

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, March 19th. Spring officially begins tomorrow. My tulips got the message. You could see them popping up through the snow earlier this week. Good thing I didn't pack away my snowblower, I was this close. None of that has anything to do with our topic today, and that's how much healthcare spends on lobby. We're gonna talk about how much the healthcare industrial complex spends to protect itself. With Dave Johnson, founder and CEO of 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi, Dave. Hi, Julie. How you two doing this morning, Dave?

David W. Johnson:

Well, I'm, I'm doing great. I loved a column that Tom Friedman wrote about, Minneapolis and their response to ice and he said, "Never mess with winter people in the winter." And that's made me happy all week.

Burda:

Yeah. Truer statements never been made. Julie, how are you?

Murchinson:

I'm well. I'm in San Francisco, and I just spent the evening last night with a number of women who are both from, you know, exciting new AI companies and large, well-entrenched, you know, systems and plans. And I gotta say, there is some really cool stuff going on. I get excited when I'm here.

Burda:

That's great. All right. Before we talk about healthcare lobbying, thanks to a new study in JAMA, let's talk about your favorite sign of spring.

Dave, I know spring is your favorite season. What have you seen that gives you hope during these troubling times in our country?

Johnson:

Well, for me, it's always, you know, baseball, right around the corner, which has been my favorite thing since as long as I can remember. But this year, I'm particularly enjoying the irony of Venezuela having beaten the United States- <laugh> ... In the finals of the World Baseball Classic. Yeah.

Burda:

Yeah. Oh, yeah.

Johnson:

There you go.

Burda:

Yeah. They might become our 51st state, right? <Laugh> That was one of the pieces of crazy news this week. Thanks, Dave. Julie, how about you? , What sign or signs of springs are you hanging your Easter bonnet on? You know, if you have an Easter bonnet, I don't even know if there's still a thing.

Murchinson:

Oh my gosh. Well, in our part of the country and, you know, with a, the cross-playing sun, for me, it's long nights in the cross.

Burda:

Great sport. Well, in addition to the tulips popping up through the snow, so did our two chive plants in the backyard, you know, death taxes in those two chive plants. Nothing I do intentionally or unintentionally will

kill them. I guess they're like the, , healthcare industrial complex. And there's your transition. You just had to wait for it. <Laugh>

Johnson: ([28:40](#)):

<laugh> All right. It's always there. It's always there.

Burda: ([28:44](#)):

It's there somewhere. You just have to find it and wait for it. Three researchers from the medical school at NYU analyzed data from the open secrets database to figure out how much healthcare industry sectors spent on lobbying from 2020 through 2024. They also did a deep dive into lobbying expenditures by the hospital sector. Here's some of what they found. To no one surprise, the pharmaceutical industry topped the list with \$387.5 million spent on lobbying in 2024. That was up 21% compared with 2020. To my surprise, hospitals and nursing homes were second at \$133.3 million, that's up 13%. Of that 133.3, 116.1 million or more than 87% came from just 355 hospital associations, hospitals, and health systems. The health insurance sector was third at 118 million, that's up 8%. And health professionals, which includes doctors, spent 99.9 million, and that's up 12%. Within the hospital sector in 2024, the biggest hospital association spender was the American Hospital Association at 24.1 million. The biggest for-profit health system spender was Select Medical at 5.5 million. The biggest not-for-profit health system spender was Advocate Health at 2.4 million, and of all the 270 not-for-profit health systems on the list, ChristianaCare spent the least at just \$5,807. -Dave, I bet you've picked up bigger lunch tabs in your life than what Christianicare spent on lobbying in 2024. , What's your take on the sector rankings by lobbying expenditures and how do you see that playing out in health policy with this administration and this Congress?

Johnson:

Yeah, really, really interesting. You're right on the, the dinners, or at least the dinners, not lunches, closing- Used to be one of my favorite things about doing bond deals, and they weren't cheap.

Burda:

Yeah, you're right. I bet.

Johnson:

You know, out of the box, a few things. The first is yet another example of how fragmented the provider sector is. , Remember that, that ... I don't remember what, why we were doing it, but you found this Becker's article, who are the top, you know, revenue cycle companies in the country.

Burda:

Oh right, yeah. Yeah.

