



**Charles J. Willey M.D.**

Physician and CEO  
**Innovare Health Advocates**

**Oversight of IRS's Legal Basis for Expanding Obamacares's Taxes and Subsidies**

House Committee on Oversight and Government Reform  
Subcommittee on Energy Policy, Health Care and Entitlements

July 31, 2013

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Mr. Chairman and members of the Committee, good morning and thank you for your service in defense of the humble citizen, the forgotten man. Thank you for allowing me to assist you this morning in that noble mission.

I am Charles Willey a physician in my 29<sup>th</sup> year in the practice of Internal Medicine in St. Louis, Missouri. My care of patients has me aggressively leading them to long term health. I am in deed their advocate in a manner one would expect of a family member. My healthcare team is responsible and accountable for both the clinical and the economic outcome of our care of patients. You see, we have forged a rather unique business model for our health services. Since 1992 we have been prepaid for population health management, one person at a time.

Given that, in effect, we are paid to keep Medicare beneficiaries happy, healthy, active and energetic for life, we intervene early and often spending whatever time and expending whatever resource is necessary to achieve long term health. Our result is 5 star quality and satisfaction with a medical cost ratio of 60%. This is now happening at a scale of 40,000 members in the Medicare Advantage health plan I founded in 2003 in St. Louis.

Witness that being healthy costs much less than being sick. Ladies and gentlemen please understand the implication; if all Medicare beneficiaries were cared for in this method you could freeze revenue to Medicare program, cut nothing, and solve the greatest financial crisis of our very troubled time, the 70 trillion dollar obligation to our honorable customers, the citizens and taxpayers of these United States.

You may wonder how we achieve such fine results. Well, we have aligned the incentives of the health plan and the physicians with the long term health of the patient. It is also crucial that Medicare Advantage liberates us from much of the destructive regulation found in regular Medicare, Stark law and the S.E.C.

Now I have set about to replicate these methods for my employees and those of other medical practices and small businesses in my town. Unfortunately Obamacare throws a big wrench into our gears. You see Obamacare doubles down on all that is wrong with healthcare in America as we know it. It increases destructive regulation, decreases the price for physician services which are already well less than the cost of quality care, does nothing about the legions of ambulance chasing lawyers and creates a new entitlement to become and remain sick. It is treating the problem caused by government with more government.

As an employer of 56 healthcare workers it is doubly important that they have a health plan that gives them economic responsibility for their health decision and short term reward for becoming and remaining healthy themselves and so they can model and teach it to our customers the patients.

In the company health plan we have been gradually increasing our deductible while expanding our health savings account. Now Obamacare would limit our deductible to \$2,000 when we would have it as high as the HSA maximum contribution while helping the employees fund their HSA. This gives the staff an ownership stake in the HSA and high motivation to avoid unnecessary costs by shopping wisely for necessary healthcare service and becoming healthy so service is not necessary.

Our benefit design would also have a substantially higher premium and copayments for smoking, somewhat higher for being obese, and significantly so for not complying with diabetes recommendations and keeping the diabetes under control. All of these policies are good for our employee's health upon changing their behavior and good for their savings accounts as well. Obamacare calls these policies discriminatory and prohibits them. Here is a clear example of government promoting and maintaining illness that would be cured with a behavior change.

Discrimination against illness someone has through no fault of his or her own and can't change, like ovarian cancer, is bad. But it is good to be candid about unhealthy behavior because that will motivate the behavior to stop. This is especially true when the method is to give the person the liberty to continue unhealthy behavior if they so choose; they are simply held accountable and must pay for the extra costs of their behavior.

To do otherwise is enabling much like the spouse or mother of an alcoholic. The lack of courage to oppose the self destructive behavior actually promotes and maintains the illness increasing the probability of greater illness, disability and even premature death, and all the costs attendant to these. This is how Obamacare is making entitlement of becoming and remaining sick. It codifies obesity, cigarettes smoking, ongoing substance abuse and other behavior choices not to be "discriminated against" in benefit design.

The health benefit plan for my employees would do the opposite of what Obamacare wants it to do – keeps my employees healthy. And I can't offer it under the employer mandate.

Now contrary to the clear legislative language in Obamacare, the IRS is breaking the law by rewriting it to include the subsidy and tax penalty against me the employer in the federal exchanges when they were specifically designed for state based exchanges.

