4sight Health Roundup Podcast
AI, Productivity and the Future of the Healthcare Workforce
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[Intro and outro music by C. Ezra Lange]

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, August 6th. Today, if you don't know, is Farm Worker Appreciation Day. This is the day we thank all the hardworking people in the fields picking the fruits and vegetables that end up on our tables. My vegetable garden is only 15 by 20, and I get tired when I'm out there. I can't imagine what it'd be like to be out dawn till dusk in the sun and heat to fill baskets and crates with produce. We appreciate you. But what about the healthcare workforce? Do we appreciate them?Three new reports are out about the healthcare workforce, and making sense of them all today are 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:

Fantastic. Leaning into the dog days of August. <Laugh>

Burda:

Thanks, Dave. Julie, how are you?

Julie Murchinson:

Yeah, we're covered in smoke out here, so it's not fabulous.

Burda:

Oh, cough, cough.

Murchinson:

But, you know, this is our new, new existence, right?

Burda:

Yep. Yep. I sympathize. Okay, before we talk about the healthcare workforce, let's talk about farming. Yes, farming. Dave, do you have any farmers in

the family, or have you ever worked on a farm?

Johnson:

Oh, do we have farmers in the family? Oh, okay. , My grandfather on my dad's side was the youngest of 11 children of Norwegian immigrants, and he was the only one born in the United States. So they gave him the name of a famous American. He was Daniel Webster Johnson, which is how I got the middle name Webster. Wow. <laugh> So… And they, they all lived on a farm in Menominee, Wisconsin, which is just east of the Twin Cities. And I remember going there as a kid, and I really didn't like it. Lots of strange smells, and - <laugh>. , The bull just scared me half to death. , At least for me, Green Acres was not the place to be, and - <laugh>. Those of a certain age will understand that reference.

Burda:

I get it perfectly. Thanks, Dave. Julie, how about you? Any farming in your family tree?

Murchinson:

I also come from farming on both sides of the family, but really my mother's in a, a larger way. And we were in Missouri, as my mom would

call it, just outside St. Louis. , I've been there once. And the whole thing fascinates me because, of course, of the government subsidies. The business model here that's messed up as healthcare.

Burda:

I would've bet for two no answers there, but I got two yes answers. I'll make it three for three. My dad had a aunt and uncle who owned a farm in Chesterton, Indiana, and we would visit when I was little. And they had two guard dogs, two mean German shepherds on chains, and they played with small balls made out of barbed wire. <Laugh> And, that's true. Aunt Lucy and Uncle John would let them out at night. And I found out later that's because the state prison was on the other side of their farm. So, , you know, you don't want dogs who play with barbed wire chasing you down a field when you're tripping in your prison uniform. <Laugh> So, , that's how they protected the property. So….

Johnson:

Ounce of prevention.

Burda:

Yeah. Maybe that's how doctors, nurses, and administrators feel about AI chasing them down the hallway in a hospital. And there's your transition. Three interesting reports about the healthcare workforce came out last month. I'm gonna cite them and give you top line findings from each and get your reaction. Here goes. The first report is from McKinsey. The report is called The Real Future of Work in Healthcare. Mckinsey said if provider organizations want to achieve meaningful productivity gains, they will have to automate not by technology alone, but through human AI workflows. The report said providers need to rewire care delivery and shared services workflows and redesign roles around human AI collaboration. The report warned, "AI will not fix a broken system. It will scale existing inefficiencies." That's exactly what you guys said in our June 25th podcast. Someone from McKinsey must have been

listening. The second report is from New England Journal of Medicine Catalyst. It's called The Value Opportunity from Artificial Intelligence in US Healthcare Spending. The report said full adoption of three AI technologies across all administrative and medical expense domains could cut healthcare spending by more than $800 billion a year within the next five years. The three AI technologies are machine learning, natural language processing, and generative AI. The biggest opportunities for hospitals and medical groups are in clinical operations, specifically workforce scheduling and workflow optimization. The report said, "Labor productivity and administrative automation account for the largest share of impact." And the third report is from the Joint Commission Journal on Quality and Patient Safety. It's called Generational Change in the Healthcare Workforce. The report is based on interviews with 17 C-suite executives at four large health systems in the Dallas-Fort Worth market. Researchers asked them about the challenges of managing an increasingly multi-generational workforce of Gen Xers, millennials, baby boomers, Zoomers, and even a few silent generationers. The report didn't mention AI specifically, but it said all of the health systems were wrestling with generational tension generally, and specifically when it comes to clinical productivity. What's with this work-life balance stuff you kids want? Dave, what do you think about these reports? , What do they get right or wrong? And five years from now, what does a productive, high-performing healthcare workforce look like?

Johnson:

I gravitated mostly toward the McKinsey report. And the statistic that we've also talked about, McKinsey quoted that healthcare's had negative 1% productivity growth for the last 15 or 20 years, while the rest of the country, the rest of industry has been getting more productive. So the productivity gap between healthcare and other industries, always great, has been widening, , which means, , or translates into that, , the opportunity to do things better and differently, , is enormous. The

question is how will we get there? , The first rule of consulting, at least as, as I've learned it, is, , never automate a broken system, fix it first, and then automate it. And unfortunately, , healthcare has been one long extended period of using technology to automate broken systems. , And it's just become. We're in a situation where you just cannot incrementally fix, , a broken system. And, you know, McKinsey gave examples really of, of going down to the studs and completely, , redesigning, , both clinical and administrative systems. And I, I think they're exactly right. And as an industry, we have to be honest about where we are, not hide behind bluster or hysteria, and get down and do the work. , And I think we know how to do this work so that the challenges are more, , political and, , organizational than they are technological. But we fundamentally, as an industry, have to get down and do the work. And if we don't do that, , we're, we're gonna be subject as an industry to external, , intervention. That's already happening to some extent. And, , we talked last week about , the movement toward, , single-payer healthcare, Medicare for all, and that's only picking up steam. And so if we as an industry can't get our act together and fix what we're doing, , with a strong encouragement from market forces, , then we lay ourselves open to, , you know, governmental reform, which nobody's gonna like. So let's do the work.

