

Financial Planning

INVESTED IN ADVISORS

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Health Care Consultants Turn to RIAs for Business

Profiting from partnerships with wirehouses, boutique health care consultants are now seeking to expand their services into the independent advisor space.

Offering advice on everything from medical specialists to insurance policy recommendations, these consultancies have gained traction with wealth management firms as both a solution for advisors whose wealthy clients need medical care and as a practice management tool.

The benefit for the advisor is very tangible, says Matthew Helfrich, president of Bridgeville, Pa.-based Waldron Private Wealth. "We don't have people that are experts in diabetes, or we don't have people that are experts in what happens if you break a leg on a safari in Africa, but we know groups that specialize in these types of situations."

"No one used this type of service, nor did anyone care about this type of service," Helfrich adds, thinking back to 2005 when his firm began referring PinnacleCare to their clients. "Now in this post-Affordable Healthcare Act, consolidation with the insurance industry type of environment, it certainly does help if you can meet your client's unique needs."

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In the last decade, New York-based health consultancy PinnacleCare has established partnerships with the wealth management divisions of Morgan Stanley, UBS, Merrill Lynch, Northern Trust and Goldman Sachs, says the firm's executive vice president, Deanna Rodriguez.

A retainer agreement is often put in place for independent advisors and family offices to purchase a block of time to provide direct services to clients, but there is no formal contract required to refer clients, she says.

"We have a referral relationship with the financial advisor. It's good will. We don't pay the financial advisor; they don't pay us. We don't pay the brokerage firms; they don't pay us. There is no money exchange that way."

CHANGING MARKET DYNAMICS

With the current attrition of big wirehouse firms into RIA spaces, Rodriguez says PinnacleCare has started to seek additional clients in the independent space now more than ever before. This, she says, is the future of health advisor in the wealth management industry.

"We haven't even scratched the surface of educating [the independent] advisors," Rodriguez says, adding that the smaller firms, "also find themselves in the space of having to have the insurance and Medicare conversation, which they're ill-equipped to have."

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Healthcare Information and Management Systems Society recognizes several financial institutions as members, as well.

So far, the not-for-profit organization has collaborated with Citi, Wells Fargo, Fifth/Third, Bank of America Merrill Lynch and BNY Mellon, according to HIMSS Senior Director of Health Business Solutions Pam Jodock. She agrees that these collaborations will soon become more common as HIMSS continues its focus on improving patient care and overall health with information technology.

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"The role of financial institutions in health care is rapidly expanding as the industry responds to changing market dynamics; such as emerging payment methodologies (such as the virtual card), the increase in the number of individuals purchasing high deductible health care plans and changing reimbursement models that make up-front collection of patient financial responsibility more and more important," Jodock explains.

"These are all areas of focus for HIMSS and we are always happy to welcome new members from the financial community," she adds.

HEALTHCARE FRAGMENTATION

While there is no designated marketing campaign to target financial institutions, Jodock says these relationships are also becoming more common as health consultancy firms continue face-to-face outreach and word-of-mouth referrals.

"Recruitment can happen as part of the networking that occurs at conferences and seminars we attend, through word of mouth of our current members, through distribution of our publications," Jodock explains. "We find that as more and more organizations become aware of the work that HIMSS is doing, more and more organizations are reaching out to us to be included in those activities."

Waldron Private Wealth founder John Waldron first became interested in health consultancy firms after his mother developed a chronic illness around the time that his firm launched in 2002, Helfrich says.

After searching for a "concierge, consultative advice," offering to assist in finding the right doctor for his ailing mother, Helfrich says that was when Waldron found support from PinnacleCare.

Waldon and his team of advisors soon began looking to PinnacleCare health advisors for health advice for themselves, their family members and clients. While the firm serves "very, very wealthy clientele" and oversees roughly \$1.2 billion in assets, Helfrich says it was no wonder that the clients' referral requests just kept coming.

Since the rollout of the ACA, Helfrich suggests this type of partnership is not only trending among larger wealth management institutions, but he thinks the independent space will soon follow.

"The healthcare industry has gotten a lot more fragmented," Helfrich explains. "I think people are much more conscious now with spending their money and who they're spending their money on than they were before, and it's just a byproduct with that's going on in the industry."

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