4sight Health Roundup Podcast
CMMI Pursues an Ounce of Prevention
5/22/25

David Burda:
Welcome to the 4sight Health Roundup podcast, 4sight Health's podcast series for healthcare revolutionaries. Outcomes matter, customers count and value rules. Hello again, everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, May 22nd. There is much joy in the Burda household this week. Our youngest just graduated from college. It's three for three. Two finished in four years, and one finished in three. My work here is done. That is until next week when we start hounding him to get a job. Enjoy the honeymoon, kid. Parenting; It's not for the timid. Another job that's not for the timid is pushing or pulling the healthcare industry into value-based care and value-based reimbursement models. The Center for Medicare and Medicaid Innovation, or CMMI is out with a new plan to do just that. And that's what we're gonna talk about on today's show with Dave Johnson, founder and CEO 4sight Health, and Julie Murchinson and partner at Transformation Capital. Hi Dave. Hi, Julie. How you two doing this morning, Dave?

David W. Johnson:
I'm doing fantastic. I just returned from the HFMA Not-for-Profit Healthcare Investment Conference in New York City. I helped create that forum 25 years ago. It was the 25th anniversary, so it felt like old home week for me in some sense. Health systems, rating agencies, bond insurers, that whole collection of people. And since I've joined the FFH FMAs board I've encouraged them to expand beyond bonds, to incorporate other forms of capital formation. And so that, that actually started this week. I'm happy to report KPMG sponsored a session on Monday called igniting the dry powder, accelerating Healthcare Investments with Private Equity and venture capital. Julie, you'll like that. And you know, capital formation today for, for nonprofit health systems is so much more complex and nuanced than it was 25 years ago. So good for HFMA.

Burda:
Julie, how are you?

Julie Murchinson:
I am well. I'm in rainy Connecticut today, but my son and his team won their league championships in lacrosse yesterday, and it was a nailbiter, but such an exciting game.

Burda:
Running around, hitting people with sticks, man. Yeah. <laugh>. That is a great sport. Thanks, Julie <laugh>. Okay, before we talk about CMMIs new strategic plan, let's talk about college tuition. I've made my last of 22 college tuition payments to a year for 11 academic years. Dave, what was your undergraduate tuition payment your first year of college?

Johnson:
Well, that would've been in the mid seventies at Colgate University, and I think it was 3,500 bucks a give or take. I actually paid for 70% of my undergraduate education myself through jobs, savings and, and, and loans. With Colgate now approaching a hundred grand a year, it's impossible for a kid to do that.

Burda:
Right, right. Julie, how about you? What did you pay for your first year of college?

Murchinson:
Yeah, well, I went to a small liberal arts school outside of Philadelphia called Franklin and Marshall. And these kinds of schools today, like Dave said, are in like the 70,000 year plus range back in my day. Proud to say late eighties, not the seventies.

Burda:
<Laugh>. Ouch. Okay.

Johnson:
Music was so much worse. So much worse.

Murchinson:
<Laugh>. That's true. But tuition was somewhere between like $16,000 and $17,000 a year, and that was a lot of money back then.

Burda:
Yeah. Yeah. Thanks. I think I paid about $3,200 my first year of undergrad. That was way back in 1978. And we thought that was high at the time. So how times have changed. Well, times are changing at CMMI. It seems like only yesterday. We were talking about a strategic reset in the fall of 2021. Now it's resetting again under the new administration. Let me tell you about CMMIs new strategic reset and get your reaction to it on May 13th. Abe Sutton, the new CMMI director posted the agency's new strategy to quote, make America healthy again. Close quote. Where have we heard that before? I don't know Sutton or much about his healthcare background other than what I read on LinkedIn. Maybe you guys do his plan. For CMMI identified three pillars for the agency and one foundational principle. The three pillars are, one, promote evidence-based prevention. Two, empower people to achieve their health goals. And three, drive choice and competition for people. The foundational principle is protect the federal taxpayer. He says, CMMI will focus on models that show the greatest promise for generating savings and improving quality. Sutton gives a number of examples of how those three pillars and one principle will be incorporated into alternative payment models. For example, he says, CMMI will embed preventive care into all a PM models CMMI will increase beneficiary access to information and tools. And CMMI will require [00:17:00] all a PM models to involve downside risk and require providers to bear at least some of that financial risk. In response. The Healthcare Payment Learning and Action Network, which is the gold standard for measuring a PM adoption, said this week that it will start measuring a PM adoption under the new CMMI pillars. If ifs and buts were candy and nuts, what a wonderful world it would be is my late father-in-law, a member of the greatest generation would say. Dave, what grade would you give the new plan for CMMI on content alone? What chance would you give it for working? And if you wrote this plan, what would you include that's not in there?

