

4sight Health Roundup Podcast  
Who Controls the Future of Healthcare Market Competition?  
9/11/25

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 everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, September 11th. Today is the 24th anniversary of the terrorist attacks in the US that killed nearly 3000 people. We call today Patriot Day, and it's a National Day of Remembrance. So please take a moment today to honor the lives lost and the first responders who came to their aid. Here we are 24 years later and the word patriot has taken on many new meanings. Some of them not so good in my opinion. On today's show, we're gonna talk about whether two recent actions by the Trump administration on competition will be good or bad for healthcare. To give us the answers are Dave Johnson, founder and CEO 4sight Health, and Julie Murchinson partner at Transformation Capital. Hi Dave. Hi, Julie. How you two doing this morning, Dave?

David W. Johnson:

Doing great. I'm back in Chicago to celebrate the opening of Matter Health's new offices at the Merchandise Mart downtown. Matter may be the largest healthcare incubator in the country. I don't know of a larger one. Should be a great event.

Burda:

Alright, have fun. Julie, how are you?

Julie Murchinson:

I'm well. I spent time in two of my favorite places this week at Health Evolution, celebrating a decade of the confab of advancing women leaders. Do you remember that, Dave?

Johnson

Yeah, I do.

Murchinson:

Yeah. So great.

Johnson:

Yeah. Good for you.

Murchinson:

Oh my gosh, A decade. I'm old. And you know what? With the brilliant NCQA board and a new CEO announcement coming soon, stay tuned.

Burda:

Ah, Margaret's replacement. Yes, mu much anticipated. So don't tip your hand here on the podcast, whatever you do. Okay.

Murchinson:

No, no!

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Burda:

All right. All right. Now before we talk about the future of competition in healthcare, let's talk about Patriot Day. Dave, how are you expressing your patriotism in any smaller, big way today or any day of year?

Johnson:

You know, Dave, I've always thought that April 18th, the anniversary of Paul Revere's ride was the, the better Patriots Day. So that's the one I celebrate. Congress though, in 2009, made September 11th, you know, a day that's burned into all our memories, a national day of service and remembrance. In the wake of yesterday's multiple shootings, I'm gonna take some time today to think about how we can tone down the hate speech that underlies the excessive gun violence we're going through as a nation.

Burda:

I think that's gonna be a long moment of silence, Dave. Good luck. Yeah. Julie, how about you? What expressions of patriotism are you doing big or small you know, today or the rest of the year?

Murchinson:

Honestly, Dave, I woke up today and I decided I should wear black, but I'm not sure why. And now you're making me realize maybe why I was doing that, so, yeah. Yeah. I'm gonna have to give it some thought.

Burda:

Yeah, yeah. Well, maybe you did it subconsciously there, wearing black, right?

Murchinson:

Yes, Perhaps.

Burda:

Yeah. For me, I took down our usual American flag and replaced it with the latest version of the pride flag, much to the dismay of most of my neighbors, <laugh>, you know, we <laugh> we live near two schools, and a lot of kids walk past our house on the way to school, and we want them to know that we support equal rights for everyone. So, and now we're having a good job internal thanks. An internal debate in the house over whether we should hang an upside down American flag, <laugh> to signal that the country is in distress. And so I'll let you know how that turns out. Now we're gonna talk about how two recent actions by the Trump administration turn out. And there's your transition. First, on August 13th, Trump issued an executive order that revoked a previous executive order in 2021 from President Biden on promoting competition in the American economy. The original 2021 order singled out healthcare as an industry in need of stronger antitrust enforcement. The order said the lack of competition, along with market consolidation, have raised prices and limited access for consumer. The order pointed out the pharmaceutical hospital and health insurance markets as examples. Second, on September 5th, the Federal Trade Commission reversed course and vacated its own rule that declared non-compete clauses in employment agreements illegal as an unfair method of competition. The FTC

finalized the rule in April, 2024, and it was supposed to take effect last September, but it never did because of legal challenges, the hospital lobby opposed the rule. When the FTC first proposed the rule, the FTC said, the rule could reduce healthcare costs by as much as \$194 billion over 10 years, mostly through increasing market competition for doctors, many of whom are locked up by non-competes. Now, we'll never know. And if you don't think the FTC's decision to nix its own rule was political, I would encourage you to read the statement by FTC Chairman Andrew Ferguson. Trump made Ferguson chairman in January. Now let's talk about what you two think. Dave, you're a pro market person. What do you think of these two moves by the Trump administration? What's the impact on healthcare market competition and consolidation? And if I'm a consumer, why should I care?