My Missouri legislature opted out of putting up a state based exchange, protecting my employees from the unhealthy benefit design, higher costs, and protecting my company from the onerous fines.

I am not a criminal. I don't need to be fined for helping my employees achieve health and save for their future.

Remember it costs much more to be sick than healthy. Fischer and Wennberg have long established that 50% of American healthcare costs are due to adverse behavior. 'The' problem with access to health care is predominantly a function of cost. Government increases cost in healthcare which decreases access, no doubt about it.

It is apparent the federal government wants to promote and maintain sick so it can keep up the dollar flow and the Washington DC jobs program. Unfortunately, promoting and maintaining people in illness in order to create bureaucracy to give others a job is despicable. This is the problem with Medicaid, Medicare, and now Obamacare. It doubles down on all the wrong incentives in health care, and criminalizes the correct ones.

These are the reasons Innovare Health Advocates has joined Helbig v Sebelius to overturn the usurpation of Congressional authority by the IRS in rewriting law.

By inventing medical groups, an electronic prescription writer and Medicare Advantage health plan and population management software I have spent a career reforming healthcare from the market place, fending off or working around destructive government policy whenever possible. With relief from this illegal aspect of the law, we at Innovare Health Advocates could continue with our plan for a very high quality, very low cost health care insurance plan for non-Medicare people.

Indulge me one final point.

Physicians are the most highly educated and thoroughly trained professionals on the planet. We treat patients 24-7 in any context necessary, dropping whatever else we may be doing. Daily we hold life and death in our hands. It is a high calling. It is a duty and a privilege. It is a never ending quest for knowledge and is continuous problem solving. We are delighted to serve.

Our collective experience in patient care, including understanding the economics of that care, cannot be managed or replaced by nameless faceless far away bureaucrats. In deed that is the problem.

This is America. It is demoralizing and humiliating for me to have to beg on behalf of all physicians for the liberty to do what we are trained to do and know best.

You must defend us from government and free us to take care of our patients, and free me from the IRS and Obamacare overreach to take care of my employees with an insurance plan that incentivizes them to health.

And please, ... Join me in my oath, "to first do no harm", then allow me use my education, knowledge, and experience to fulfill the humble words of the Hippocratic Oath I took 32 years ago:

... to "prevent disease whenever I can, for prevention is preferable to cure."

# Charles J. Willey M.D.

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Qualifications	<p>29 years of clinical and health care business experience in medical group, hospital, insurance and software. Proven physician leader and serial entrepreneur. Respected, Popular Clinician in General Internal Medicine.</p>
Professional experience	<p>Visionary, Strategic, Committed, Altruistic, Fiscally Responsible, Quality focus, Patient Centric and an Altruist Capitalist Proven successful strategist.</p> <p><b>1984 – Present</b> Actively Practicing General Internist</p> <p><b>2010 – Present</b> CEO Innovare Health Advocates</p> <ul style="list-style-type: none"><li>▪ 4 offices, 2 in rural counties</li><li>▪ 9,000 patients</li><li>▪ Includes 1600 Medicare Advantage members</li><li>▪ 4 physicians</li><li>▪ 6 Nurse Practitioners</li><li>▪ Annual patient satisfaction survey</li><li>▪ Quality and Performance incentive program for clinicians and staff</li><li>▪ Innovative Diabetes Population Management Program</li><li>▪ Nurse Practitioner Training Fellowship</li></ul> <p><b>2010 – Present</b> CEO Sennectus II</p> <ul style="list-style-type: none"><li>▪ Independent Physician Association (IPA)</li><li>▪ 32 Physicians</li><li>▪ 4,000 Global risk Medicare Advantage patients</li><li>▪ Quality and Performance incentive for physicians</li><li>▪ Market leading performance scores</li></ul> <p><b>2011 – Present</b> Inventor and Chief Administrator Internal Reinsurance Collaborative (High Risk Pool)</p> <ul style="list-style-type: none"><li>▪ 47 Physicians</li><li>▪ 6,000 Global risk Medicare Advantage patients</li></ul>