Johnson:

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Well, I'd give it an A; I'd be a hypocrite not to, given everything I've written and spoken about US healthcare the last dozen years since starting 4sight Health. Back in my banker days in the nineties, there was a guy named David Hunter, who had a group called the Hunter Group that did hospital turnarounds. And his catch phrase was, eat the big toad first. No idea where that came from, but what he meant was tackle the biggest challenge first. And what's our biggest challenge in the United States? In healthcare, it's the exploding chronic disease that now poses a clear and present danger to US society. How many times have you heard me say, you know, our issue in, in, in America isn't isn't money, it isn't the funding cost. It's how we spend the money. We ought to be able to provide great health and care benefits to everyone in the country for 18% of our economy. I mean, far more than any other country, and yet we don't. I love the phrase evidence-based prevention. I mean, I absolutely love it. The trick to a long, healthy, productive and happy life is to not get sick in the first place. So how great is it that our government is finally sort of waking up to this and at least gonna try to do something about it? You know, my own opinion, CMMI when it came in had enormous promise, but it's been way too timid in terms of its payment models and so on. It just really was always at the margins. And there was a big study last year that showed that it had actually cost more money to implement CMMI than it, than any savings generated by the program. So guess what? You know, the Trump administration is now focusing on prevention. That's a great thing. As luck would have it, and you really can't make this stuff up. Dr. Oz spoke at this week's investment conference, like he wasn't on the agenda, and then yesterday he showed up. Hmm. he's a very effective speaker good front person for the initiative. I guess you'd have to think so given all his television experience, but he is also walking the talk the day before, he'd been in the largest open air drug market in the country, which is Kensington in Philadelphia, week before Julie was in the Tenderloin in San Francisco. And he's trying to understand what prevents addicts from helping themselves. And he had this one example of a guy he was talking to who said that he'd go into rehab, but he needed a haircut first. You know, where does this stuff come from? Right? And then just very sad saying the number one thing that addicts say when they're brought back to life from using Narcan, that incredible technology is, why did you bring me back? I mean, it's just testimony to his understanding of the, some of the fundamental levels of dealing with access and care and, and, and health and the psychological issues surrounding them. So good for him. He's thinking big and talking to everyone. He talks, he describes this as a generational opportunity. He even quoted Hubert Humphrey one of my favorite quotes actually, of all time, which is, here's the shorthand version. The moral test of government is how it treats those in the dawn, twilight and shadows of life. Two priorities the one you hear all the time, fraud, waste, and abuse. There's a lot of each particularly the abuse side. But then the second one, is tech adoption for transforming Medicare. The goals seem pretty logical. Why don't we have PACE programs for all elderly? Why don't we elevate the role of GPs and why don't we pursue fitness more aggressively for our elderly? And particularly, he described this being at a wedding where an 85, 90-year-old woman was out on the dance floor and fell legs, went completely up in the air down on her butt. And and, you know, everybody kind of paused and she flexed her neck muscles, got up and started dancing again. You know, for most elderly, that could have been the first step on the road to death. So he ended up by saying, you know, CMS is building the racetrack so the private sector can build the race cars. So I've given an exceptionally positive report here, right. Particularly for me, who walks the fine line between cynicism and skepticism, but I can't give it up entirely. Right. So

there's that great Thomas Edison quote, vision without execution is hallucination. So let's see if they can execute.

Burda:
Thanks, Dave. Julie, any questions for Dave?

Murchinson:
So, Dave, you know, CMS is talking a lot about incentivizing Medicare members to manage their health better. And I interpret things like this as direct member incentives. How do you read some of this? Is this, do you think this is actually gonna be done through their MA work or something more, you know, member focused?