Johnson:

Yeah. And it wasn't the top three or the top five. Anyway, just this week, Becker's came out with 385 revenue cycle management companies- <laugh> ... To know and 2026, and you know, 300, it's very close to providers listed on that, that lobbying report. These are only federal expenditure levels. You've got all of the state and local lobbying that occurs, which is, if anything, with the hospital sector, at least, is as large as what happens at the federal level, you know, with all the associations and, regulations governing how these, how these places operate. And with regard to lobbying in general, 2025 was a record year. The lobbying firms took in five billion in revenues, according to Open Secrets. And, you know, yet again, DC, Metro DC has five of the 10 wealthiest counties in the United States. You know, that's not good news for the rest of us. And in my lifetime, DC has gone from a place that looked a little worn around the edges to adult Disneyland, right? I mean,

you can just see all of the resources pouring in there. And then you get to healthcare, which if you put all the sectors together is far and away the largest. They were, again, according to open secrets at \$865 million, in total expenditures, and that was up 16%, because this is 2024 to 25. And the, the next biggest group was combined was the, finance, insurance, and real estate. <Laugh> Each of those individually are, are huge, right? And they were at just a little over 700 million. And not only was healthcare the largest, they also had the biggest percentage increase. So I think healthcare is directly responsible or more responsible than any other industry for improving the municipal finances of people living in metropolitan DC area. <Laugh> So, what I do wonder is if there's some amount of diminishing returns occurring, at least within the hospital sector. You know, despite its fragmentation, the fact that there's a hospital in every county in the country and they can all go to their local representatives and pound on the table, has been a real factor in, sort of incremental revenue flowing into the sector even when it isn't necessarily the best thing for improving the health of people in the country. You know, when Eisenhower first came out with that term military industrial complex in his farewell address in January of 1961, he originally was gonna call it the military congressional industrial complex because what he was talking about was the conjunction of industry, bureaucracy and Congress, in this case, military defense industry, the defense bureaucracy inside the government, Department of Defense, and then Congress is acting in their own interest at the expense of greater society. And of course, we still have a military industrial complex only, even though it's only 3% of the economy, but healthcare's 18%, so we have the equivalent of the military industrial complex in healthcare on steroids. But again, back to the diminishing returns... I'm wondering, because of the just, you know, inability of Democrats and Republicans to work together, how effective the lobbying is in terms of, of bridging legislation. We've had less legislation this Congress than any, I think than any in history. And then also because of the Trump administration's focus on unitary executive power, it's kinda doing what it wants to do. And so I'm wondering if the impact of these lobbying

dollars is as profound right now as they've been in the past. The other thing is that better healthcare policy tends to happen when healthcare is below the radar. And already this year, we shut down the government because the president and the Republicans haven't agreed to extend the premium Obamacare subsidies, and Democrats went to the mat on that. So I just wonder how effective this all is. And because I think there's such dysfunction in healthcare generally, and particularly in the provider sector, <laugh> I'm not sure that's such a bad thing, but having said that, we clearly have a government that is captured by special interests, and the biggest special interest of them all is healthcare.

Burda:

Your money doesn't go as far as it used to, right, with this administration in a certain sort of way. <Laugh>

Johnson:

Yeah.

Burda:

Maybe it goes farther in another sort of way,

Johnson:

Well, unless, unless you're funding a ballroom or something like that.

Burda:

There you go. <Laugh> There you go. Thanks, Dave. Julie, any questions for Dave?

Murchinson:

Dave, I mean, lobbying's not new, right? This has been going on for decades, but the concentration is increasing and, you know, larger incumbents are spending, I've got to think, more money than ever to protect their territory. So if you were to do something disruptive in the

lobbying, you know, area; what would you do to disrupt the power of these lobbies?

Johnson:

The first thing I'd do is change campaign finance law. And you know, we're seeing record levels being spent to run for office, pretty much all offices. And as we were just talking about, I think our legislatures are probably less effective than they've ever been. And the intention of campaign finance reform is to get money out of the political process as much as possible. So that, that's probably what I would do first and foremost. The other thing I do, and it would, I'm not sure it would have any impact on lobbying, but it'd just make my life easier, is I'd, you know, prohibit pharmaceutical companies from advertising because I can't stand watching those ads. <Laugh>

Burda:

<laugh> Yeah, after, after they read those lists of side effects, most people prefer the disease <laugh>. Take their chances there. Thanks, Dave. Julie, did anything surprise you in this study? And how do you see lobbying expenditures like these affecting the pace of market innovation right now?

Murchinson:

Yeah, having actually lived in DC, , at some point in my life, none of this really surprises me. <Laugh> , but obviously with the wealth that we have now and just a disparity in, you know, healthcare organizations, it, it's, it's amazing to see the numbers. And I mean, I definitely, I've got to think that lobbying flows are slowing and distorting market innovation in a lot of ways. We're delaying disruptive payment reforms. I mean, you can, you can feel it, right? Y- we've seen so many recipes for how payment reform could happen, but yet it's, I guess, nails pace because we're preserving the status quo. And if you look at MedPAC, like, MedPAC is, like, singularly focused on Medicare Advantage over

