



## Episode 284: Why Healthcare Sharing May Be the Future of Medicine With KNEW Health

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Katie: Hello and welcome to the "Wellness Mama Podcast." I'm Katie from [wellnessmama.com](http://wellnessmama.com). And I am here today with James Maskell who has spent the past decade, actually over a decade, sparking debate, innovating at the cross-section of functional medicine and community, which we are going to explain in-depth today. To that end, he created the Functional Forum, which is the world's largest integrative medicine conference, which has set records for participation both online and in growing physician communities around the world. His organization and bestselling book of the same name, "Evolution of Medicine," prepares health professionals for a new era of predictive and preventative medicine. And he's the founder of a new company called KNEW Health, K-N-E-W, which is an affordable alternative to health insurance, specifically for health-conscious people. And we're going to explain that a lot today. He's been featured on TED, on HuffPo, on TEDx, and he lectures internationally. Super well-spoken. James, welcome, and thanks for being here.

James: Such a pleasure, Katie. It's been my dream to be on the "Wellness Mama Podcast." So here we are.

Katie: Oh, I can't wait to dive into this with you. And to start, I would love to hear how you got into the world of functional medicine to begin with.

James: Yeah, so I was the weird kid at school that did natural medicine. It was sort of forced upon me. I was the only kid in school whose mom insisted that she be called before the school just gave us antibiotics, which no other kid in school had, I was the only one. And, you know, at the time, I just thought that was normal. I had a chiropractor. And then I really started to realize that it wasn't normal. You know, probably from the ages of sort of 10 to 13, I had a bit of a rebellious phase where I thought I needed to be an investment banker and have kind of a normal life. And about a year into working my first job as an investment banker, I just realized I had a sort of crisis of conscience moment and realized, "Man, I might be playing for the wrong team here." And I've grown up in a, you know, in a very different way.

And in my university training, I had done my degrees in health economics. And through that time, I had really realized that economics in medicine and health care around the world was facing serious challenges. You know, in America was sort of like the poster boy child for, you know, too much cost and not enough outcomes. And even back then in 2003, '04 when I finished my degree, you know, the UK was it had that the National Health Service, which is like a single payer system, which is great, and everyone loved, but it was running out of money. And then my dad lives in South Africa. And so I had a chance to see that system. And in South Africa, you had, you know, in 10 years, a shift from TB, which is an infectious disease being, you know, the most common ailment in South Africa, to, in 10 years, it being Type II diabetes.

So I saw, you know, these big things shifting, and I had done health economics, and I just realized being an investment banker wasn't for me. And 15 years ago, I moved to America and I started working in a clinic. I worked in an integrative medicine clinic in Georgia. It was one of the first of its kind. I came to work for my cousin. And that's when I first started to see, in that case, integrative and functional medicine, reversing chronic illness. And I was like, "Hang on a minute, no one else knows about this. This seems to be like a really elegant solution to a lot of the problems. The costs are being caused by chronic disease, chronic diseases going up everywhere. This might be an elegant solution." And that was the beginning of a journey that's lasted 15 years and taking me here.

Katie: And I think my listeners are really savvy. So most of them probably are already well familiar with functional and integrative medicine. But for anybody who may not be, can you kind of walk us through the differences of functional medicine approach versus conventional medicine approach?

James: Yeah, no, I'll even separate integrative and functional because those words, you know, sometimes get confused. And this is my definition. You know, integrative medicine, for me, is the integration of standard of care modalities, which is, you know, drugs and surgery, with non-standard of care modalities, right? So it could be anything from meditation to exercise, to nutrition, to all range of other therapies. So integrative medicine, I see, is the big umbrella. Functional medicine is integrative medicine, but sort of a subset. And the reason why I like functional medicine is because it has a core operating system, which means that all the doctors are doing it the same, which really is a big part for sort of growing it.

But ultimately, you have three underlying principles that I think separate it from conventional medicine. One is the focus is always on finding the root cause, right? So people call it root cause medicine, but you're not looking to just turn off the symptoms, you're looking to uncover the root cause of the issue, and, you know, come to a long-term conclusion. The second is that the patient participates in the care, right? So in conventional medicine, the doctor is really the most important person. They're the ones with the prescription pad, and they give you the drugs. In functional medicine, the patient is an active participant in their care and is going to do the lifestyle things. He's going to actually sleep better, he's going to exercise, he's going to, you know, eat properly, and so forth.

And then the third part, I think, is just a whole person approach. And most chronic disease is not happening in one specific geography of the body, it's happening in all of the body or it's happening between systems. And so this sort of generalist approach is another thing that typifies functional medicine. So, you know, I came to functional medicine after a while. I started going to conferences, and what I was looking for, what I saw was that most doctors who, in the early days, were all doing it differently. Naturopathic doctors, integrative doctors, they all had their own way but it was all different. And I thought, if we're really going to grow this, we need to find something where everyone's doing it the same so that we could scale up the education. And that's what led me to functional medicine.