Johnson:
Well, all of the above. And we do such a terrible job of, you know, balancing health promotion and disease prevention with, with treatment in this country. It's really not that hard to do. I mean, almost every other advanced economy does it. They spend half as much per capita as we do on healthcare, and people live six or seven years longer. It's more of the how to do it. And honestly, maybe unleashing CMMI with new models and trying to see what works in a big way is, is the way to go about it. At the end of the day, what's gonna make it work? You gotta make it easy and you gotta pay for it. I said just a second ago, it's not a question of, of money. We have enough money. It's how we spend it. And I think they're making a pretty radical shift in how they spend, how we, the people the government spends its healthcare dollars. So I would expect to see it in Medicaid programs and Medicare programs. They talked about in the statement that came out from CMS having prevention built into every payment model going forward. That's fantastic. You know, there's this great Peter Drucker quote that if you wanna start doing something new, you have to stop doing something old. And there's a lot of old that we have to stop doing and getting, you know, getting the transition from the old to new won't be easy. But the hard part is gonna be slaying all the healthcare dragons preventing the US from having a modern, effective health and care system. You know, the spokesperson from the HA was up on stage blaming the pharmaceutical industry for all the <laugh> the problems in the industry. Just kinda stopped doing it. So I, you know, I'm kind of just curious to see where it all goes. Julie, I think we know what to do, it's just, can we get it done? But then again sacred cows make the best hamburgers. So you know, <laugh>, let's go eat.

Burda:
Yeah, yeah. We'll see who joins these new a PM models. That's gonna be fun to watch. Okay. Julie, it's your turn. What grade would you give the plan on content alone? What chance do you give this plan of actually working? And if you drew up this plan, what would you include that's not in there?

Murchinson:
Well, like Dave maybe even better than Dave, I'd give them an a plus on content alone. Like I said a few weeks ago, I'm becoming quite a MAHA Convert minus, of course, the complete and utter vaccine insanity <laugh>. But the chance of it actually working, I, I guess I'd like to give it

a 50 50. And I think that that's super optimistic and not because this team can't execute, but because I think CMS only has so many levers, and they'll have to design things into those levers that are very different than what CMS has traditionally done to achieve some of the incentive goals they have. And my guess is that they'll do all they can, but they're gonna hit bureaucratic roadblocks. So I think they can control payment. But some of these things they talk about, I think, do go beyond that. But what gives me hope are things like Oz and Mark McClellan, mark McClellan's quite involved by the way. And, you know, they're really both promoting public-private collaboration. And Mark talks about how, you know, we need now more than ever to align all this private sector innovation with public policy, and that can actually drive meaningful change. Mark gets it. He sees it. You know, Oz talks a lot about technology and ai, and that we have a generational opportunity to transform healthcare. And he's touting, like, as a real physician, right, that AI can extend physician capabilities and take on basic tasks more efficiently. He believes that clinicians can and will do this. And, you know, God knows, I believe that. And, you know, Oz talks a lot about things like radical transparency fostering more predictable, fundable, investible healthcare industry. And you definitely see that in his plan. You know, he even reframes the role of private equity in healthcare in a very kind of capitalistic way, frankly, arguing that funding is crucial for empowering all these innovators and challenging the entrenched incumbents, because without it, the incumbents are gonna maintain, you know, the excessive influence that many of them have today. And his message is really that good ideas need capital. So they're thinking in such a public-private way and, you know, they, they see the opportunity ahead. The other thing I think that's interesting is Chris Clump, you know.

Johnson:
Yeah.

Murchinson:
Who is Oz's right hand, former CEO of Collective Medical. Chris is laser focused on CMS aggressively shifting to fever value because he thinks they're the only plan that can really push it, which he's right, right? Privates will follow suit. And he believes, of course, that practicing both fever value and fever service at the same time is difficult. I think many believe that we're gonna end up in a, a hybrid system anyway. But I like his energy of really trying to shift, and he's really focused on technology modernization to do it, and applying AI to help CMS do it better. And these April rate increases, I think, as I've talked about before, Chris, you know, Chris said the, the 25 billion they put into MA rates in April is their initial step towards this transformation. So they're already on the journey there. Well, it's interesting though, to me and your comments about CMMI, Dave sort of fit into this, like, okay, was CMMI too timid or is like the aggressiveness and, and wanting to push, you know, providers and everyone who's taking risk to downside risk. Like, is that too dangerous to do in a, a big, like, blunt way? Like this administration is doing a lot of things because Chris's company was not a risk bearing entity. It, it provided the real time, you know, care coordination and, you know making sure that you're identifying high risk patients and improving patient outcomes and, you know, coordinating everyone in the, in the mix there, but it didn't assume financial risk. So while the tools were necessary, he hasn't sat in that seat, I don't believe so. You know, it's just interesting that they're being so aggressive. It's, I don't know that they have the answers as much as just pushing. And here's what I see. We have a lot of understanding of how to deliver what we expect, what our