payments, which makes sense, right? Because the differential in payment between MA plans and regular Medicare and these incumbents are succeeding in really protecting their territory, and you're seeing, like, targeted campaigns against MedPAC and, you know, CMS rate restraint. Like, it's, it's really blatant, and that's just pulling innovation towards the more benefit-rich margin protecting, you know, MA and hospital strategies potentially, and not necessarily towards kind of more system-wide productivity gains. So it's a more, you know, 'me, me, me' and not 'us' thinking. And it's, I am sure, pushing capital towards products that are more around coding tactics that, you know, defend revenue rather than models that could, you know, thrive under tighter, more neutral payment rules. Like, it's ... We're thinking about the really small nuances that continue to drive better business for 'me, me, me'. You know, in many ways, I think that we're just seeing market power consolidating around those that are best positioned to lobby. And the little guys or the innovative guys who aren't represented, who actually are bringing innovations to the table, their voice doesn't get through, they just don't have the influence. And I was shocked, honestly, Dave. Like, your numbers across health systems were something. And as I dug into one of those reports, like, yes, so Advocate is at 2.4 million, Ascensions at 2.1, Tenet 2.2, Trinity 1.6, MGB 1.2, Mayo over a million. Like, all the big names. So you're not seeing, you know, some of the largest, even the largest digital players who have really made a difference in terms of how care is accessed or how care is delivered. None of those names even, you know, rank here unless they're maybe in the ChatGPT/Anthropic/Amazon world, but I'm not even sure that that's being spent on healthcare money. <Laugh> I'm sure it's not, actually. I will say this though, it's probably not all negative. Like, I think seniors really value certain benefits and financial protections that lobbying is also trying to keep in place. Now, is that a good thing in the long run? Maybe not, but seniors do value some of these things that are being lobbied for. And there are some, I think maybe more defensive innovation areas that may be seeing more attention that are good for the industry, like prior auth or, you know, technology to engage members.

Like some of those things are coming through in lobbying that are probably positive. So I don't wanna say it's a mixed bag because I think the bright side is probably not so bright, but, we're just, we're delaying disruption because of lobbying.

Burda:

Dave, any questions for Julie?

Johnson:

Well, , y- you, you remember Scrooge McDuck, right? Donald Duck's uncle? <Oh, yeah> I've always pictured him as a lobbyist. I don't know why. But so Julie, of the various healthcare sectors, which one do you think gets a bigger quote, unquote, return on its lobbying expenditures, in terms of, you know, regulatory benefit at the price of whatever they're paying to get disproportionate benefits from our public legislative regulatory process?

Murchinson:

Oh, wow. I mean, I have to think it's EMA plans. They have a lot more to gain really in a very short-term way as opposed to maybe some of the longer term ways. So I think the MA plans are winning. And, Dave, I don't know if you saw this Kaiser Family Foundation article about, like, how they used social effectively to shape regulatory signal in ways that, like, almost seemed criminal. Like, spend, they spent a ton of money to buy Facebook ads, to drive seniors to submit templated comments to CMS. This doesn't surprise us, right? We see these kinds of campaigns on social now all the time, but something like 80% of the comments were identical or near identical. So it's like, when you realize that that kind of campaigning can happen, it's just, it becomes too easy and it reshapes how, you know, voice is being heard at the federal level.

Burda:

Incumbent healthcare sectors spend a lot of money to keep the current system in place. And I think, like you say, Dave, only a customer revolution in healthcare is gonna bust that up and rebuild it, right? Yeah. I'm here for it. Great discussion. All right, let's talk about other big news that happened this week in healthcare. Julia, what else happened that we should know about?

Murchinson:

Well, this might have been over the last week or two. I'm sure we've all seen the fact that now Amazon has launched their AI doc solution. And I just think when you start to look at what Amazon's putting out and the assets that they've put together in OneMedical and PillPack and, you know, all the things, their model's certainly not perfect, but they're, I think they're one to watch. This AI thing that they launch is gonna be really interesting. It opens up a, a, a much larger swath for them.

Burda:

Yeah, with a big pool of potential customers. That's great. Yeah. Thanks, Julie. Dave, what's your big healthcare news of the week?

Johnson:

Well, there were two big stories on Monday. Sutter announced that it was acquiring, not merging with Allina. And one aspect of that I found interesting is Dana Erickson, who is the CEO of Blue Cross Blue Shield, Minnesota, is now going on the Sutter board. I'm not sure what to make of that. So that was Monday. And then Wednesday, I've got a new favorite federal judge, Brian Murphy, out of Massachusetts, who blocked RFK's overhaul of childhood vaccines, citing the lack of scientific process. So way to go, Judge Murphy.

Burda:

Yeah. Yeah. My new, my new hero, right? Mm-Hmm. I agree with that. Thanks, David. Thanks, Julie. That is all the time we have for today. If

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