



HEALTH CARE



Baton Rouge entrepreneur Ryan Jumonville is quietly building a thriving nationwide medical discount card network.

By [Steve Clark](#), *Business Report* staff

Discount domination

Ryan Jumonville was reluctant for us to write this story. He wanted to wait until he'd signed more agreements, passed more milestones, and grabbed more of the national market.

Jumonville, the 33-year-old president and CEO of Louisiana Dental Plan and United Networks of America, isn't one to rush, preferring to wait until every detail is finalized before going to market--or press.

It is an approach that drives every facet of his business: developing and marketing discount preferred provider medical plans, spanning the M.D. gamut from dental, vision, hearing care, prescription drugs, massage therapy and even cosmetic surgery.

"It's important for me not to have a bad mark on my or my company's reputation," says Jumonville, the former javelin thrower and member of one of Baton Rouge's most prominent families. "When we release something, it's generally ready to go."

The caution has paid off. Since taking over the family firm, Louisiana Dental Plan, in 1995 and then founding UNA with its raft of additional discount programs, Jumonville has brought roughly 40% of the state's population into its membership roles. Louisiana

Dental Plan alone has 1.3 million members, and hundreds of participating dentists around the state, including 45 in Baton Rouge.

Last year, UNA's programs had a national membership of 5.2 million people, ringing up discounts to the tune of some \$520 million. The roster is projected to swell to more than 6.5 million by the end of this month, in part because its Internet prescription drug site is signing up more than 10,000 individual members a month.

Nationwide expansion is imminent with UNA's strategy based on two concepts: free discount prescription drug cards, and a coast-to-coast cosmetics surgery network, the first of its kind in the nation.

"It would be impossible to mess this up now," Jumonville says. "We put together the best deals in the country, period. At this point it's just a matter of how big--not if."

Major expansion

UNA's Arizona Drug Card is slated for a November roll out. Marketed to local businesses by the Greater Phoenix Chamber of Commerce, the card is free to the user, who can enroll online, print out their own cards and use them for discounts on prescription drugs. UNA makes its money by collecting a \$1.80 each time a card is used, well below the \$4 to \$5 industry average. Chambers like the program because it's good publicity and gives their membership another perk to offer employees.

Tony A. Leombruno, insurance benefits consultant for the Phoenix chamber, says the card will be available to all Arizona residents, though its marketing is aimed at employers. It's too early to speculate about the level of participation, but Leombruno says any program with the potential to create healthier Arizonians is worth trying.

Arizona may be the first, but not the last; more than a dozen states are lined up to roll out their own versions. UNA, which for years has offered a monthly fee Louisiana drug card, will soon launch a free version in the state, marketed by the Louisiana Business Group on Health, a business lobbying organization focused on health insurance issues.

"We expect to get some very large numbers around the country, so our membership in that program alone could be 20 million by the end of next year, depending on how quickly we're able to get them into all these states," Jumonville says. "I would be disappointed if we didn't hit 100 million members in our different programs."

UNA's American Cosmetic Surgery Network is Jumonville's other current preoccupation. Based on the Louisiana version that's been operating for a year and half, the national network has several hundred providers signed on and a marketing campaign under way.

Making the cut

"I had a feeling [in 2001] cosmetic was going to become mainstream," Jumonville says. "It was a hunch. It turned out to be a good one. I ran a pilot program in the state of

Louisiana with cosmetic surgery to make sure that everything would run smooth. The last thing I wanted to do was invest a lot of capital in something nationally before we tested it locally."

He says the state network has been a hit with health plans like Ochsner (Humana), Coventry and Tenet that were able to offer discount cosmetic surgery alongside their usual benefits. If it worked here, Jumonville reasoned, why not in more cosmetic surgery-friendly states?

California is likely to be the network's first and largest market, followed closely by Florida and New York, with the largest clients being major health plans. Humana, for instance, is already looking into carrying the network nationally.

"What happens with any program or any product, if one health plan picks it up, the others tend to follow suit," Jumonville adds.

It was an idea initially greeted with skepticism. Doctors were averse to being associated with anything "discount," a word implying "cheap." It doesn't help some discount network operators have misrepresented their products, adding a further taint to the term. "It was rough going, to say the least," Jumonville says. "The physicians thought we were insurance. They didn't know what we were. It was new. They didn't want their name or their prices listed. It was one obstacle after the next."

UNA had to reinvent the concept several times before providers would bite, though Jumonville closely guards the final solution, wanting to keep it away from the competition.

"Nobody had done it before. There was no dedicated preferred provider network for cosmetic surgery. At that point you're dealing with a new frontier. There was no roadmap."

Back-story

Ryan "Jume" Jumonville graduated from Catholic High School in 1991 and attended the University of Tennessee on an athletic scholarship. After UT, he enrolled at LSU, got a political science degree and while he was at it passed his insurance and securities license exams.

Following college, Jumonville went to work for the family firm, Louisiana Dental Plan, the second oldest dental plan in the United States, founded in 1988 by his father, Dan. "That's where I learned this marketplace," he says. "I started at the bottom. I did everything from provider relations up to sales and marketing."

Jumonville took over as president and CEO of the company in 1995, boosting membership in three years from 220,000 to 650,000 and doubling the size of the provider network. Jumonville took the network concept and ran with it, developing more referral programs under the UNA umbrella. His first foray into the market was a Louisiana Dental vision plan he set up to replace the vision plan the company had been leasing.

"It was more of a necessity than anything else," Jumonville says. "We were trying to reduce our expenses and improve our bottom line for Louisiana Dental Plan."