goals are from trying to fix health through our system. Right? But when you start to talk about prevention and wellness, we don't actually have goals, like whether it be part of my plan or just what's necessary, we need to define what it means to be healthy and to be well, and what that looks like in our lives as people. And not necessarily, you know, directly related to the medical complex and just like behavioral health, right? We still don't have really good definition of what good mental health looks like. It's pretty nascent. And, you know, NCQA which I love, has done a lot of work in person-centered outcomes, and we're gonna need more of that. We're gonna need to define like, what is health, what is wellness? So I think there's a lot of work to do there which is why I think a lot of this will actually be quite hard, but I think it's a great start.

Burda:
Yeah. No, that, that's a great analysis. Thanks Julie. Dave, any questions for Julie?

Johnson:
Yeah, Julie, I'm sort of curious about the tech potential here getting incorporated in a much more organic and fundamental way. So this is your world, which technology or bundles of technology apply?

Murchinson:
You know, if you're really gonna look at prevention, you have to start looking at where are people today? We've spent years and billions of dollars trying to administer health risk assessments, right? Health risk assess assessments have largely been interview driven processes, not really clinical evidence based processes. And you're seeing companies out there now like function health and unfortunately forward that just folded, was kind of in this category a decade ago of trying to use all the scientific technology we know to understand a person's health functions doing it through blood work. Yeah. And you can achieve a lot that way. If you look at what Sequoia just invested in at a company called Open Evidence, they're using AI to scour all the, you know, medical journal and scientific studies to really look at what is the most evidence-based data that we know today. You start to combine some of these and the AI doc concept where something in your blood spikes and union intervention and the AI can help figure that out and then triage you to the right kind of doctor or the kind of care, I see that as being where we ultimately go, the kinds of technologies we're gonna implement between here and there will be incremental, but that's how we do things.

Burda:
Yeah, yeah. Just like on The Jetsons, right?

Murchinson:
<Laugh>. That's right. Actually,

Burda:
Exactly. They knew what they were talking about. Thanks, Julie. It all sounds pretty good to me, but I'll, I'll be the cynic here. My fear is that it'll just become another financial hammer to promote the MAGA and Project 2025 agenda. So no demos for underserved patient populations because of race, ethnicity, gender, or sexual orientation, you know, just white South African

farmers and anyone from Scandinavia who wants to have lots of babies. I hope I'm wrong. Okay. Let's talk about what went right or wrong in healthcare this week. Julie, what else happened this week that's worth noting?

Murchinson:
Well I think you probably saw that Hinge Health IPO priced, it seems like that's a, it's gonna be very interesting to see how that stock performs, but first, you know, healthcare IPO really to get out in a couple years. So check out the Hinge. Other thing I will note that note though, that I heard this morning actually, is that Nova Noir CEO is booted because they haven't performed well after their blockbuster GLP one drug. So interesting times.

Burda:
Yeah. Tick-toc, tick-toc. Dave. What other healthcare news should people know about?

Johnson:
Well, this, this isn't exactly healthcare but it, I think it will have profound potentially healthcare implications. This week Sam Altman's open AI announced it was acquiring Johnny Ives's startup IO for $6.5 billion in an all stock deal. They envision whole new family of products incorporating artificial general intelligence. Julie, like some of the ones you were just describing, and I gotta say the way they're rolling this out is almost a little creepy. I printed out the announcement and it's a picture of Johnny Ives, you know, the designer of the iPhone with his arm around Sam Altman and his head, their heads touching, and it goes, Sam and Johnny introduce IO. And, they've got this video of the two of them together where Sam is talking about an embarrassment of riches for what people will create for the collective benefit of society. And Johnny saying a whole new generation of technologies that will make us our better selves. But, you know, if there's silicon royalty, these two represent that and putting design together with artificial general intelligence could be a game changer, should be a game changer.

Burda:
Thanks, Dave. And thanks, Julie. That is all the time we have for today. If you'd like to learn more about the topics we discussed on today's show, please visit our website at 4sighthealth.com. You also can subscribe to the roundup on Spotify, Apple Podcast, YouTube, or wherever you listen to your favorite podcasts. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.