Katie: Got it. And I know that one complaint I hear from people in my audience is that, you know, functional medicine can be much more expensive or that it's often not covered. Because, like you said, it's more general. We're trying to address systemic things versus something insurance understands what this common, like, "This is the problem. This is the solution to this specific problem approach." And I know this is something that you've spoken a lot about trying to kind of change the system from the inside out. Do you see functional medicine as kind of the antidote to the current problems we have in our insurance and medical systems?

James: I think functional medicine is one of the solutions for our problems, for sure. I think that the operating system of functional medicine using a model where patients are participating and looking for the root cause is a big part of the future of healthcare. But a couple of things have to happen. You know, one, functional medicine has to be delivered in a way that makes it affordable and accessible for most people. And we have to organize it in a way that we don't use the most expensive things right at the beginning. I mean, that's one of the things that's wrong with conventional medicine right now is this idea of the therapeutic order, right? In medicine right now, we go straight towards the most costly interventions, drugs and surgery.

You know, if you have the early stages of an autoimmune disease, right, what are you going to go on? You're going to go on Humira. The cost of Humira is \$50,000 a year, right? That is not a reasonable strategy in my mind. You know, there are so many doctors in functional medicine that, in the early stages of autoimmune disease, can make some significant dietary changes, can take out the anti-inflammatory foods, can repair the gut, can deal with environmental issues, and can get that person better. And the reason why functional medicine appears expensive, it's not expensive at all, when compared to Humira as an example. But the reason why it appears expensive is because it's not covered by insurance.

And so, you know, this whole system is created that really the system of insurance and what things are covered and how you pay for things is sort of intentionally opaque and it's to disempower the consumer, to just do whatever the doctor in the system says, you know, where do you go in the system. You go to your primary care doctor, that primary care doctor is a prescriber, or he could send you to other doctors, who are also prescribers and a specialist. And ultimately, that system is actually designed to ratchet up cost as quickly as possible. Because one of the sort of sad things or things that you sort of find out once you get into healthcare is that the three big players in health care, which is insurance, hospitals, and pharma, all three of those players are incentivized for health costs to go up.

And so there's no one restraining healthcare. So you kind of think that insurance should but it doesn't. And so we've arrived at this time where the average cost of health insurance in America is \$2,400 a month for a family. And, you know, this is by far the highest in the world, and it's becoming super unsustainable for most families. I spoke to a broker last year when we did our tour, and he said, for the first time in America, he's seeing people making \$100,000 to \$200,000 a year, right? The world's 1%, maybe not America's 1%. But the 1%, you know, in a certain way, not buying health insurance for the first time because it's got so costly. So we got a big problem here. And I think functional medicine is one of the solutions to the problem.

Katie: Well, and to highlight what you just said, I mean, that's astronomical that the cost per family is over \$2,000 a month. Like truly, that's actually more than I think we made when we first got married collectively. But it would be one thing if that was, you know, fixing all of our problems and we weren't getting this stellar care. But that's not even the case. Because you probably know the numbers better than I do. But every time I see the statistics, America actually ranks terribly compared to the rest of the world in health outcomes. Is that what you're seeing as well?

James: Yeah, horrible health outcomes. I mean, the worst in my mind is infant mortality. Like the fact that we're like 56th or 65th in infant mortality is horrifying. But the levels of chronic disease are horrifying. You know, the amount spent on drugs compared to how well people are is horrifying. So once you start looking at that, I mean, I was looking at that as a health economist and saying, "This is really bad. But what's worse is that everywhere around the world is like copying America." And going, "Well, America seems to have the best medical system in the world." Because for certain things we definitely do. Like if you get hit by a car, you want to be in America, right? There are certain, you know, trauma, the diseases of yesteryear infections, like, you're in a pretty good spot to be here.

But for chronic illness, this is actually the worst place because it's very hard to make healthy food decisions in America, much harder than, you know, in Europe or even in South Africa. It's a lot harder to get exercise continuously if you live in suburbia and there's no places to walk or run around. You know, it's not a great place to sleep when there's 24-hour cycles of things going on and everyone's got a million screens and Alexa listening to you the whole time. So, you know, we haven't created an environment where it's easy to be healthy. And so, ultimately, that's leading to this explosion and the costs of chronic disease. And, you know, it's a big problem that we're trying to solve.

Katie: Yeah, I absolutely agree. And I fully agree with you that the problem is not going to be solved from within the current system, especially by those big three players because they have absolutely no incentive to do that. And the demand is going to have to come from us as people. I don't want to say patients because I don't think we have to be sick, but as people, and I think we need to create the groundswell of change, which is why I love what you're doing. And I definitely want you to go deep on it. But as we introduced the idea, I want to share kind of my perspective on it as well, which, so you are the founder of KNEW Health, K-N-E-W, which is a type of cost sharing when it comes to healthcare.