**2003 - 2008**

**Essence Healthcare**

**St. Louis, MO**

Founding CEO

- Physician owned Medicare Advantage Health plan.
- Richest benefit for members 8 years running
- Saved patients, average, \$3,100 annually in premium and medical costs
- Grew to 24,000 members in 3 markets, (5 states)
- Grew to \$240 million in Revenue
- Market leading member quality and satisfaction scores
- High physician satisfaction
- Invented Population Management Software
- Profitable by 2007

**1984 - 2007**

**Esse Health**

**St. Louis, MO**

Founding President

- Starting with one partner in 1991 built through merger a medical group of 77 physicians in the face of fierce competition for doctors from hospitals all paying over market rates for practices and in salary.
- Achieved the first and most successful physician group-payor risk contracts in Missouri.
- Increased Revenues from 1 million to 80 million
- Put PC's on all physician's desks for email communication and intranet in 1995
- Implemented the city's first Electronic Medical Record in 1998
- Built medical management for risk contracts and had been United Health Cares best performing group 9 of 10 years.
- Achieved and was successful in commercial risk contracts with UHC and GHP in 1992-present
- Opened Excel Imaging division In 2001
- Self insure for health care of 500+ employees 2002
- Founded Essence Healthcare a M+C/Medicare Advantage plan in 2003
- Founded Essential RRG self funded Professional Liability company in 2003
- Started Quality Management Consultants a collaborative of leadership of 4 medical groups and St. Anthony Hospital to promote quality and efficiency within the hospital
- Started Physician Quality Management programs in two other hospitals

**1999-2007**

**Wellinx**

**St. Louis, MO**

Co-founder, co-inventor, original CEO, Director

- Pioneered Award winning electronic prescription writer
- HIMSS-Best e-Prescriber Award 2004
- Raised \$12,000,000

- Purchased DrX a small drug repackaging in office dispense firm
- Drove evidence proven generic prescribe to 80+ % by 2001
- Saved individual senior citizens up to \$3500 per year on medication costs
- Achieve 95% physician use of this electronic device in < 1 year

**2000-2001                      Esse Vita                                              St. Louis, MO**

Founder, CEO

- 21 Clients
- Adult Day care Center
- Closed due to inadequate enrolment and funding

**1993-2000    South    County    Outpatient    Surgery    Center  
St. Louis, MO**

Founder and Medical Director of South County Outpatient Surgery Center (acquired by Health South)

- Market leading quality scores
- Profitable in first year
- Then when sold, Health south's most profitable center
- Precipitated lower cost of outpatient surgery for all patients and payers

**1991-2001                      Physician's Building Partnership                                              St. Louis, MO**

Developer and Managing partner

- Organized 12 physicians and 2 therapists
- 12,000 sq ft medical office building

Education

**1981 – 1984    St. John's Mercy Med. Center Residency St. L., MO**

Board Certified Internal Medicine

**1977-1981    University of MO School of Medicine Columbia, MO**

M.D.

**1974 -1977    University of MO, Columbia, MO**

BA Biology

**1973-1974                      USAF Academy                                              Colorado Springs, CO**

**Boot Camp and One Semester**

**Resigned**

Professional memberships

Missouri State Medical Association  
St. Louis Metropolitan Medical Society  
Des Peres Hospital  
Mercy Jefferson Hospital  
St. Claire Hospital  
St. Anthony's Medical Center  
Missouri Baptist Medical Center  
Alton Memorial Hospital

Community activities

CO-Founding Scout Master BSA Troop 685, 1998-2001 Coached two youth soccer teams  
Founding Sponsor U.S. First Robotics Competition combined team at St. Louis Priory and Visitation Academy 2004  
Various political fund raising.  
Leading physicians and patients to better healthcare systems

Interests and activities

Technology, Business start up, kids, flying, hunting, golf, reading, camping, hiking, rowing, politics.

Committee on Oversight and Government Reform  
Witness Disclosure Requirement - "Truth in Testimony"  
Required by House Rule X1, Clause 2(g)(5)

Name:

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. Include the source and amount of each grant or contract.

None, see #3

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

Innovare Health Advocates

I am owner, CEO & Physician.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

As a Medical Group practice Innovare participates in the Medicare program and has the Medicare Advantage program.

I certify that the above information is true and correct.  
Signature:

Date:

7/29/2013