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 at News Editor at 4sight Health. It is Thursday, November 6th. I hope everyone survived Halloween and is now down to their last few pieces of leftover Halloween candy. We've got a few roles of Smarties left. We'll see who gets desperate. And today's show, we're not gonna talk about how desperate how speaker Mike Johnson is to hide the Epstein files from the public. But we are gonna talk about how desperate the public is for more primary care with Dave Johnson, founder and CEO 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi Dave. Hi, Julie. How are you two doing this morning, Dave?

David W. Johnson:

Man, Dave. I'm still trying to come to terms with the electoral backlash against Trumpism that occurred on Tuesday's elections based on the voting and turnout, the people are definitely having their say. And by the way, speaking of the anti-Trump movement, former vice president Dick Cheney also died on Tuesday. And you may recall last year, breaking from his Republican roots, he endorsed Kamala Harris in last year's presidential election. It was just Trump was such an anathema to him. At the same time, though he's very much responsible for our nation's movement toward an imperial presidency.

Burda:

I stayed up late Tuesday night and ultimately went to bed happy with the results. So thanks for mentioning that. Julie, how are you?

Julie Murchinson:

I am well, I am in your nation's capital, actually.

Johnson:

Our nation's capital, our nation's capital.

Murchinson:

Oh, right. Ours.

Johnson:

We the people still. Yeah, I guess. Yeah.

Murchinson:

It's beautiful. It's sunny. It's almost 70 degrees. Tonight is Peggy O'Kane's retirement soire. Congratulations, Peggy. Very exciting. And I have yet to see National Guard.

Burda:

Yeah. Yeah. They must have got done picking up all the litter. Right. And Halloween candy wrapper. So <laugh>, good use of our, our military forces. Thanks, Julie. Now before we talk about primary care, let's talk about nachos. Yes. Nachos. If you didn't know today is National Nachos Day. Dave, is there a vegan version of nachos? And if so, have you ever tried them?

Johnson:

Oh, sure. You can load up nachos with veggie chili, sour cream, jalapenos, avocado, and vegan cheese. And they can be just as fattening and unhealthy as any other version of nachos <laugh>. So, and yes, I've had them.

Burda:

Great. Julia, who, who made the best nachos you've ever tried?

Murchinson:

Well, the most memorable nachos, perhaps are from a little place in Truckee, California called La Bam ba that served just the best Mexican food after you'd had a pitch of margaritas. So I don't know if they're the best, but they're definitely memorable. <Laugh>,

Burda:

I'm glad you remembered after a pitcher. Margaritas.

Murchinson:

I forgot it, Dave.

Burda:

That's good. There's only one place I'll order them out, but other than that, we do make them at home a few times a year for special occasions, but never before we get our blood drawn before a primary care visit. And there's your transition. Late last month, Bain and Company, the Boston based consulting firm, released the results of a survey of 60 health system executives and 500 consumers on primary care. We talk about primary care a lot on this show. So let me share some of the top line findings from the survey and get your reaction. Here goes, 77% of the health system execs said their systems plan to expand their primary care footprint over the next five to seven years by adding more owned practices and employing more primary care providers asked to rank the reasons why the execs cited improving clinical outcomes as their top reason referring patient volume to medical specialists ranked last. The biggest barrier to expanding their primary care footprint are workforce shortages cited by 29% of the system execs ask how their systems will use AI to expand their primary care footprint. The execs cited supercharging their EHR systems as their top AI use case out of 10, improving their e-prescribing systems ranked. Last 60% of consumers said they were comfortable with primary care providers using AI to listen to visits and take notes. And 51% of consumers said they were comfortable with AI analyzing medical exam results and generating

reports. The headline on Bain's press release announcing these survey results was, quote, primary care emerges as cornerstone of US health system strategy. Close quote. Pretty bold talk. Dave, what's your take on these results? Do they move us closer to health and away from healthcare, or is this just a new business model that protects the incumbents?

