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ADDING A WEIGHT LOSS PROGRAM TO HELP PATIENTS AND BUILD PROFITS WITH DR. JONATHAN KAPLAN

David Mandell:

Hello, this is David Mandell, host of the podcast. Welcome back to another interesting and helpful episode. Our guest today is a returning guest - from one of the original OGs, the first five in season one. Dr. Jonathan Kaplan was on then, and that's a good episode, especially if you're in the cosmetic space, but really in any private practice. He talked a lot about pricing and how to be transparent and give potential patients insights. If that's a topic that is of interest, I encourage you to go back to season one and check out that episode. Let me give you a little bio. We'll link to his full bio and then a bunch of other links in the show notes, but let me give you Jonathan's extremely short bio for this purpose. Yeah, he's laughing because he's got long ones.

Dr. Jonathan Kaplan is a board-certified plastic surgeon based in San Francisco, California and founder and CEO of Build My Health, a price transparency lead generation platform that focuses on subscriptions and weight management programs. He's also a contributor to multiple publications including Newsweek, Modern Aesthetics, MedCity News and Medical Economics. He and I have spoken at the same conferences quite often. In fact, we were just talking about some of the places we're going to be in the same place at the same time. You can also watch him operate and educate at Real Dr. Bae. That's B-A-E. Again, we'll put this in the show notes on Instagram, Snapchat and TikTok. With that, Jonathan, welcome back to the program.

Dr. Jonathan Kaplan:

So happy to be here. Thanks for having me, David.

David Mandell:

Excellent, so today we're going to talk about weight loss and obviously, it's a huge topic both in the general public and I imagine in many medical circles. I want to make sure that the viewers and listeners understand how we're going to cover that, which is really from the business perspective. We're not going to talk about clinical issues because number one, while many of you are physicians listening to this, I'm not qualified to discuss that or interact with it or make comments on that. There's certainly other resources for you on that. Maybe Jonathan even has some in the show notes that we'll put in. What I want to do is frame this discussion in terms of business and finance, which is of course, one of the key focuses of this podcast over the last four seasons. In other words, you're a physician and this topic and this treatment must first makes sense to you clinically.

Once you've passed that threshold... now you're considering adding it to your practice, how would you do so from a business and finance perspective? Jonathan and I have already talked about this, this is what I wanted to cover, but as people so click in for the first minute here, I wanted to understand that

In addition, I think there's even something bigger to learn- let's consider this framing to even have a larger perspective, meaning as other potential therapies or business opportunities come across your desk as a physician with a practice, how can you build a framework that we might be discussing today so that you can analyze those options as well? Whether they are, again, weight management, we're going to talk about today, or IV therapy or Botox or supplements or other anti-aging regimens that come along if you say, "Hey, clinically, I'm excited about this. Okay, now how do I think about it from a business and sort of financial framework?" That's what I'm excited about and I think I can have some insights on that. Jonathan, thanks for coming on and let's dig into that.

Dr. Jonathan Kaplan:

Great.

David Mandell:

Let's start with the beginning, which is these weight loss drugs, relatively new, become extremely popular, obviously in the general public. I've heard about them as just a general person listening to either health-related content or watching health-related content but also, business because they've been doing so well financially for the companies behind them. Can you give the physicians listening and watching just a little bit of background on these drugs and the number of them, what they do? Just sort of a big general overview.

Dr. Jonathan Kaplan:

I think the thing that's most interesting, and people do feel like these medications are new and maybe some of the names are new to them, but this class of drugs that we're talking about that's really revolutionizing weight loss, the class of drugs is not new. They've actually been around for over 20 years. The first medication that came on the market was in 2005 called Byetta, and they're all part of this class of drugs called glucagon-like peptides or GLP-1 receptor agonist. What they are is they are medications that mimic naturally occurring gastrointestinal hormones that your body releases in your intestines after you eat. These hormones like GLP-1, glucagon-like peptide or GIP, gastric inhibitory peptide, those two hormones, I'll just say GLP-1s and GIPs for abbreviations, that they are naturally released from the gastrointestinal tract when you eat and they make you feel full. You feel like you feel that satiety and you feel the fullness, and so you stop eating.