Johnson:

Before I get to your specific questions, Dave, I'd like to talk about the nature of competition within healthcare and why it leads to higher rather than lower prices.

Burda:

Mm-Hmm <affirmative>.

Johnson:

If you go all the way back to the late 1980s when I first became an investment banker the Wall Street Journal ran this cover story about two hospitals in Kalamazoo, Michigan; Porges and Bronson. You might remember this, Dave. They each operated medical helicopters, even though there was barely enough service to support one helicopter. And the Wall Street Journal was bemoaning that and sort of exploring why competition led to higher rather than lower prices. So, why did Bronson and Porges do this? It clearly drives up the cost of care. It wasn't really adding to the community health in a meaningful way. And they essentially had two reasons, the most important of which number one was they got paid to do it through the fee for service reimbursement system. And two, the, to the extent they competed they competed on service offerings not on value creation. Normal markets competition, there's a level of intrinsic demand and supply goes up or down based on price in healthcare. Healthcare reverses that. It's supply driven demand. If you build it, they will come. And that artificial market, that artificial economic model is still very alive and well in healthcare today. We're still, you know, still operating under supply driven economics. So it's kind of a second point about regulation. Effective regulation requires a delicate balance between not being too hard, that it prevents innovation, but also not being too soft, that it allows bad behaviors. And since the end of World War II, the country and its regulatory oversight have become increasingly more tolerant of the existence of very large, very powerful corporate enterprises. We were actively against that in the 1950s when much of the antitrust legislation came into being. And it's slowly been going the other way for decades now. So on balance, this more permissive regulatory scheme has tipped the scales to favor market consolidation, which is good for big companies but bad for individuals and mom and pop companies. But let's now move over into healthcare. And despite consolidation in the provider sectors, you know, hospitals and doctors both remain largely cottage industries there are way too many players way too much inefficiency, way too much service duplication. And again, you can, the answer to the why that occurs gets back to largely to the payment models and the preferred economic incentives that exist. So there needs to be vigorous antitrust enforcement. And this

may surprise both you, but I think Thelina Con and Biden's administration largely got their regulatory efforts wrong when it came to healthcare. The fact that they were fighting all these hospital mergers. We need many, many fewer hospital companies, and we need them to be more capable. So consequently, I'm not going to miss the Biden executive order on competition, at least within the healthcare sector. Eliminating non-compete contracts is a trickier topic than hospital consolidation, hospital and physician practice consolidation. Employment contracts with non-compete clauses generally favor employers at the expense of employees. With regard to this Biden administrations program rule regulation the courts had stopped its implementation. So to some extent this is really a moot discussion. The current FTC chair, Andrew Ferguson promises vigorous enforcement of abusive employment contracts. I guess we'll have to wait and see on that. But the bigger problem is that the regulatory mechanisms that work to create level field competition in other industries don't work in healthcare. And that's because of the art artificial economic model that I've already talked about, and unacceptable levels of medical protectionism that occur at both the federal and the individual state levels. And honestly, until we address these root causes of market dysfunction, healthcare will continue to operate as, as it currently does, and consumers will be an afterthought in the whole back and forth on who pays how much to whom for which services. So we gotta be smarter.

Burda:

Basically you're saying it's useless to apply what you think would be proper regulatory mechanisms to a market that doesn't function in a traditional way. So why bother <laugh>,

Johnson:

You said that much more concisely than I did. <Laugh>, I gotta say <laugh>.

Burda:

Oh, that's shocking. That's my, that's my job. That's my job. Right. Thanks Dave. Julie, any questions for Dave?

Murchinson:

I dunno if you saw the article about Epic, but it seems like our friends at Epic still seem to be on, you know, surprisingly the wrong side of the particle lawsuit despite having a couple of those claims dismissed. So, seems like odd timing to have the epic particle announcement come out the same week as some of this. What do you make of it?