~~Johnson: (00:32:13):~~

Oy vey, I walk that very fine line between skepticism and cynicism every day, and it's, it's just really hard not to be cynical seeing a report like this. We were just mentioning President Trump, and I saw an analysis of his pardon this last week of the the crypto billionaire Ang Pen Zao, who created the Binance Crypto Exchange. And Trump on 60 Minutes got asked a question about it, and basically said he didn't know the guy and the commentator I was listening to said when Trump says he doesn't know something, he actually knows everything. And when he says he actually does know something, you know, like the effect of tariffs on the economy, he really knows nothing. So I, I sort of had the same cynical response looking at these health system executives saying they wanted better primary care to improve clinical outcomes far more than to increase specialty referrals. They're just speaking with a fork tongue there. Our system has turned most primary care physicians into RFBU driven referral machines. And this comes when, as much as 30% of specialty procedures are medically unnecessary. It reminds me of the Upton Sinclair quote. And it's really hard to get someone to understand something when you're paying them not to understand it. And I just have a very hard time believing that, that health system executives that are in the business of optimizing revenues under fee for service medicine would want to use their primary care physicians for anything other than activities that, that help them achieve that goal. when I was writing my first book, Market Versus Medicine Zeke Emanuel and I did several field trips together where we would interview people, and he was also writing a book, and I set up about half of them, and he set up the other

half, well, one of the ones he set up was for the Dean Clinic in Madison, Wisconsin.And so he and I went up there and we toured several clinics. We met with the senior management team we talked to the insurance executives. About half of the volume at Dean Clinic is, is from their insurance company. So they're at risk for that, that portion. And I have never heard a place speak more highly of primary care physicians than pretty much everyone at Dean. They carry our brand, they deliver value for the insurance company. We, wouldn't be who we are without them. They're integral to our culture. I mean, just on and on and on. And so the last meeting was with the senior executive team and you know, we're in our q and a. And I said, well, he, you really seem to appreciate primary care inside the Dean organization. And again, you know, one superlative after another. And then I asked the question, I said, well, given all that and the importance of primary care to the Dean franchise, I'm assuming on a relative basis, you're paying primary care physicians more, and especially physicians less. Is that true? And that's when the gobbledygook started. And I can't tell you what they said for the next 15 minutes, but I walked away from that saying, oh my God. Even a place like Dean that gets it, that has half of their volume at risk still, when push comes to shove, they're operating in largely the same way as, as other, you know, kind of fee for service driven healthcare providers. It's in the, it's in their nature. You know, like the scorpion stinging the frog, right? So they're swimming across the lake. Well, here's a radical suggestion. How about taking primary care out of health systems altogether? Done right, primary care is really part of population health. In the community promoting health early detection, managing chronic disease, doing anything and everything they can do to prevent acute episodes. If you do a good job on the front end you don't need as much coverage on the back end. And we, of course, flip the equation around. We put all our resources into treatment, not prevention, and we reap the rewards of that. I've said before, I'll say it again, and I guess I'll end with this. The US healthcare system does a great job at rescuing people when they're drowning, but never teaches us how to swim. It's the craziest thing in the world.

Burda:
Yeah, it makes me think of that expression measure twice, cut once.

Johnson
<Laugh>,

Burda:
Right?

Johnson:
Yeah.

Burda:
Yeah. So carpentry's a lot like surgery, I guess is what I'm saying. <Laugh>. Thanks Dave. Julie, any questions for Dave?

Murchinson:
Well, Dave, you started to just allude to this. What version of primary care could actually work and how do we pay for it?

Johnson:
You know, on one of our many episodes during the last year, we talked about when Walmart up and suddenly and got out,of primary care. And our basic conclusion was if Walmart couldn't make standalone primary care work, then nobody can, right? I mean, they're, they're experts at driving efficiency on, on point solutions like this. The same week that Walmart announced that it was getting out of standalone primary care and shutting down its clinics Anthem doubled down on its primary care investments. They went into partnership with Clayton Duber and Rice, CDR and they combined their primary care practices, Carolon, Apre, Millennium Physicians, into a nationwide platform. And so why was Walmart exiting an anthem doubling down? And the reason is, you can't

do standalone primary care. It has to be part of a holistic ecosystem that rewards better health outcomes. What version of primary care could actually work and how would we pay for it? It's never gonna work on a standalone basis or as just a pure referral system, RVU driven referral machine. It's never gonna work that way and generate the kind of returns it should. Where it will work is when organizations at risk for the care of distinct populations invest in primary care over a long enough period of time to realize the benefits of that investment.