And this is something that my family has been using for years and I want to go deep on it, because I know when we were considering making the switch, it seemed scary, because even though we know everything wrong with it, it seemed really risky to let go of insurance and to let go of the current model because that's all we knew. And so years ago, actually, partially for financial reasons, we made the switch to healthcare sharing because it was substantially cheaper, which we can talk about as well. And because we realized we almost never get sick, we hardly had to use the doctor. So we didn't need actually this really costly insurance plan. We needed something to cover when we truly actually had a problem. And for us, that didn't happen for several years.

And then when it did, we kind of got to test costs sharing sort of trial by fire in that. My husband woke up one day and felt like he had a little bit of a stomach bug. And a few hours later, he said, "I think it hurts more on my right side a little bit." And I immediately took him to the hospital. And his appendix had already ruptured. And so for us, that was 10 days of him being in the hospital on multiple antibiotics because he had from the rupture in the surgery that happened, there was a secondary infection with C. diff, with a flesh-eating bacteria. He was on literally antibiotics by IV every few hours for 10 days. And obviously, while we were in that, our only concern was making sure he was okay and getting him through that. But then as soon as we got past that I was like, "Oh, gosh, the bills." And we had never had to test the cost sharing method before, and I was definitely a little scared of how that was going to look.

And I will say like it was such a completely...it was a paradigm shift to understand what it looks like when we work together as a community to handle those things versus like the clinical cold experience of an insurance company. And what I mean by that is, because we were technically considered self-pay, because we didn't have insurance, even though we had healthcare sharing, we were able to negotiate the cost of the bill down so much. I think we negotiated it down from \$132,000 to \$12,000, to begin with, and then we just paid it out of our health savings account or whatever that we had saved up and then submitted it to the cost sharing for kind of like reimbursement. And you can kind of explain what all that means as you talk through it.

But it was just such a drastically different experience to actually have that coming from real people who then we got to help every month too. We got to help others in the community as well every month. But it was just such a drastic, drastic difference. And rather than the cost skyrocketing, we were actually able to negotiate the cost down. And so now you are heading up this new company called KNEW Health. So walk us through that, first of all, what led you to create that, and then kind of how that system works?

James: Yeah, so I'm really glad you shared that story, Katie, because it's the perfect example of the difference between insurance and cost sharing. And there are so many key pieces, but what you shared was very critical. So, you know, the history of cost sharing is such that, you know, what is insurance? Let's start with that. So insurance is a way that you can connect with a third party company, an insurance company to pay them a premium every month for a defined set of circumstances. And we understand with car insurance or, you know, home insurance, what that's for, right? You use it in the case of an emergency to deal with emergency situations. But in health insurance, you know, it's not that. It's actually a health plan. It's called health insurance but it's really a health plan.

And if you go back another level, you could actually argue. It's kind of like a prepaid drug plan. Because there are costs that happened like a burst appendix. But 86% of health costs in America are not for burst appendices, therefore, the costs of chronic illness, therefore, Humira and those kind of things. So you could argue that when you have the health plan in today's system, you actually have a prepaid drug plan, because built into the cost of your plan are the drugs that everyone else is taking and that you might be taking, or the drugs that you might take if you get the diseases that we're all expected to get. And so, you know, if you're the kind of family that chooses to be healthy, I was just remarking today, my six-year-old daughter doesn't know what Coca Cola is. I feel very proud of that in a weird way. I found out this weekend she had no idea what it was. It was awesome.

But if you're a family that takes care of your health and you're unlikely to use the medical system, you're unlikely to use a prepaid drug plan because you'll start with food, you'll follow... You know, I was talking earlier about the therapeutic order. There's a concept called the therapeutic order in natural medicine, which is where you start with the least costly, least invasive interventions first and work your way up to drugs and surgery. So if you're that person, if you want the first feeling of like a stomachache or otherwise you start thinking about food, you start thinking about drinking water, you start thinking about natural remedies before you would ever consider taking an antibiotic or something, you know, in that situation, then you're probably overpaying for health insurance because you're not going to use the drugs that some people will use, you know, straight off of the gate.

So the first eight years that I lived in America from 2005 to 2012, 2013, I actually didn't have health insurance. I was taking a risk. I was single and then I was married. But I just I knew a lot of doctors and I grew up in England so I could always go back there if I got, you know, diagnosed with cancer, which most people can't, but that was just like trying to work out a good plan. I just started my business so I couldn't afford it. And then in 2013, I had my daughter. And then my mother-in-law is like, "You have to have health insurance." And so I was like, "Okay, let me look around." So at that time from where I lived, I lived in New York at that point, it was going to be \$1,500 a month for me to have this basic health insurance because my wife is at childbearing age and, you know, just the income level that I was at, \$1,500 dollars a month.