Well, the thing is, over time, based on maybe our high sugar diet or highly refined carbohydrate diet, the body's reaction to that feeling of fullness changes a little bit. Maybe there's some changes in the brain where your body set weight or your

thermostat increases over time. It takes longer, longer for you to feel full. You keep eating more and more until you feel full. That is changed in our own brain chemistry. These medications lower that thermostat, lower that body set weight through GLP-!, and GIP, but the medications really are just mimicking those hormones. They're not actually the hormone, they're mimicking the hormones. Your body feels full, your brain feels full faster. In a sense, they're an appetite suppressant. They lower your body set weight in your brain through delayed gastric emptying, meaning food moves more slowly from the stomach to the intestines, you feel more full, so you eat less, you lose weight.

They're originally designed for type-two diabetes, and as such, they stimulate the pancreas to release insulin, and that also makes you feel full. Even though this whole class of drugs was originally designed for type-two diabetes, they found that by mimicking those hormones, it suppresses people's appetite. They eat less, they lose weight. Now all these big name companies like Nova and Nordisk and Eli Lilly, even though they got the drugs originally approved for type-two diabetes, they've gotten them reapproved under new names specifically for weight loss. That's the class of drugs we're talking about. Like Ozempic came out on the market in 2017 for type-two diabetes. The active ingredient in that is Semiglutide. They got it reapproved under the name Wegovy in 2021. Eli Lilly came out with Mounjaro in 2022 for type-two diabetes, and they just recently got that reapproved for weight loss under the name Zepbound. The active ingredient in those drugs is tirzepatide.

That's now what we're offering as part of our weight management program in our practice, because as a plastic surgeon, we were doing body contouring surgery, but patients were coming in, this is a couple of years ago, we started a weight management program because patients were coming in, their BMI was too high, they weren't candidates for surgery. Instead of just turning them away, we started them on a weight management program and access to these medications like Semiglutide and tirzepatide, the active ingredient, those name brand drugs I just mentioned. Now, we're helping them lose weight and maybe eventually they'll have

excess skin and they'll need surgery or they'll lose weight, their skin tightens and they're happy and we've helped them lose weight. Everybody's happy either way, but that's how we've gotten into it as originally being a plastic surgeon.

David Mandell:

That's going to remind me to come back to a question, but just as a lay person listening to that, two thoughts. One is, would you say that because these drugs have been around for a longer time, that that was a factor in getting you or physicians listening more comfortable because there's more data, meaning these aren't things that just came out right off of a trial that you have some more, a better conservative feeling that this isn't a fly by night thing, that we have more years behind it? Is that accurate?

Dr. Jonathan Kaplan:

Absolutely. You really hit on a great point because when these names, everybody started popping up hearing these names for the first time, everybody thought they were new. Because there really is over 20 years of data that, for example, one thing that always comes up, people always ask about, and I'm not saying it's unreasonable, but people always ask about medullary thyroid cancer, which is associated with these medications. That sounds really scary, but when you delve into it, the medullary thyroid cancer, that's mostly seen in lab rats when they were studying these medications in the lab, and they found that some of the lab rats develop medullary thyroid cancer, but even some of the lab rats that were taking a placebo or not even the active ingredient as part of the control group, even some of them developed medullary thyroid cancer. It's not even clear what the association is, and even the FDA has furthered that and said they're not even sure what the significance is in humans because the fact that this class of medications have been around for over 20 years, one of the things we've also seen is that over the last 30

plus years, medullary thyroid cancer in humans has remained rare and unchanged during that time period while these medications have been on the market.

Having all of that 30 plus years of data, 20 plus years of data, knowing that there's not this increased risk of medullary thyroid cancer, that changes the risk benefit ratio significantly, showing that the benefits far outweigh the risks associated with these medications, simply because they've been around for so long that we really do know what the side effects are, which are mostly gastrointestinal in nature, like nausea, vomiting, diarrhea, constipation, all things that we can actually treat.

David Mandell:

Yeah, that makes sense to me as a lay person. You mentioned, and I will come back to this in a minute, a little bit about how this related to your existing practice in terms of being a surgeon and people having high BMI, and I'm going to come back to that, so I want to make that point. Again, getting back to my framework and I'm thinking in terms of let's help docs not only think about this, but the framework for other potential therapies. My question is how did this get on your radar? Was it meaning, was it patients that were coming to you and saying, "Hey, I've heard about this before." Were you going to conferences? Like we were talking about a conference that's not even a plastics conference, it's more like an anti-aging conference, and we'll both be speaking there, but were you out there kind of saying, "Hey, what else is out there," being more proactive and entrepreneurial, or was it patient-driven and people asking you and you said, "Now I got to look into this," and think of it when you answer that in terms of your fellows, your colleagues listening to this, whether it's not, it's the weight loss or something else, how do you keep your mind sort of open to something new and not just being, "Hey, if it ain't broke, don't fix it. Just keep doing what I'm doing?"