Burda:

Right. Incentives, incentives, incentives. Right. Thanks Dave. Julie, what's your take on the survey results? Do they mirror what you're seeing in the market regarding primary care? And how are tech companies plugging into primary care? What do you see?

Murchinson:

Well, am I seeing how systems look to footprint expansion to drive revenue? Absolutely. I see more ASCs, infusion centers, other revenue generating joint ventures and partnerships. There's plenty of it. The primary care is an interesting one to me. Like there are certainly systems like MedStar and the DMV area seven to eight years ago, they were very thoughtful about you know, acquiring, engaging a ton of PCPs in the area. They probably have 5,000 PCPs under their belt. They pay them well, they've digitally enabled their practices, they optimize their lives. Like it's a partnership in every sense of the word. But am I seeing the kind of primary care strategy that Bain's talking about? I'm, I'm actually not seeing it a lot, although I am, I've seen some headlines and it strikes me that some health systems doing this might, I mean, depends upon your market, but they might be too little too late. If you look at the physicians' physician ownership in some markets. Not all markets, of course, like Optum already owns a really healthy double digit percentage of primary care in many, at least urban markets, suburban markets. And, you know, in those relationships, they've optimized the payer

relationship and rates and frankly, things that are gonna be hard for health systems to unbundle and might actually generate a new found competition there. So I don't know about the strategy, honestly. And I think, you know, the core misalignment for me is that this is like trying to rebuild the care model around primary care at the exact moment that we have the fewest humans available to deliver it. And also, while patients are definitely warming up to AI but aren't ready for full AI as a substitute. So timing's interesting for multiple reasons for me. And I think, you know, if the ambition is to expand the footprint, like I just said, it's, it's gonna be hard just on humans alone. You can't scale a shrinking workforce, but investing in PAs and NPs and pharmacists and health coaches and others to try to stretch in both capacities, sure. Like I could see that. I don't know if that's what this is about, but Dave, to your point of moving to value-based care, I mean, this is still largely fee for service, right? Like mm-hmm <affirmative>. I don't know how we're…

Johnson: (00:46:20):
90, 90 plus percent still,

Murchinson: (00:46:23):
You know? Yeah. The investment case just, it, it remains weak. So I don't see that being a huge piece of this. And, you know, if health systems are gonna do it right, you really would embrace AI for all the things that really enable care delivery today, or payment or those repetitive tasks that, you know, can just get done more efficiently. But I don't know, like you can't move too fast on the AI front. I guess to my point, I'm not seeing many health systems out there that are aggressively moving on that front in this, in this area anyway, so I don't know. I don't have a lot of faith. I feel like the, the real work is how are we gonna redesign care workflow and not just AI-FI, right? How do we deploy AI where patients are comfortable, build trust with AI, things like that, that could make a strategy like this work and make real pull and data-driven pull of revenue generating people through that channel. And we're just, I

don't see us being, I don't see most systems who are perhaps talking about this in the categories I would put as being super sophisticated. But you know, if you look at who is pulling in those consumers, Amazon's doing it. Dave, to your point, like retail hasn't worked well in most places. As I talked about last week or maybe a couple weeks ago; Hims and Hers and Midi; Electra, a MIDI competitor doing this; Alara, company I just met at health, you know, pulling in women around hormonal support, which turns into a, a broader set of care for women. Like there's tons of smaller players who are starting to take this market share. But if it were me and I was a health system, I would start to focus on things like what Mike and Darius at Vail Health is doing. Dave, do you know him?

Johnson:

No, I don't. I don’t.

Murchinson:

Mike was at Froedtert for years, and he left to go start Vail; and think about Vail as like your Amazon that meets people where they are, around their sleep needs, their diabetes supplies, their weight management, things they might go to Amazon for, but it's connected to the health system. So it's like a, an extension of the health system that creates revenue generation, meaning people where they are to then create that loyalty and that trust and the health system brand to deliver their X, Y, Z and then pulls them into the system from there. Like there are ways you could play with models like this that could be, I think, more compelling than going out and buying a bunch of primary care practices.