By the way, that same number today for New Yorkers in there could be over \$3,000 a month. It is actually. I took a call from someone the other day. It is. So \$1,500 a month. And then I found this health cost sharing for

a friend that was \$4.49 a month. And by the way, the insurance company didn't want to pay for my home birth anyway. And so I was like, "Okay, we're going to try the cost sharing thing." I had heard it from enough people that it was it was good. And by the way, a million Americans, as of January 2018, a million Americans use health cost sharing. So this is not a niche idea by any means anymore. This is like a mainstream idea. And if you hadn't heard of it yet, this is kind of the reason why I started KNEW Health, is because I realized that we were limited to the number of people that we were going to get into this thing by the fact that the only cost sharing entities were of Christian origin.

And so to go back to what I was saying earlier, the cost share started because groups of people, in this case, churches in the '80s, realized that they had a big enough congregation that they didn't need to all pay a health insurance company a small premium for to sort of stratify their risk of the community. They could actually stratify the risk by each other. So if Johnny gets hit by a car and there's 10,000 people in the community, and Johnny's care costs 10 grand, then everyone's going to send Johnny \$1. That was the original idea. And some of the system still work to this day, you know, actually sending checks to people in that kind of system.

Ultimately, I really enjoyed being part of that system. I was saving \$1,000 a month or \$1,100 dollars a month compared to health insurance. I saw the pediatrician that I wanted to see who didn't take insurance. He's amazing. My wife like to go to the chiropractor after she gave birth. There were other things that we did that weren't covered by insurance. And so we just paid for it with all the money that we were saving. And we still had the reassurance that if we got into an accident or otherwise, that those costs will be shared by the community. And more and more people just started realizing this was a great idea and that they could actually leave health insurance altogether, they could get themselves out of the system, and they could save a lot of money. So why are these health shares less expensive?

Well, the biggest reason you already shared. If you had had health insurance, your health insurance company would have paid \$132,000 for that appendectomy that Seth had. Whereas, obviously, now the community is sharing \$12,000. This is a serious issue. You needed care but you saved the community \$120,000 by paying cash. And that's sort of secret number one to the success of the cost shares is that everyone's a cash paying patient. What most people don't know about medicine, Katie, is that every procedure that's happening there is a list. And that list is how much to charge people based on what insurance they have. You have cash at the bottom, which is like cash is king. If you negotiate for cash, you're going to get the lowest rate possible. A bit higher than cash, you've got like Medicare rates, which is sort of like, you know, they've got enough in that that's higher. It can be still significantly higher, Medicare.

And then above them, you have all of the insurances, and they go up and up and up. And once I started looking at these numbers, I was like, "You cannot create anything sustainable for the future of healthcare," which is what I'm doing with my life, right? I'm here to create the system that makes the existing system obsolete. If I'm going to create that system, I need to bank on something that's real. And to me, the only prices in medicine that are real are cash prices. Everything else is a dog and pony show. Everything else, I would say, actually is a scam. If you look at lab pricing, as a great example, like how much does it cost for labs? If you just walk into a doctor's office with, you know, your primary care doctor's office, and let's just say you're one of half of the Americans out there that has a high deductible plan.

So let's say you're paying the first \$3,000, to \$5,000, to \$10,000 of your care. If you walk into the doctor's office, and they say, "Oh, you need these 10 tests," those 10 tests could come back at, say, \$3,000 for all those 10 tests, whereas if you paid cash, it would be \$150. That's 20 times different. That's 5% of the cost. That is a scam. And, you know, ultimately, you can build on...and in 47 states of the nation, you know, every consumer is now empowered to go and use those labs themselves, they just don't know that they can. So ultimately, cash pricing is the only thing to build on. And what cost sharing does is rather than having a third party, profit making institution to cover your risk of an injury or illness, the community itself supports the risk.

And so I saw what the Christian ministries are doing. I was like, "This is the future. It just needs to be made a bit better. It just needs to be cool. And it just needs to be a bit more techie. And we'll actually have something that could really compete with insurance. And, two, if enough people got into it could, you know, really bring about some significant change." And that's why I decided to start it.

Katie: Yeah, it's so fascinating. And I'm so glad you brought up the home birth side as well because that was another area where I definitely saw the benefit in how...because the insurance that we previously had would not have covered home birth as well. And even I found in our last couple of births, I was actually still having our kids in hospital up until the fifth one. And my husband wasn't completely comfortable with a home birth yet. But she ended up being breached, at which point, my hospital-based midwives told me I can't let you deliver her naturally. And I'm a rebel at heart. So I don't like being told I can't do anything. But with healthcare sharing, I was able to, at 38 weeks, find a home birth midwife that would deliver a breech baby and had delivered 60-plus breech babies, and it was still covered.

And that would not have ever been an option with insurance. And so I love that patient choice aspect of this because I feel like without the insurance company pulling the strings, as a patient, we actually get to make so many more informed choices based on our own values than we would when it's dictated by an insurance company. And I'm sure you guys hear that all the time from people.

