed them. It's versus, if we took somebody out of school from the get-go, they learned everything I do has value, and has a purpose. I am being compensated for it.

I truly believe the confidence level would increase a lot faster, or we wouldn't have to be in the industry or in the profession for 10 or 15 years to have that gumption you and I have. It's like, "Look! I am busy. Do you want my help or not? I don't have time to sell you, I don't have the energy to sell you. I shouldn't have to sell you. You are here because you want help, and I am willing to help you, but I don't need to go through a two-hour presentation to beat you down."

18:39 Dr. D' Anne Rudden: I need to hang out with you more because I love your optimism. I love your Indiana midwest straight shooter way of doing things, and your kindness that also gets wrapped up in there.

I want to thank you so much for coming on the podcast sharing the best of what you've got going on and inspiring us all to take a look at ourselves in the mirror, as well.

19:15 Dr. Erica Person: Thank you. I have really enjoyed it.

19:36 END