Dr. Jonathan Kaplan:

Well, I think the first bit of advice is listen to your staff if they have a good idea. I guess it's up to you as the provider to discern whether it's a good idea or not, but a couple years ago, as I alluded to, we had patients coming in for surgery or interested in surgery, come in for consultations and just their BMI was too high and they weren't good candidates for surgery, just increased risks associated with a higher BMI in surgery and anesthesia. My nurse and nurse practitioner suggested starting a weight management program, and at that time two years ago, we were offering Phentermine, which is indicated for weight loss for about three months. That's what the FDA says. It's on label for three months. That does require you to get an EKG beforehand, and it does help people lose weight, but they can feel a little bit jittery with Phentermine.

We were providing that service with Phentermine and coaching, so we were definitely heavily involved with coaching. The nurse practitioner and the nurse enjoyed the coaching part of it, coaching on diet and exercise. That's how we got into this. Then as it became clear that the medications that you've heard of like Ozempic for type two diabetes or Wegovy for weight loss, you were hearing more and more about these medications and helping people lose weight even though they're originally in Ozempic's case, it was originally designed for type-two diabetes, and then we had a compounding pharmacy reach out to us and say that we have Semiglutide, the active ingredient found in Ozempic and Wegovy. Then that led us to do a little bit more research to find out that yes, we were offering Phentermine, but because Ozempic and Wegovy were on an FDA shortage list, the FDA still wants Americans to have access to medications, and if the name brand drugs are not available, they will legally allow compounding pharmacies to make duplicates of the active ingredient found in these name brand drugs without fear of patent infringement.

That's when we started getting into the Semiglutide for over a year now and then tirzepatide with the active ingredient in Mounjaro and Zepbound, we've had access since May, but that's how this evolved. First, it was patients with a high BMI, we got into weight management, and then these even more amazing medications without

the side effects associated with Phentermine. You don't have to get an EKG on patients before you start them on it. Then we started getting it from a compounding pharmacy, and it's really turned into an amazing part of our practice. Not only are we doing surgical body contouring, but we're doing medical body contouring now with these medications and the patients are so happy. Obviously, from a business standpoint it's great too, but first and foremost, I mean, I always think of it, the fact goes back to being a surgeon. One of the things you enjoy about being a surgeon is the instant gratification.

You operate on somebody, they wake up and they have perkier breasts or flatter tummy, and even a CT, a cardiothoracic surgeon doesn't have that same experience. They save somebody's life, but the patient wakes up with a big cut on their chest and they're in an extreme amount of pain. As a plastic surgeon, we have that instant gratification that people can see their body transformed. Well, this is even better from an instant gratification standpoint, because there's only so many operations I could do in a month, but with our weight management program, we have over 430 people in our program, and every month I'm having that instant gratification of 430 people losing weight on these medications where the safety profile is so good. That was the process of how we got into it, keeping my mind open to ideas from our staff, and then just happened to be that compounding pharmacists were reaching out, seeing if we were interested in this. Once we realized this was legitimate, this was legal, then we jumped in with both feet.

David Mandell:

When we talked about doing this, my first thought was, and it is kind of confirmed by your story, which I didn't know that weight loss would be a natural addition for plastics practice just because people were coming to do cosmetic body shaping. Not being an expert in the field, the idea of BMI and not being able to qualify for surgery, yeah, now that I hear that, that makes perfect sense. Didn't come up with it initially because obviously not my field. As I thought about it more, I said, obesity is a

massive problem probably in every area of health. I mean, my brother's a cardiologist, obviously, patients should be losing weight to make their heart better, and we can just go to every body part probably, right?

What are your thoughts for docs who maybe their initial instinct is not as entrepreneurial or as, I don't know, as they may not be as initially the same fit, at least in my mind there was, with plastics, but they may be listening and say, let's just use my brother as an example, right? He's got a solo cardiology practice. How do you talk to, how do you think about your friends who are in different fields saying, "Hey, this is something that might make sense for you?"