James: All the time. I mean, look, if you are in any way an empowered consumer, being in the insurance system is horrible. I mean, imagine a situation where you have insurance, you go to the hospital, you get the care, and then you find out that you're out of network because you went to the wrong place. Out of network does not exist in cost sharing because everywhere accepts cash. And one of the things that we did, Katie, one of the things we wanted to make sure of is that, you know, a lot of people feel intimidated by, you know, bargaining, right? Anywhere else in the world, you know, go to Europe, or go to the Middle East, everyone loves bargaining for cash. But here, people not so not so into it, you know, negotiating.

So we made sure in KNEW Health that if any situation comes up, that you call our team of concierges and you say, "Hey, this issue has come up, what do I do?" And they will negotiate on your behalf. So in the same way that you got it from 132,000 to 12,000, amazing that you could do that. That is not typical. That is not atypical. That kind of saving is available to everyone. And so rather than each individual in the community doing it,

we've got a lawyer who's going to get after it and make sure. And the sort of theme, I would say, is, you know, friends don't let friends pay retail for medicine. If you're in a community and you're all incentivized to... You know, one of the things I really found from the Christian ministries that I loved was that the energy of the group was less... In insurance, it's kind of like, "I'm paying all this money. These guys aren't doing anything. I'm just going to, like, put as much on my tab as possible because someone else is paying it. And I hate these guys."

Seven percent of people trust their health insurance company. So that's kind of the energy of the transaction that you have with insurance. In cost sharing, it's more like, "Hey, I care about my fellow people in this community, I'm going to be a good custodian of the resources within the pool. So I'm only ever going to pay the lowest rate. I'm going to make sure that we have someone negotiating on my behalf. If something serious comes up, that's what the point of this is for. And if nothing comes up, I'm going to do my effort to keep myself as healthy as possible. And because I do that, I'm going to benefit for the low rates of the whole community." And what it brings is sort of a... We all know about personal responsibility, right? And I'm sure you've had hundreds of guests on your podcast talk about it's time for personal responsibility and healthcare, you're responsible for your choices, you're responsible for, you know, what doctors you choose, and so forth.

I think it's time for some communal responsibility. And I think that Americans and everywhere around the world know that. That's like in our genetics, right? That's how humanity has always been in groups that support each other. And ultimately, that's what cost sharing is. And we wanted to make this available to every American. And, ultimately, you know, that led us down this path. And it's been exciting to take something that already works well for a million people and just try and improve it. And it's been a great journey so far. We're just getting started, but we're excited to grow this thing pretty significantly in the next two years. And we're going to be here for the next 100.

Katie: And I love that there's health focus as well, because as you mentioned, these organizations do exist, but they're exclusively that I know of, until this point, based around religion or common belief system. And so this way, it's actually based around people who are interested in health, which logically is going to help keep costs down, as you said. I'd love to hear kind of for anyone who's not familiar with this type of model, I know it sounds really confusing at first, walk us through the practical aspects of what it looks like for a family, like how are they paying each month? Where does it go? What happens if they haven't need? How does that all work?

James: Yeah, perfect. So it operates very similar to insurance as far as like the basic fundamentals. You're paying in certain amount every month, right? So you can go to the calculator, you can find out how much your monthly is, and you pay that amount every month into the share. And then if you have a need, all you have to pay is the first X number of dollars, depending on which plan you buy. So we have a \$500 plan, a \$1,500 dollar plan, and a \$5,000 plan. Now you'll choose that number depending on, like, if you have a big health savings account, you may want to choose the \$5,000 amount because ultimately the premium or the monthly amount is going to be lower the higher your unshared amount is.

But any dollar over that unshared amount is shared by the community. Just to give you an example. So let's just say you're paying the amount every month in and suddenly you realize you need a prescription at 3:00 in the morning, right? We have 24/7 access to telemedicine. You'll get a doctor who's licensed in your state. You can say, "Hey, this is coming up. What do you think?" We wanted to give you that kind of safety so that you can get on the phone with a doctor at a moment's notice, 24 hours a day, and they can send the prescription to your local CVS. We wanted to have that for peace of mind. It's all about reassurance. It's about reassurance that you're going to be fine. So that's the first thing is that that's available to you.

The second thing is, if you have a medical need, so let's just say in your situation with Seth, you realize it's appendicitis. You get him in the car, you're driving, you call our concierge, you say, "Hey, look, I think he's got appendicitis, where should I take him?" They take over. They'll say, "Take him to this place. They have a good rating. And we've already pre-negotiated the whole package for you. And it's going to be \$12,000 instead of 132,000." Or maybe they'd be better at negotiating for you so maybe they've got it down to \$7,000. You're like, "Okay, great." So you go there, you have the care, you get the whole package delivered to you. You pay their hospital \$7,000. You send that bill of \$7,000 to the health share, and the health share would pay you back either \$6,500 or \$5,500 or \$2,000, depending on which plan you had.