In other words, it's a niche marketplace featuring formidable though not insurmountable competition. After three years of developing Louisiana networks, Jumonville, in 1998, turned his attention to the national marketplace, renegotiated contracts with the same eye-care chains he'd been dealing with locally, and developed a nationwide vision network.

The trade magazine *Ophthalmology Times* reported last year that UNA had more than 100,000 participating nationwide providers, calling it one of the top firms in the industry. However, UNA isn't without competition from companies like Delta Dental and VSP vision plan, though Jumonville maintains none offer UNA's array of services. Its cosmetic surgery network, for instance, is believed to be the only one in the nation. UNA is among the top five national medical discount plan companies; a position Jumonville says will only be reinforced as it launches new products.

Fighting the stigma

Douglas Schwalm, LSU assistant professor of economics, says the rise of discount networks, as was the case with HMOs, represents market forces at work. Discount networks and HMOs were both the logical outcome of federal anti-trust legislation passed in 1982 and directed at the medical profession. Before that, the American Medical Association could simply boycott any company that attempted to force down physicians fees.

Whether the rise of discount networks is a good thing depends on whom you ask. "From society's view you'd be hard pressed now to see a net negative effect," Schwalm says. "That doesn't mean there's not going to be people screaming. This is definitely a pain in the rear for physicians and physician groups."

The reason? Because doctors must lower fees to either A) join the network or B) compete against those that do become discount fee providers.

The popularity of discount networks underscores the reality that millions of Americans can't afford health insurance and are increasingly turning to discount plans for their health care needs.

Despite doctor complaints about having to work for less, Schwalm notes discount network programs like UNA give them something they do want--simplicity. Considering the number of contracts and myriad regulations health care providers are dealing with these days, any preferred provider system that streamlines payments to doctors stands a better chance of being accepted.

"There is that additional opportunity to get big enough that you can simplify the system," Schwalm says.

As for any stigma attached to discount networks, it's a certainty that in a new, relatively unregulated market fly-by-night firms will jump in to make quick profits, typically by advertising discount products as health insurance when they're not. Critics, like provider associations, use the sleazy operators as ammunition to tarnish the entire industry. "You'll pair a couple of those examples with providers' desire to stymie this and they'll hold these examples up as total corruption," he says.

Quality of care concerns

Baton Rouge periodontist Marty Garrett--who sits on the board of the Louisiana Dental Association--says he doesn't participate in networks and is concerned the quality of care could suffer when you mix higher patient volume with discounted fees. That's why the LDA doesn't endorse discount dental networks.

The network operators counter they offer people access to care they might not otherwise be able to afford and also help young practitioners land patients. Established providers are less likely to become involved with discount networks, which Garrett says are proliferating because health plans are responding to employers' demands for value-added health care services to offer workers.

"My fear is you don't want to get into the problems medicine got into with managed care in terms of quality and limiting what you can offer the patient," says Garrett. Jumonville concedes providers would prefer not to have to discount their fees to the extent they do in exchange for participation in the network. But he characterizes as "propaganda" that discount networks impinge on quality of care.

"The associations are lobbying issues for their membership," Jumonville says. "The physicians and dentists and ophthalmologists would rather charge retail [rates]. Our program obviously works because the marketplace is expanding all over the country." Dale Clemmons, president and CEO of Wellness Inc., which distributes many of UNA's networks nationwide, says the need for alternative access to care is what makes the network business so lucrative. Traditional health plans are getting the message, several are trying to retain market share by offering many of the same value-added benefits of Wellness Inc. and UNA.

"Growth is significant enough that state legislators are thinking of ways to regulate the industry," Clemmons says. "It's very much an emerging industry."

He calls UNA a progressive and "action-oriented" company.

Butch Passman, president of the Louisiana Business Group on Health, sponsors of UNA's Louisiana drug card, says his organization has already incorporated some of UNA's networks into packages LBGH offers its members.

"We think he's done an excellent job in putting together something that has value as long as it's used correctly," Passman says.

Meaning consumers shouldn't assume a discount network is the same thing as health insurance. Unfortunately, some companies advertise their discount comprehensive health plans in a way that does little to disabuse potential customers of the notion it is insurance. "There's still some bad apples in my industry," Jumonville concedes. Some firms mismarket their programs and products and thus create false impressions in the minds of the gullible and poorly informed.

"Somebody goes in with cancer and they think they have insurance and all they have a discount plan, which isn't going to cover a \$1 million hospital bill," Jumonville says. "It becomes life or death at that point."

A blossoming market

The odds of success for products like UNA's state drug card programs are enhanced because the Internet makes them inexpensive to administer.

"Virtually his entire contribution is intellectual property and contacts with vendors and vendor networks, and his organizational and marketing ability," Passman says. "It's almost a situation where he can't lose because you don't have a fortune invested in it. Makes me wish I'd thought of it."

Jumonville, who thinks he's one of the youngest people ever to buy a house in the Country Club of Louisiana--he was 27 at the time--admits the money was exciting at first. How well is he doing? Well enough to split the cost with former UT baseball standout Todd Helton of \$6.4 million-worth of free membership in UNA's Tennessee Dental Plan for the UT system's 14,000 employees through 2007.

He gets a charge out of feeling like he's doing good while doing well.

Jumonville is very cagey about offering up UNA's revenue figures, saying he doesn't want to make it any easier for competitors to figure out what he's charging for network access.

"Ninety-nine percent of our revenue is access," he says. "So they could figure out roughly what we're doing for access fees. If they had the access fee number, it wouldn't be too good for us if they knew our bottom line."

"We're an industry leader; we'll be number one by the end of next year," Jumonville says. "It's almost guaranteed,"