Dr. Jonathan Kaplan:

I know that it might feel like it's out of people's wheelhouse when they're thinking about medications. They might be thinking, I'm a surgeon. I'm not an internal medicine doctor, and I totally get that. If I was an internal medicine doctor or primary care provider or an ER doctor, I wouldn't feel comfortable doing surgery. I get that. I think that's a heavier lift to learn how to do surgery, especially if you didn't train as a surgeon through residency. When it comes to medications like this, I think anybody can do this. There's a couple reasons. One is 42% of Americans are considered obese and there's 100% of Americans want to lose a little bit of weight. I think for consumers to be able to get access to this, we're going to need more providers doing this. The fact that there's not enough of the name brand drug available that Novo Nordisk and Eli Lilly are trying to or actively spending billions of dollars to build more manufacturing facilities.

There's a shortage on providers that are willing to prescribe it because a lot of them think that, oh, it's still just diet and exercise. It's a lack of willpower. They're not seeing obesity as potentially as a chronic disease and an underlying issue for all these medical problems like high blood pressure and type-two diabetes. There's a shortage of providers that are willing to offer this. There's a shortage of the name

brand medication, so that's where the compounding pharmacies come in to alleviate those shortages. Then also, the fact that there's just so many patients that are interested in this, we need more providers to do this. It's not that you have to be an internal medicine physician to able to provide these medications. You obviously have to have some intellectual curiosity and want to learn about the field and learn about the medications, how they work and everything.

What we're finding in our practice is that we're not treating people's diabetes. We're not treating people's high blood pressure with these medications. We're seeing people that are overweight that have a BMI that fit within the parameters, a BMI of 27 or greater with an obesity-related condition or a BMI of greater than 30, but we're seeing the healthy obese people, we're not … So that's what people are worried about getting into this, because I don't want to have to treat diabetes. You're not treating diabetes, you're treating healthy, overweight people that need to lose weight, that want to lose weight, so they can avoid getting those other medical conditions. That's why I would say to other doctors that the consumers need more access to providers that are willing to prescribe these medications. The compounding pharmacies are coming through as far as alleviating the shortage of the medication and the doctors that are concerned about doing this. You can learn how to do this and you are not going to be treating people with complex medical problems 'cause we're trying to help them avoid getting those complex medical problems. I think the door for entry is available to any provider that's interested.

David Mandell:

That's interesting. I wouldn't even have thought in terms of what kind of patients, that concern, this is why we have folks like you to talk about this. I want to now dive into a couple of elements of actually putting something like this in place. Again, where you can, and I'll try to do it too, but where we can here, let's also think about how this approach, this framework could be applied to other things as well, right? Meaning we're talking about this, but it could be something else that comes down the road

and you say, "Hey, this is the framework I want to use." There's the sourcing element to it, there's a staffing element to it, there's a financial element to it, there's a marketing element. Those are going to be the same whether it's this or something else down the road, and that's the business, right?

That's the MBA. That's the kind of business plan thinking. Let's start with sourcing. Okay. You mentioned a couple of times in this conversation compounding pharmacies. The little that I know, and I've heard just because I try to be pretty aware of medical and health consumer is there's more, there's obviously, they play a huge role in providing people access to drugs and things that they couldn't get, but there's also more variability and there can be some risk with that. How have you, in this circumstance, done your due diligence? What would you recommend to other docs, whether it's in this again, or something totally unrelated? Hey, I'm thinking about adding X to my practice, and that means I got to go to a compounding pharmacy. Tell us your thoughts.

Dr. Jonathan Kaplan:

Yeah, that's definitely the secret is to find a bolt onto your practice, something that is accretive to your goals in your practice, and just to bolt on these additional services. I'm going to be wearing a different hat a little bit here, is that I am the founder, CEO of Build My Health, and we've provided a platform and consulting services that includes sourcing and medications to help people with weight management programs, but also any kind of subscription service. That's essentially what this boils down to is anything that can fit into a subscription model. With patients, when they sign up, they're provided a link to sign up through the platform, through the doctor's website where they are started on a subscription for medications, and each month they're automatically charged. Each month the doctor sends out the medication to them, and if their credit card fails, our system also helps them with the Dunning and getting them to get the patient to update their credit card.