But ultimately your cap per incident is set. Every other thing that happens after that is shared by the community. And that's about it. And so you use that service. Now, ultimately, over time, we're going to work in more and more health-creating services. Like once functional medicine is delivered in an affordable enough way for everyone to get it. And I'm working on getting functional medicine delivered in a group environment so it's much more cost effective. And it's proving itself to be much better if anyone is interested in that with Evolution of Medicine, which is my first company, we're just doing a whole series on group visits. And in the Cleveland Clinic, where they're doing functional medicine, they're using groups. Like, group medicine is the future. And so that'll be coming down the road.

But ultimately, you know, you have reassurance now that if anything happens, you have the cost community behind you, you have a doctor at a moment's notice if you need a prescription, but that you can go and see whatever doctor you want. Most people, I'm sure, here, you know, have a local chiropractor they like or have a local doctor that they like. You just keep seeing him. He's happy because you're paying him cash. And ultimately, you make whatever decisions you want. But I guess I just want to reframe one thing, Katie, that I've learned along the way is that at this time in the world, you want to avoid the medical system. That's my feeling. You don't want to avoid the health system, like you want to be actively creating health. You may even want to be measuring your health outcomes with regular labs.

That's the other thing we have inside KNEW Health is access to the lowest cost labs. So you'll never pay more than 5 cents on the dollar for any lab and you can ask your doctor what to get. And you can as long as you're in the 47 states, you can you can order directly. So, you know, that's the purpose. You can measure it. But ultimately, what our thesis is, is that healthy people should avoid the health system, if at all possible, because the incentives are terrible. You know, most of the players in here are not acting with integrity or have led to... A structure has been created where it's hard to act with integrity because these are profit-making entities and they all have to follow a fiduciary responsibility to make as much money as possible.

Insurance is not as obvious as pharma and hospitals in that situation. But ultimately, you know, that's where we find ourselves today. And my feeling and I think a lot of other people feel is that the best way to navigate such an opaque system is to be part of a community that can support you if something happens, but to empower you with good information and good choices because chances are, if you listen to the "Wellness Mama Podcast" and you've been following your work for the last 5 or 10 years, you know, you're in a pretty good space when you know how to take care of yourself and your family.

Katie: Yeah, agreed. And I think that's how we eventually do shift the system and shift the focus in America. I'm also curious on a logistical note, I know that with everything that is going on with healthcare debates in the U.S., I know that when we were on the healthcare sharing that we were on, that was considering an exemption from not having...from the penalties of not having insurance, is that the case for KNEW Health as well. Like, how does that work? Are there any tax implications? Are there any logistical or legal implications that people need to know about?

James: Yeah. So I decided to start this on the day the law changed. So up until January 1st, 2018, there was a thing called the individual mandate. And if you didn't have health insurance, you'd have to pay a tax penalty. And the only organizations that were exempt from that were the five Christian cost sharing ministries. On January the 2nd when the law changed and the penalty went away, you know, everyone else probably didn't even realize it was happening because there was a lot of other stuff that happened in that bill, but I was like, "Hang on a minute, this is our shot. It means that if people don't have to have insurance, that means that they can sign up for any medical cost sharing plan they want."

And yeah, it took us about six months to work out how to do it and to get all the pieces in place. Last summer, I got on a bus with my wife and my daughter and a friend and we drove all across the country, 22,000 miles, we put on 26 live events for our practitioners across the country. We launched in November around open enrollment. We realized there was some things that we need to make a lot better before we kind of launched on this show and through all the other supporters that we have in the industry. But now we're ready for prime time. And yeah, we'd love to meet any of your members who already liked health cost sharing and already use it, but are just looking for a slightly more like sophisticated system where you don't have to send your bills off to somewhere, you can just use the app and take a picture of them.

People who have never heard of health cost sharing, we'd love them too because you can see how much you can save if you use the calculator. And then people who aren't Christian. I lived in New York, I lived in L.A. I know people from all around the world who are healthy and come from different backgrounds and, you know, have different traditions in their tradition. They want to be part of a community that takes health seriously. And all of those people are welcome. There are people who can't join KNEW Health. And I just want to make sure that that's clear. So if you're over 65, health cost sharing is not for you, you have Medicare. And that's sort of like the equivalent of health cost sharing, I think, for people over 65. If you're under 21, you're probably still on your parents' plan and therefore you're probably not going to join a cost sharing.

And ultimately, if your health insurance is paid by your company, then you can't really use health cost sharing either. So 21 to 65. But I know more and more people are working for themselves, more and more people are seeing what it costs to use the health exchange and seeing the whole costs, not just what they pay their employer. And so more and more people, if you lose your job, now you've come face to face with Cobra, and that can be a very daunting experience. So the good news about health cost sharing is that you can sign up at any time. It's not like insurance where you have to wait till November. You can quit your insurance at anytime. Not a lot of people know that. But you can just cancel your credit card or you can just tell them you're canceling your insurance. And you can join KNEW Health at any time. We'd love to have you.