Johnson:

Well, it's, it's funny. The continuance of the particle litigation against Epic was going to be my answer to Burda's weekly question, what else happened in healthcare this week? So, Julie, I'm glad you brought that to the forefront. The short answer to your question about Epic is that the US still has antitrust laws against monopolies, and Epic is a monopoly, my opinion. We discussed this a couple of weeks ago after Epic's AI announcements, you know, where Judy dressed up like Buzz Lightyear and made all these announcements about what they were doing with <laughter> Yeah, exactly. I mean, how would you like to be one of the companies that's worked with Epic sharing your intellectual property and so on, let's say a scribe company these last few years, and then discover that Epic is coming out with art, which is going to sort of

provide that service and maybe put you out of business. Judy also made that, that comment about Cosmos, which in concept is a good idea. You know, pooling patient information from multiple health systems to do a better job of pattern recognition than early diagnosis. But the rub there is that health systems have to agree to participate, and they have to be on the Epic platform. So it's a walled guard approach to something that should be much much more ubiquitous within our industry overall. You know, there's that great line in The Godfather where Michael asks his father, what he's gonna do about a particular situation, and the the Godfather replies, I'm gonna make them an offer they can't refuse. And I've had more than one health system CFO tell me that if Epic raised their prices 50% in any given year, there's nothing they could do, but, but go along with it. So if that's not the power of being a monopoly, I don't know what is.

Burda:

Nothing like an analogy that compares you to organized crime.

Johnson:

Right.

Burda:

<Laugh>, there you go. Thanks, Dave. Okay, Julie, it is your turn. Are these just knee jerk reversals of anything Biden had his name on, or is there some sound market philosophy behind these two moves? And without the executive order on competition and without the rule banning non-competes, what's the impact on market innovation and disruption by healthcare tech companies?

Murchinson:

Well, I don't think these reversals are just knee-jerk. And I do think they're sound kind of market philosophy for some people. They definitely seem to be consistent with, you know, project 2025 Bible on interest in reducing regulatory overreach and top down mandates, and, you know, shifting power away from kind of the sweeping, you know, Big Brother towards more kind of case by case enforcement. So you know, we don't talk about Project 2025 anymore, but I think we're seeing threads continue, right? And, you know, I guess I'm with Dave on the first one, you know, I'm a big believer that agency coordination goes a long way at the federal level. And this, you know, reduces agency coordination, which I think reduces momentum for more systemic healthcare reform. So I don't love it for that reason. And today's point, regulators are gonna be less aggressive. So it's interesting on the tech side, you know, incumbents like Amazon, Google, Apple, Microsoft, et cetera, will obviously face less resistance in situations like this, but in healthcare you know, Dave, I've been talking to a couple health systems lately as you know, who are really facing the music. And some of them are large systems that been consolidating over the past 20 to 30 years, and they're just starting to integrate a lot of what they've consolidated. They're just starting to get on one instance of Epic. You know they're just starting to actually do the things that a more traditional market player would do when they actually do M and A. So, I don't know the impact on healthcare. It is tough. I, and I do suspect that we're gonna start seeing health plan consolidation come back again, which I don't know, good and bad there. So I guess Dave, I'm with you all the way on this. I don't know what I could say that's any different, to be honest, on the non-compete side, this one's such a tough one because it, it's so, they're so

inconsistently enforced, right? And Mm-hmm <affirmative>. Yeah. Could it reduce labor mobility? Sure. Like some parts of healthcare more strictly enforce non-competes than others. Like, you'll definitely see more health plan non-competes come back, and those can be really, really tough. And you can definitely imagine like talent slowing a little bit all over the place. When it comes to tech, it kind of depends upon what state you live in, right? Like states like California, where non-competes are unenforceable, you know, we are already seeing more tech companies come back to California and come back to the Bay Area. So you may see hotbeds where non-competes are not enforced where this just isn't an issue, right? There may be other states where we have started to develop more digital health you know, entrepreneurial community where this actually does make a difference. And those hotbeds are now sort of all over the place. There's Nashville, I think there's still, you know, some in Austin, New York, like we're, we're seeing a lot all, you know, all over. So I think there's some there. And you know, people always say, well, VC money's gonna dry up with this kind of non-compete approach. And I don't know, maybe in certain asset classes, but I don't see a huge hit coming. And obviously the incumbents have an advantage because they have the means to enforce non-competes, but I just, I don't buy the fact that we're gonna see the digital health and investment community slow down because of this.