That way the office staff doesn't have to have the office staff calling and keeping credit cards on file or calling to update a credit card. We automate this whole process and one way that the thing that starts with is the sourcing of the compounded medications. That's something else we offer our providers is we have a huge database of compounding pharmacies all across the country that they're getting their medications from FDA-approved manufacturers. The idea with the compounding pharmacy, the example that's always used on the FDA website is that if there's a medication you need, but it's not available in the commercial market, maybe there's a dye that's included in the commercially available drug compounding pharmacies can legally make a duplicate of that without that dye in it, so you can take it without having an allergic reaction. That's the same thing here with the compounding pharmacy.

Particularly in California, it's hard to find compounding pharmacies that have a license from the State Board of Pharmacy in California as one example. We have relationships with compounding pharmacies across the country and in California that have a license in California. That's one thing that we help with is sourcing the compounded medications, getting you set up with an application with them and helping you get the medications. Because that's another thing is that the compounding pharmacies we work with, they can send you as the provider, the medication in a vial, but they might send a lot of medication in that vial, and you can't turn around and give that to the patient because it's too much medication for a month's supply. That's what you do is you send out a month's supply at a time, because each month the dosage goes up based on the same regiment as the name brand drug. They're trying to acclimate you to the potential side effects, so they start a low dose and go up.

The compounding pharmacies we work with will send a doctor a vial with just enough for one month's supply for that patient. That's something specifically that we've helped source. That's something people don't even think about. They're like thinking, I just want to get the drug. No, no. You want to get the medication that's

appropriate and legal in your state, but you also want it to be in the right amount so that when you provide that to your patient, you're not giving away too much medication based on what they paid for. That's one big part of that sourcing. Then we provide the software that does the automated charges each month because it is a subscription, and those are really important details to be able to follow the patient to help you scale your practice.

If you're talking about expanding this to other things, you're not just trying to have five or six or 10 patients doing these things. We make it possible for you to scale it to a hundred patients, hundreds of patients, 1,000 patients by automating the whole process. You can apply that to anything like Botox or laser hair removal, any kind of subscription service. It just so happens that this happens to be the best of all worlds because if you're trying to do a subscription service for laser hair removal, well, you have to buy the machine first. That's a big barrier to entries. You're going to spend 150,000, $200,000 on a laser, and then you've got the annual warranties of a $15,000 a year. With these medications, you only order however many patients you need medication for, so it's scalable in that sense that you don't have to put out a big outlay of capital.

That's why this is great for any type of, if you're thinking about subscriptions and recurring revenue, that's what's so great about this particular product because you can have so many patients in your program. Your monthly recurring revenue can be so good that it covers all of your operational expenses. If you're a surgeon like me, where patients are booking surgery, then any surgical fees come in are just like icing on the cake. You can put that into a rainy day fund because the monthly recurring revenue you're getting from these medications or any subscription is covering all those operational expenses. You're not feeling like this is a slow month, or this is a busy month and the ups and downs or the peak associated with COVID, and now we're in the doldrums post-COVID, these types of subscription programs that can be applied to anything. In particular weight management programs because they're so sticky, patients want these medications because they work and they're so happy with

them that this helps you sort of stabilize your revenue throughout the year, and it's not so much up and down as far as revenue.

David Mandell:

Yeah, we'll come back to that because obviously being a business person always looking at recurring revenue, I mean, that is the name of the game in any business and whether it's-

Dr. Jonathan Kaplan:

It's something you're probably seeing a lot now is private equity coming in and buying practices. They're not looking to see how many operations you do because they know as soon as you leave those operations aren't ... You're not doing those operations. The private equity, who are buying up these practices, they're looking for monthly recurring revenue, things that are consistent even when you're outside of the office, which is a nice thing. Now, maybe you can take Fridays off, you can spend more time with your family, if you like your family. You can take a week or two vacation because now revenue's coming in even though you're not there.

David Mandell:

Yeah, recurring revenue is the name of the game. I was saying, even for example, I'm down in south Florida, you see air conditioning, well, you're buying an air conditioning unit. That's kind of a one-time fee, but where they really gain the value, whether it's to a private equity firm or what have you, is the quarterly maintenance plan. I mean, that's what they're doing, so thank you for that. It's good. I want people to be hearing about your offering, but I want to also go back to before you created that, which is you mentioned, okay, we did it in two, it came from a staff person and two, it was a two piece of it. It was coaching and it is the medicines. You can tell me as your practice is one of the practices that participate in this larger business that you've got. Let's say somebody who's listening to this, what kind of staffing does that require or

not even require or people should think about because, and do those two things, should they be done together? Is there a benefit to doing it not only for the patient, I imagine there is, but also from sort of the business unit itself? Tell me just a little bit about staffing in terms of the coaching piece of it as how that plays out here too.