Katie: Yeah, it's exciting that this is an option that exists that's so health-focused because you guys are the one doing this that no one else is doing. And I know there's going to be probably a lot of logistical followup questions that happen from this and I'm hoping I can anticipate some of them. But I know people are going to ask, for instance, like what about really big things, catastrophic things? Are there things that are not covered? You know, what about preexisting conditions? So can you speak to some of those qualifiers as well?

James: Yeah, so, you know, in the group that I used to be part of, the Christian ministry, that was a million dollar cap, or you could choose different caps. We have no caps in our system. Ultimately, there's so few people who cost more than a million dollars a year, it's like the percentage on that is minuscule. And it doesn't happen statistically often enough to break the pool. So we have an unlimited cap. Obviously, our cap is going to be much lower than other people's cap is because we're going to negotiate every dollar that comes out of the pools. There's no cap. With preexisting conditions, you know, ultimately we're a startup. And so we are focused on getting a good size healthy pool. In the medium-term, we are looking to take preexisting conditions, because we feel like we can reverse them with functional medicine. But I would say that's a couple years off in terms of having a nationwide system that can do that.

And so, in the meantime, we came up with a plan that we think is fair to people who are in the community already. We don't want necessarily people coming in who are on 15 expensive medications because that's kind of the point of the pool. You know, we do have a lot of people, for example, because we've become really big in the Paleo community. In the Paleo community, a lot of people got diagnosed with a disease and have managed to get themselves back to not taking drugs by lifestyle. You're welcome and perfect. It's great to have you. So the way that we set it up is that, in the first year, the costs of preexisting conditions are not shared. So it's not that you can't come in with a preexisting condition, it's just the cost of managing that condition, that preexisting condition is not shared.

In year 2, it's shared up to \$25,000. In year 3, it's shared up to \$50,000. And then from year four, it's fully shared. So if you're a person that has taken on a healthy lifestyle and has had a condition in your past, and you've got it under control, that's how we've set it up. And things may change in the future. But ultimately, we felt like that was something that was fair to people who are coming in really healthy. Like, I've been in a health share for five years, I've never made a claim. Touch word. Because my family has been healthy. We go and see the doctors that we want to see. It's not because of a specific condition, it's just because of like health maintenance and restoration. So that's where I would love everyone to be. And so, you know, that's the way that we set it up to build...we want to build a healthy pool.

And the reason is, Katie, is that in the medium-term, we see that health insurance will go the wrong way where it will just get more and more and more expensive as the healthy risk leaves the system and are all healthy risk of being our system. And then essentially, there's going to be an incentive for people to get healthy, which is exactly the opposite incentive that we have now, the person who gets the most value from their health plan is the least healthy. And everything in human behavior comes back to incentives to a certain degree. And money is a big incentive. And so, our medium-term goal is to actually to create a healthy community where it's cool to be healthy, where everyone is in a mutually empowering, supportive community.

And that, ultimately, if you want to be part of that community, you've got to get healthy, and then we'll have a system ready to do it. Getting the functional medicine community organized and set up in a way that we can deliver functional medicine affordably to the masses is still in preparation. But that's what we could be bringing together over the next five years.

Katie: That's fascinating. And I'm also curious about because I've also been a member of a Christian healthcare sharing organization. And I know that they have like pretty strict criteria of lifestyle factors that have to be kind of like checked off on and agreed to as membership. And so, I'm curious, are any of those with KNEW Health? Specifically I know that there's a lot of, for instance, clinical research being done right now on certain drugs that are currently illegal but that might become legal in the future on conditions like PTSD or anxiety and depression, you know, treatment-resistant depression. But like the healthcare ministries that would not be allowed, because you have to sign off that you are not going to use any illegal drugs. I'm curious, are there qualifiers like that that people need to be aware of?

James: I'm glad you put it in that context actually because what a bizarre world that we live in, where the same drugs that you weren't allowed to take in a health cost sharing because they are illegal are the same drugs that are reversing the most complex mental and emotional issues and physical health. Things like chronic pain, things like PTSD, treatment-resistant depression. It's interesting. Well, no, we don't have any of those things. I mean, ultimately, there is an agreement that you're going to live a healthy life, whatever that means to you. It's about finding something your way. And what is healthy to one person is probably may not be healthy to another person. We have vegan people, we have Paleo people, we have runners, we have yogis, we have labertarians. Like, there are lots of different reasons why people join a health share.

Ultimately, we want to be unified around the ideas of health and we're going to be building health education, we're going to be building this practitioner network. If you've never had a health coach before, you can have a free session with a health coach. We can get you and your family on track with a plan. We've got tons of resources. Like, there are great resources and tech all the time that's being created out there that we have our finger on the pulse. So when the cool new meditation app comes along, we can recommend it to our members. We're sort of like a curator. And so ultimately, it's about you creating health in your way. Every family is different. We want to honor the choices that you make for your family and provide reassurance in

moments of catastrophic illness or injury. And I think that's what most people are looking for from insurance is just medical insurance just became devoid from the original meaning of insurance.

Katie: Yeah, exactly.

