

## Tom Carroll

### Manage Your No. 1 Asset! – Four Things to Save Your Money and Life

Health care is the No. 1 asset in life. Health is an asset that needs to be managed like everything else.

The health system is insanely expensive – it can bankrupt you if you don't know what's going on. This is why it's important to understand today's health care system.

Where do health care costs come from? The Health Care Dollar:

- Hospital (about half of costs)
- Doctors (about 35% of costs)
- Drugs (about 15% of costs)
- Everything Else (about 4% of costs)

Hospital costs must change. Drugs get all the negative attention, but they are not the issue... If drug prices were cut in half, the average family would spend \$26,000 per year on health care (versus \$28,000 with full-price drugs).

Avoid hospitals at all costs – they are germ-filled and inefficient. Doctors are human – with human error. Get ahead of your health care to prevent having to go to the hospital regularly.

Medicare – it's a great program to provide health insurance to people over 65. But it will only cover about 65% to 70% of health spending in retirement. A 65-year old can expect to spend \$200,000 individually on health insurance.

Tom urges subscribers to consider Medicare Advantage. Medicare Advantage is essentially Medicare provided by the private sector. It offers more benefits at much less cost than Medicare (nearly half the price).

Medicare Advantage now accounts for about 42% of all the Medicare population. And this number has consistently grown for the last 10 years (and growth will continue).

Don't hate HMO – invest in it. It's a great way to offset health care costs. HMOs are cost reflective – they show that health insurance premiums have historically beaten the market). We can invest in this trend through managed care organizations ("MCOs").

MCOs have a built-in price inflator (premiums). Their costs are health care costs. As long as they grow premiums by more than health care costs, the stocks should continue to outperform.

Tom gives four picks:

- **Accolade (ACCD)** – manages health and other employee benefits.
- **Agilon Health (AGL)** – future of entitled Medicare benefits.

- **Molina Healthcare (MOH)** – government-focused MCO for Medicaid, Obamacare, and others.
- **Phreesia (PHR)** – SaaS health care platform for patient intake.

Our health care system is at a tipping point. New technology is coming in. Walmart (WMT) and Amazon (AMZN) are joining the fray.

The last time the Fed started a taper cycle, health care was the top-performing sector. Now, the Fed is setting up to begin tapering again. This provides a great time to buy in ahead of the taper.