Dr. Jonathan Kaplan:

Well, as I've mentioned scaling before, that's what's great about scaling is you can start small and grow bigger. When you start out a weight management program, you absolutely don't have to hire more staff. You can start with your existing staff and go from there. The other thing that made people might have a, feel some relief is that you don't have to do coaching. We had a nurse practitioner that's really talented and she wanted to do coaching, she enjoys it. We offered coaching, but you absolutely don't have to do coaching. Obviously, the benefit of coaching is that once the patients are on the medication, they get to their goal weight, that the behavioral changes associated with diet and exercise coaching will hopefully help them maintain their weight. You absolutely don't have to do coaching. Because the flip side of that is with the medications is that the patients can be on these medications for the rest of their life.

They're originally for type-two diabetes, there was no time limit on how long you can be on it. Because the other thing is that once the patient gets to their goal weight on the medications, if you don't have a coaching program, then what patients find with these medications is that they're once per week injections that you take a shot and then suppress your appetite for a week. As your appetite starts to come back, that's why you take the next week's shot. The longer you're on these medications, what you'll find is that one shot will maybe suppress your appetite for 10 days for two weeks. You don't need to take a shot every week. You can take it twice a month or three times a month. When patients get to their goal weight and maybe you don't have a coaching program, then you can help patients transition from the current

subscription they're on to a maintenance subscription where they're only getting enough medication for two or three shots a month, which is all they need.

And because it's less medication, it's less expensive. Now patients are able to stay on the medication longer. They can afford to stay on it longer because they are paying out of pocket for this, but it's a less expensive monthly cost to them. I know people don't necessarily want to be on the medication the rest of their life, or they don't want to feel medication-dependent, but you know what, if you're taking a shot once or twice a month to stay slim, to be able to fit in your clothes, to feel more confident, to minimize your risk of heart disease and type two diabetes, one to two shots a month is a pretty good trade-off in my mind. Back to your original point though, if you don't have coaching, if you're not able to provide coaching, then that's all right. You have these maintenance subscription programs you can offer once they get to their goal weight, and then as you get busier and busier, then you can bring someone on.

For example, once we got to 200 patients in our program, then we did hire a weight management program coordinator. I mean, as far as on a daily basis, you've got the front desk people that are answering calls and inquiries of people interested in the product, we make it possible for them to purchase a consultation online, so that's one thing. Automating this whole process is really smart, which can certainly be applied to so many things that way you're not given a credit card over the phone to book a consult, but they can pay for the consult online through the website. That we can do a Zoom consult, we can do this virtually. That just requires front desk people that you already have. Then once you start having more and more patients and you're shipping out the medications to patients, then that's when once you get to 200 patients for example, that's when you may want to hire somebody, but at that point you've got enough multi-recurring revenue that you can afford to hire another full-time employee.

David Mandell:

Yeah, and that's scalable. I would imagine that given the topic and the interest that many practices might have somebody in their existing staff who gets excited about this anyway.

Dr. Jonathan Kaplan:

All your employees are going to want be on. What you can do for them is you can actually create a subscription for them that's a lower price point because they're your employees, and then that way, because having to charge people manually each month is a pain no matter who it is, whether employee or patient. Then, yeah, you got to do it automatically, and so you can have your employees on a special lower priced subscription that they're getting automatically charged each month, and then they're getting their medication each month or taking their shot once a week at the office. Once the patients start, excuse me, once the employees are on it and they're losing weight, then they're obviously going to be very excited about telling patients about it.

David Mandell:

Right. Exactly. Yep, so one of the last couple questions here. You mentioned pricing, so let's talk about that again, this is a bigger picture question. How did you come up with personally within your practice and then maybe within your offering to other docs, did you originally think about it and how would you have docs think about pricing?

