

Population Health Now and Forever:

Support Revolutionary Healthcare
in Philadelphia

Market Corner Commentary
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By David W. Johnson



Like American patriots did in 1776, I'm calling on all American healthcare revolutionaries to come to Philadelphia this Sept. 18-20 to take up the noble cause of advancing population health at the 23rd **Population Health Colloquium**. We have a lot of work to do.

Before discussing the colloquium, let me provide some historical context regarding the origins of America's healthcare dysfunction and our collective responsibility to fix it. The American Revolution didn't happen overnight. The healthcare revolution won't either.

MEDICARE BLUES

Amid much fanfare and with former President Harry Truman by his side, President Lyndon B. Johnson brought Medicare and Medicaid to life on July 30, 1965. Recognizing Truman's passionate and long-term advocacy for a national healthcare insurance program, LBJ staged the signing ceremony in Truman's hometown of Independence, Missouri. Leaning over Truman (as only he could do), LBJ proclaimed:

We want the entire world to know that we haven't forgotten who is the real Daddy of Medicare.

Johnson was unable to find enough support for universal coverage, so he focused on expanding coverage for older and poorer Americans. The legislative process was a textbook case of political sausage-making.

To placate fierce opposition to the legislation, particularly from physicians and health insurance providers, Johnson agreed to the following three poisonous provisions that have bedeviled American healthcare ever since:

1. Fee-for-service payment for all treatments.
2. No governmental interference in medical decision making.
3. Third-party administration of medical claims.



Together, these provisions created an artificial supply-driven marketplace that guaranteed payment for all "reasonable" treatments and procedures. It doesn't take Adam Smith to realize that when markets pay for more stuff, the marketplace finds ways to sell more stuff. Healthcare costs in America began to skyrocket upward almost immediately.

FORTUNE-TELLING

Within five years of the legislation's passage, U.S. healthcare was reeling. Describing American medicine as standing on "the brink of chaos," a 1970 Fortune Magazine investigative report exposed the system's "financial distortions, inequities and managerial redundancies." Its opening commentary "It's Time to Operate" [1] contained this remarkable passage:

Much of U.S. medical care, particularly the everyday business of preventing and treating routine illnesses, is inferior in quality, wastefully dispensed, and inequitably financed. Medical manpower and facilities are so maldistributed that large segments of the population, especially the urban poor and those in rural areas, get virtually no care at all — even though their illnesses are most numerous and, in a medical sense, often easy to cure.

Whether poor or not, most Americans are badly served by the obsolete, overstrained medical system that has grown up around them helter-skelter... the time has come for radical change.

By changing the word "manpower" to "personnel" we can apply the 1970's Fortune language verbatim to U.S. healthcare today. What an indictment! The impact of the system's structural flaws has magnified and contributes to the nation's declining health status.

As the Fortune analysis identifies, the system's inability to prevent and manage routine illnesses may be its greatest failing. That failure manifests itself in runaway healthcare costs and catastrophic levels of chronic disease. In 1970, healthcare consumed 7% of U.S. GDP and 15% of American adults were obese. Today, healthcare consumes 18% of GDP and 43% of American adults are obese. As a nation, we're moving backward.

OVERCOMING MAFA: COME TO PHILADELPHIA THIS FALL

The biggest problem in healthcare today is what I call MAFA: mistaking articulation for accomplishment. As an industry, we talk about the problems of healthcare ad nauseum but refuse to undertake meaningful action to address them. What to do is not the problem. The nation needs to invest more in health (i.e. primary care, prevention, health promotion, chronic disease management and behavioral health) and less in acute and specialty care.

Getting logical reform done is monumental challenge. It requires overcoming a massive healthcare industrial complex as daunting as the British Empire in 1776 that is perfectly content stealing hard-earned societal resources to feed its gargantuan appetite. As described above, this profiteering has been going on for decades.

The **Population Health Colloquium** has been leading the fight for revolutionary healthcare reform since 2001. It consistently and compellingly makes the case for the types of system improvements that will drive better outcomes at lower costs. If you can, attend this year's colloquium in Philadelphia either in person or virtually. Get energized. Meet and engage with fellow healthcare revolutionaries.

I'll be there and participating in a panel discussion following the Philadelphia premier of the documentary **American Hospitals: Healing a Broken System**. The program will occur on the evening of Sept. 19. They're serving free popcorn.

Join us. And always remember that outcomes matter, customers count and value rules!

Use 4sight for a special registration rate.

AUTHOR



David Johnson is the CEO of 4sight Health, a thought leadership and advisory company working at the intersection of strategy, economics, innovation and capital formation. Dave wakes up every morning trying to fix America's broken healthcare system. Prior to founding 4sight Health in 2014, Dave had a long and successful career in healthcare investment banking. He is a graduate of Colgate University and earned a Masters in Public Policy from Harvard Kennedy School. Employing his knowledge and experience in health policy, economics, statistics, behavioral finance, disruptive innovation, organizational change and complexity theory, Dave writes and speaks on pro-market healthcare reform. His first book **Market vs. Medicine: America's Epic Fight for Better, Affordable Healthcare**, and his second book, **The Customer Revolution in Healthcare: Delivering Kinder, Smarter, Affordable Care for All** (McGraw-Hill 2019), are available for purchase on www.4sighthealth.com.

SOURCES

1 "It's Time to Operate," Fortune 81 (January 1970), page 79.