Burda:

The bigger issue is whether you take company secrets with you, right? That that's, that's where you see the litigation, right?

Murchinson:

Who doesn't do that.

Burda:

Yeah. <laugh>, right? A lot of copiers, a lot of scanning, a lot of email. Right. Thanks, Julie.

Yeah. Dave, any questions for Julie?

Johnson:

Well, especially if they were your ideas to begin with, right? <affirmative> So we, you and I both know the current state of competition in US healthcare today. So let's make you czar and you've got the power to do one thing to improve level field competition. What would it be?

Murchinson:

Dave; you know, we have a pet issue that we haven't talked about in a, honestly, a long time. We haven't used our favorite price transparency topic, <laugh>, I mean, in months, right? For a while there we were talking about it every week. So I mean, this is, would absolutely be my thing. And even though federal rules require hospitals and, and insurers to publish prices, we all know that compliance is patchy. And there's a lot of check the box behavior, and, you know, none of it is, well, I should say very little of it is usable. And most consumers don't see it, know about it or have a way to digest it to inform their own quote unquote healthcare shopping. So for me, it would be getting real on price transparency. And I mean, imagine consumers could actually shop or at least understand what they're paying for. They might actually trust healthcare again, <laugh>, right? I mean, wouldn't that be great? And obviously that would force some

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competition and employers who have bemoaned Healthcare for so long, and Dave, as you know, are struggling again with health systems, could actually design competitive benefits, right? And

Johnson:

Yeah,

Murchinson:

Do more to steer employees. That would be amazing. Startups could have a level playing field more so than ever, and their differentiation would actually be clearer, right? In terms of whether they're lower cost or, you know, better value, whatever the, the differentiation is. And in a world like this, like we could see consolidation happen for the right reasons. And I think we both think consolidation can be very positive in this industry, but it has to be done for the right reasons, with the right outcomes.

Burda:

Yeah. I go on a lot of hospital websites, health system websites, and you barely can find a fact sheet that tells you where their headquarters is and how many hospitals they have. It, it takes, you know, a lot of clicking and there's no way the average person find out where they put their prices. No way. I mean, that, that would be a great game show, right? Three people, <laugh>, you put all right, on, on your, on your screen is a hospital website: Go. Right? No one could, no one could win.

Johnson:

No <laugh>

Burda:

No. All right. Anyway, I'll just say this Trump is no trust buster like Teddy Roosevelt, and I think Roosevelt could kick his ass even now. So there's my opinion on it.

Murchinson:

From the grave.

Burda:

Yeah, from the grave <laugh>. Exactly. All right. Now let's talk about other big healthcare news that happened this week. Julie, what else happened this week that we should know about?

Murchinson:

Well, friends, it has been a big week for Kaiser Permanente on two fronts. One, they opened up services in Nevada, which is the first, you know, true expansion state and KPs' world in a long time with a, through a partnership with renowned health. And they also have appointed Craig Albanese, who is the CEO of Duke Health System to be their president of integrated care and coverage. And I don't know, for anyone who knows, Craig knows that he is a force, and I will be fascinated to watch what he can do at KP.

Burda: :

We will keep an eye on both of those. Dave, what's your big story of the week?

Johnson:

Well the Make America Healthy again, report came out the official one, and it was a nothing burger. The food companies are largely supportive of it, which tells you just about everything you need to know. <Laugh> about, about the, the report. You know, there was an early version of the report that had a sentence in there about reducing sodium, and even that came out. And at the same time Lancet the medical British Medical Journal came out with a study that showed across the world, young adults are dying at a slower rate from chronic diseases everywhere except, well, not everywhere, but the United States is a dramatic outlier in that fact. So you know, for all of RFKs talk about making America healthy again it really does seem that he wants to use his political muscle to promote the anti-vax agenda and attack pharmaceutical companies, not American lifestyle behaviors and the excessive amounts of highly processed food that we all consume, particularly lower income Americans. Really, really too bad.

Burda:

Yeah. Keep ingesting those pesticides and insecticides. All right, Dave. 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](https://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.