Dr. Jonathan Kaplan:

There's a couple different ways to address this because keep in mind, as I mentioned that the medications go up each month, the dosage goes up. Again, that's the name brand regimen that they developed because the patients had fewer side effects

when they started with the low dose. When I'm talking about something else, I'm talking like nausea, vomiting, and constipation, diarrhea, all things that you can treat. You started a low dose and each month you go up. That also means that the cost to you is less at the lower doses and the cost increases as you get to the higher doses. We have some providers that are using our system that have multiple tiers where patients, when they're on the first three doses, the lower doses, that there's one price, and then rather than having the patient have to cancel the subscription to sign up for a higher tier subscription, they're able to automatically roll them over from the lower tier, lower price, lower dosage medications to the higher tier, higher priced, higher dosage medications.

That's one way to do it is to set your price based on 100% markup like you do with skincare products and things like that, where you have one price at the lower dose, higher price at the higher doses. Whereas in our practice, what we choose to do, rather than doing that, we just have a set price all across the subscriptions where whether it's lower dose or high dose, it's just a flat rate across the board. It can be potentially less confusing to the patient because they might call and say, "Well, do I need to sign up for this new subscription to get the higher dose?" We don't have to do it, we just keep it at the same level. Those are two different ways to consider. Setting your pricing is either transitioning from one tier to another or just keeping at a flat rate the whole time.

David Mandell:

That makes sense. What about the concept? We haven't discussed this before, but-

Dr. Jonathan Kaplan:

Oh, let me add one thing?

David Mandell:

Yeah, yeah, go ahead.

Dr. Jonathan Kaplan:

That's another thing that's important about finding the right compounding pharmacy is that we've done all the research, because not all compounding pharmacies are created the same. Some of them have very expensive pricing or cost for the medication, and some of them have much more competitive pricing. That's another thing that's important for the provider to be looking for is a compounding pharmacy that has a very reasonable competitive, lower-priced product so that if you do mark up the services you're providing, that you can still offer to the patient at a very reasonable price.

David Mandell:

Right. Yeah. Obviously, if they're charging a lot, then your margins will go down. This is not in a vacuum, so there's going to be other folks out there. There's a pricing competition there. How would you think, and have you seen this at all, obviously within your practice, but others that you may be working with on your wholesale side in terms of once they get established with this and they're comfortable, and it's kind of the point of me wanting to do this topic at all, is that now they have sort of a framework and a business mindset and some success that they might lock on some other things that are along. I mean, again, whatever those are, whether they could be supplements or other therapies or anything that's related to maybe wellness or health. Maybe this was the first thing that they, I think for a lot of docs, they got to put their feet in the water and toe in the water slowly, but once they have some success, they say, "Hey, I'm doing this well, there are some things that patients, and I've done my due diligence," again, from a clinical point of view, we won't talk about that, "but I believe in this therapy," whatever it is. Now, that they've sort of been successful with

one that it opens up the door to be more entrepreneurial with others, have you seen that at all with colleagues or friends?

Dr. Jonathan Kaplan:

Absolutely. Yeah, absolutely. We're not personally doing it, but bioidentical hormone replacement for male and female hormone replacement, that is a huge opportunity for a subscription-based model. I mentioned Botox. There's also IV therapy, different vitamin injections. There's a lot of things around that are very conducive to this model. Bioidentical hormone replacement is something that's very sticky. Patients want to continue that. They're feeling better, they're feeling healthier. Weight loss, of course, is very sticky and patients want to continue that. I think that Botox is great. Fillers are great. The thing is, they're not going to necessarily be getting fillers every month, but they're certainly, maybe every year, they're certainly getting Botox every few months. IV therapy they could be doing every month, weight management, they're certainly doing every month. You have to look at it in those contexts as how often are the patients actually getting these services and will they stay on them long-term? That's why I think weight management really is the sweet spot for all of those different characteristics that you're looking for.

David Mandell:

Yeah, one that I take part in, but it definitely gets back to the point you were saying before about an upfront cost is the oxygen therapy. My wife and I have been doing the oxygen therapy for a bit, and we have a subscription. We kind of go a certain amount of times, and I find it to be, I can't speak to long-term effects, although there's data around that in other countries, Israel, et cetera, they have that. Just feeling well in some sort of injury recovery, it's done well. Again, you have a big upfront cost in that you need the space, you need the actual oxygen units and all that, but there's a lot of consumers like me and patients that could be helpful-

Dr. Jonathan Kaplan:

I'm sorry to ... Are you referring to the hyperbaric chambers?

David Mandell:

Hyperbaric. Hyperbaric, yeah.