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Katie: And the other aspect of this that I love so much is the community aspect. Because even though this is a virtual community, that's something that listeners have definitely heard me say, probably, like a little ad nauseum at this point is how important community is. And I know that you share my view on this. But statistically, having a supportive community of some kind, having close relationships with people which need to be in person as well, not just in a context like this, but is one of the best things we can do for our health, actually more important than quitting smoking, twice as important as exercise. It's truly drastic, how important that is for our health.

And so, to me, like the root of this kind of model just speaks to that to the fact that we all...like that's what we were designed for as human animals, is that community and that human connection. And I think in many aspects of life and certainly in healthcare like we've been talking about today, when that's the focus and the core, you're able to do really amazing things.

James: Yeah. No, 100%. I did my TED Talk four years ago on the cross-section of community medicine. That's why I'm so passionate about group visits because I see that that's actually that happening. It's a lot of people are just lonely. That's why we need to put people in these groups. And that's why the outcomes are so incredible in those groups. But yeah, you're totally right. And as this develops, we'll see more of it. I just want to give you one example. So when we were on the tour last year, we ended up having dinner with four families. Now, they all happen to be health professionals so they all work for themselves.

And they were like, "Hey, why don't we all just sign up for KNEW Health together, and now we're all incentivized to keep not only our families healthy, but everyone healthy?" They started a community batch cooking night. So once a week, they all get together in the family that have the biggest kitchen. And they cook healthy meals for the week. And everyone cooks on mass in bulk, and they separate them out into their glass Tupperware. And they're saving money, they're saving time, they're feeling regular connection. So, you know, if you're fired up about this and you feel like you want to be part of the solution in healthcare, go and find all of your awesome healthy, self-employed friends, and see if they want to join Health together as a community. And build that in person community too and what better way than to cook once a week for each other or to meditate together or to exercise together.

Anything that you do that's already healthy, if you add in the social element, it becomes exponentially more healthy. And so we're not going to solve all of the problems here, Katie, but what we are going to do is we're going to create an incentive structure, where now it's incentivized for you to be healthy and to keep your friend and neighbor who's also in the community healthy. And what ways that will actually execute in person is up to the community itself. We're just going to create the right structure for it. So I'm really thrilled to see innovation already happening like that. And once we get to 30,000, 50,000 members, we can start to do meetups. We can do festivals. We can do all kinds of stuff. But ultimately, this is year one. And we're really appreciative to ambassadors like yourself and other people who I've built relationships with over the last 10 years who are like, "Go get them. We need this. Let's do it."

Katie: I love it. And for any of you guys listening who want to learn more about it, the link to find out more at [wellnessmama.com/go/knew](https://wellnessmama.com/go/knew), K-N-E-W. And that link will be in the show notes as well, as well as links to other things that James and I have talked about. As we get close to the end, James, I would love to ask a little bit of an unrelated question somewhat selfishly. If there are any book or books that have really changed your life, and if so, what they are and why?

James: Oh, that's a great question. You know, there are a lot of books that are interesting to me. I'll give you a few. So, you know, "Linchpin" by Seth Godin, I say is my favorite book because it changed the way that I wanted to live or how I wanted to work. I don't feel like I've worked a day in my life because I love what I do. And "Linchpin" was a really incredible book for me to sort of just in whatever position I found myself in, step up and be as valuable as possible. And I think that was an incredible book. I'm going to throw a random one here, but "Fingerprints of the Gods" by Graham Hancock. If you want to bend your mind about what the world was and where it's going and what it looks like, incredible book.

It was the first book that I read when I moved to America, and I read this book and I was like, "The world is not what it seems. We have a legacy, humans that we're not really taught about. And if everyone really knew that, I think we'd operate very differently in the world." Two of my favorites. And then Jeff Bland has become my mentor. He and I host a podcast together called "Big Bold Health," and he is the godfather of functional medicine. And he wrote a book called "The Disease Delusion."

And if you want your mind evolved about the disease delusion and about disease and what it is and what it isn't, read that book because that really locked in my mind the fact that chronic illness is not really a disease, it's a dysfunction, and the function can be improved. And by viewing medicine through a lens of function and a lens of health and not a lens of disease and disease risk, we actually have a lot more of an idea of how to create health at scale. So those are three books for you, and I'm sure different parts of the audience will go to different parts of it.

Katie: I love it. James, thank you so much for all the work you're doing in functional medicine and in community-based medicine like this, and for sharing today. I'm so glad that you were here. And I think that you're right, this is the future of health, and I think that many of us, this is a great solution. So thank you for sharing today.

James: No problem, Katie. And thanks for creating such an amazing community. I've watched it thrive over the last a little while, and I knew one day that I'd have a project that would be interesting enough to get me on the podcast. And thank you for having me.

Katie: Of course. And thanks as always to all of you for listening, for sharing your most valuable asset, your time, with us today. We're so grateful that you did, and I hope that you will join me again on the next episode of the "Wellness Mama Podcast."

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