Burda:

Your point about going too slow and too little, too late. When I read the survey, it said over the next five to seven years, right? Usually these questions are over the next two years. Yeah. Right. Seven years?!

Murchinson:

Yeah. <laugh> many lifetimes.

Burda:

Yeah. It's a lot of nacho platters over seven years. You know, we need help way before that. Thanks Julie. Dave, any questions for Julie?

Johnson:

My question is when, if ever, will primary care physicians receive compensation commensurate with the value they create when they are actually reducing the number of acute interventions and keeping population's healthier? When will that ever happen?

Murchinson:

You know, sometimes when you ask me questions like this, I wonder myself, are you just trying to trick me? Dave <laugh>, <laugh>. But honestly, like there, like our payment model continues to be the problem. If you just go to where I started, health systems that are, have moved on from, oh, woe is me, I don't get paid for that to, I'm going to shift my revenue model materially and expand my footprint. You know, they're seeing <laugh> massive shifts in terms of the revenue that's coming from inside acute care facilities versus what's coming from ASCs infusion, other expansion areas, right? So when it comes to primary care, you could see primary care start to get a bigger bite at the apple that they produce. Is that the right way to think about it? If we started to really use data and ways to look at how triage is happening between primary care and wherever else in the system that patient should go, how much they could and should be using data to pull the right patients into their practices and to optimize their capacity. And I mean, that would require running a little bit more like a business. I don't know. I'd like to think, Dave, that there's a way that, that it can happen without actually creating value-based models in the way that we've been

talking about it for years. 'cause We're clearly still dinosaurs slow on that or tortoise slow or something. But I don't know. I think there's some, there's something there, but we have to get really good about knowing who we're caring for and why, and what we're doing with them.

Johnson:

Yeah I sometimes wonder whether the health system is currently configured and operating can ever get there, and we have to get there as a society. So will other entities employers, consumers themselves, entirely new types of, of companies emerge, you know, supported by data to manage essentially the population health function and let health systems compete for whatever's left. I think that may be the direction we're heading, which is gonna be messy.

Burda:

Well, we have to demand it, right? Yeah. As purchasers. So until that happens

Murchinson:

Well, or the tech companies are just gonna do it for us <laugh>, which I, I've never been a huge supporter of the fact that that's gonna change the world, but it's happening more and more every day.

Burda:

Yeah. Yeah. Well, the focus of primary care should be keeping you healthy, right? Not keeping you as healthy as possible after you develop a chronic condition. You know, it's all about prevention and wellness. 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, I'm not so sure that everyone tracks at this level. But, you know, Cigna made an announcement late last week. We're at, basically lost

about $15 billion in a minute around their PBM and how they were gonna push towards a more transparent PBM. And, you know, more of kind of the, the do the right things model. And it made me go back and look at where Cigna stock value is from at least just the last six months. They've lost more than 20% of their value in the last six months. So, you know, when you look at where some of the innovation is happening with firms like ours, and we are certainly not alone here, you can see where some of the larger behemoths that have been sitting on some really wealthy middlemen models are starting to shift. Just thought it was interesting.

Burda:

Yeah. Maybe the old PBM business model is to borrow your words earlier, a dinosaur. So

Murchinson:

Maybe.

Burda:

Keep an eye on that. Thank you. Dave, what's your big story of the week?

Johnson:

Well, I'm gonna prove it's a dinosaur because TrumpRx , that juggernaut that's coming out of the administration is in negotiations with Eli Lilly and Noble Nordis to provide low cost GLP one drugs to consumers and potentially to Medicaid recipients. <Laugh>, you can't make this stuff up.

Burda:

Right? I saw the price of, What was it? What what, $149 a month? Something like that?

Johnson:

Yeah. 149 for Wegovy and 2 99 for Zep Bound.

Burda:

That's, that's the market at work. That, that's great. Thanks Dave. And thank you, 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.