Dr. Jonathan Kaplan:

Okay. I wasn't sure if you were talking about just breathing oxygen like in an oxygen bar or something.

David Mandell:

No, no, no. I should have put the hyperbaric, the HBOT, yeah. Yeah, the real deal.

Dr. Jonathan Kaplan:

Yeah, no, that is a big upfront cost. Yeah, I think there are some more ... There's certainly companies out there that are providing lesser expensive versions of that, but yeah.

David Mandell:

The ones I'm on are the big tanks and those are the real deal, but I don't know what they cost, but I imagine they're not cheap. As we wrap up here, because we're about that time, other takeaways or just sort of seeds to plant with the docs listening to this who are intrigued.

Dr. Jonathan Kaplan:

I think the main thing is that this is not a fad. This is not going away. These medications, one of the part of the business model is getting it from a compounding pharmacy that's significantly less expensive than the name brand drug. Some people will say, "Oh, what happens if it goes off the FDA shortage list? The compounding pharmacies can't make it." It's not going off the FDA shortage list unless the FDA just changes the rules, but if it's based on shortage, even the CEO of Novo Nordisk who makes Ozempic and Wegovy, he said in September on CNN that it's going to be several years before they can meet demand. These are going to stay on the FDA shortage list. Even if one of these medications goes off the FDA shortage list, another one is going to be in the pipeline's going to come along, and that's going to be even better, and that's going to go on the FDA shortage list.

For example, Amgen, I mean, they're not just stopping at these drugs. The Ozempics will go these Mounjaros and Zepbound. There's other ones in the pipeline that they're developing, like Amgen is developing a once per month injection. I mean, that's incredible. I mean, instead of doing once per week, a once per month injection, I mean, everybody's going to be on that. There's, I shouldn't say ... There's going to be a shortage for a very long time. Doctors need to recognize that there is a need for these medications work. They have an incredible safety profile. Patients are so happy and so appreciative. To some extent, maybe they're happier than surgical patients, cosmetic surgery patients. For example, a patient who's had a mommy makeover or wants a mommy makeover, they want to get back to their pre-pregnancy state.

Maybe they were happy with their body all the way up until they became pregnant, and then their baby changed the shape of their abdomen and their breasts. They want a mommy makeover to get their breast and perky and their abdomen flat, and so they're very appreciative that you've returned them their pre-pregnancy weight. If you're talking about an obese patient, they may have been obese their whole life, and so they're extraordinarily appreciative that you've helped them finally. If they're

35 years old, they've something they've been dealing with for 35 years. They're very appreciative because this has been a lifelong struggle for them. This is an incredible field to get into. It's so much fun because patients are so happy.

The legal aspects of it, the pharmacological aspects of it's just so intellectually stimulating. It's so much fun to learn more about these new studies that are coming out. I mean, there's so many cutting edge treatments that are being developed right now, so that even if you are an internal medicine doctor, and I'm a plastic surgeon, we're still learning about these newer studies at the same time. It's not like they have an advantage in that respect. I would highly recommend that providers jump on this bandwagon. I don't think it's going anywhere. It's just a very satisfying bolt-on service to your practice. We're happy to help you with figuring it all out so you don't have to figure it out on your own.

David Mandell:

Of course, of course, and we'll put all the links to Jonathan's company and all of that, and obviously you get a hold of him and discuss this stuff. Jonathan, thanks for being on. I think it was very interesting. Obviously, I've been aware of these therapies just as a consumer, but hopefully the listeners took away that there's an approach here. There's a business approach, and you've tried to do that not only as a practice, but kind of leverage that for other docs, and we get that, but every doc has to make this decision themselves but hopefully, this was helpful to think about the issues and the elements that go into a decision and an implementation strategy of how do I add something like this to the practice? Jonathan, thanks for being on. I appreciate it.

Dr. Jonathan Kaplan:

Thanks again for having me. I really appreciate it.

David Mandell:

To all the listeners, as always, we'll have another episode in another couple weeks. If you feel so inclined, give us a five-star review. Tell your colleagues about us, subscribe if you haven't already in the platform that you're listening or watching to us now. Again, if you're a physician has an interesting business, career, entrepreneurial, financial story to tell and you want to share it with your colleagues, feel free to reach out and we'd love to have you on and with that, again, in another two weeks. Look for another episode, so thanks, Jonathan. Thanks for being on.

Dr. Jonathan Kaplan:

Thank you.