Burda:

You know, you mentioned external interventions. - Yeah. I mean, I think you're seeing that in state legislatures - Yeah. Across the country, right? Regulating business practices. Thanks, Dave. , Julie, any questions for Dave?

Murchinson:

Yeah, Dave, , great comments. , I'm curious. This is probably a, a question I would love to answer, but I'm gonna see what you say. <Laugh> - <laugh> The Joint Commission -

Johnson:

I'll do my best. I'll do my best.

Burda:

A farmer to a farmer.

Murchinson:

The Joint Commission found that HR leaders feel totally underutilized by clinical leadership. And, you know, if AI is about to force the biggest workforce redesign in healthcare's history, shouldn't HR be more at the table and more in the lead, perhaps, in clinical ops?

Johnson:

Yeah. Yeah. You know, interesting, most of that, joint commission analysis talked about, , generational differences in the workplace. And, Dave and I are old enough to remember the generation gap from the 1960s where the, , where the slogan was, "Never trust anybody over the age of 30." And okay, boomer, the shoe is now on the other foot. <Laugh> And, , and, and that's where, , this, this particular, , report surface. But Julie, I think you're, , you're actually onto something that's, , even more, more important. I mean, obviously, we gotta figure out how generations can get along in the workplace. , , And so that's, that's important. But what exactly is HR supposed to be doing? And how do they get the attention of senior management, , so that they don't feel underutilized, underappreciated, or so, and so on? So I guess the way I look at it is, , we're in this unprecedented period of change. I don't think it's change that scares people. It's sudden change that scares people. It triggers insecurities, the lack of familiarity, the loss of credibility, the fear of being left behind. If I were in an HR department, within a healthcare company, I'd be thinking about how do I engage our employees in this very type of activity, which is how do we work with AI in our particular part of the world? How do we develop guidelines? , How do we hold each other accountable? , Human machine

collaboration, right? It's gonna take a village. And just piggybacking on what I just said, we got an enormous amount of work to do in this industry, so let's get it done. And HR, rather than feeling underappreciated, why don't you double down and figure out how to make yourselves more relevant?

Burda:

That's gonna be a standard job interview question, right? What AI tools do you use? Not whether you use AI or not, right? Right. So, yeah, very interesting.

Johnson:

I'm back to John Halamko, who runs the Mayo Clinic said, machines aren't gonna replace doctors, but doctors who know how to use machines are gonna replace those who don't. And that just apply that broadly across the workforce.

Burda:

Thanks, Dave. Okay, Julie, you're up. , Do these three reports ring true to you? , What do they get right and what do they get wrong? And how would you define a productive, high-performing healthcare workforce five years from now?

Murchinson:

Yeah. You know, these do mostly ring true to me, and I guess that's what makes them a little uncomfortable maybe together. You know, McKinsey's productivity trend chart was one of the most striking. Other services industries, productivity has been up 55% since 1998, and healthcare clinical care down 1%. I mean, just think about that for a second. It's quite something. <Laugh> Yeah.

Johnson:

It got my attention too, Julie. It just crazy.

Murchinson:

So, you know, at the same time, we have healthcare organizations pouring more than $150 billion a year into IT. So what do we, what are we doing? Like, it's, it's not a technology gap. We're, yeah, it's an operating model failure. We're, we're just wrapping technology around all the wrong things. So we, this is kind of an existential crisis moment, I think, if we really look at what's happening in, across other industries, and what is our tech doing anyway. But I push back on McKinsey's report in one way. I don't know, Dave, if you think this, but their care continuity partner model, they folded the functions, scheduling, billing, and social work into one role, which sounds - Mm. El- elegant maybe? Yeah. I don't know, but great in a slide deck. But in practice, , you know, that's asking one person to be fluent in four different systems of record, and doesn't sound like that's, you know, consolidation truly in one shift of a person. And I have heard from other leaders, , you know, certainly an AI officer formerly at United who said that they're really trying to upskill engineers into being product managers. Like, there is all sorts of, you know, combination going on around how one person should do multiple things, but it just, it didn't sit with me quite well. Anyway, I digress. , The New England Journal of Medicine, , article, you know, made this kind of real, right? And a lot of spend, over $800 billion a year, and GenAI driving over half of that. But, you know, the medical savings, , was in healthcare management and clinical operations, meaning workforce scheduling and throughput. So it's not like all back office automation, all RCM. It's actually touching how care gets staffed. So I think it's. That was interesting to me. And what was amazing about the, the joint commission piece is that, McKinsey and the journal didn't touch either. None of them touched what Joint Commission brought to bear, which is that you can redesign every workflow in the building, but if your incoming nurses and your retiring physicians can't agree on some of the basic definitions around things, right? Like what a shift is and

what committed means and what patients first means, we don't have algorithms to fix that kind of discontinuity. So, you know, one HR leader in that study said at best, leaders keep trying to hold onto the workforce that's already moving on instead of asking what's actually keeping people there. So our cultural issues are pretty deep. So I did find the analysis of the three side-by-side really interesting. So thank you, Burda. Nice pull. Yeah. high performing in five years. Ugh. You know, everything around us is beating into our heads that AI is meant to absorb predictable work. So documentation, scheduling, prior authorization, and taking that repeatable work away or automating it with humans as necessary so that they can focus on judgment calls, right? That the algorithms can't, or we don't really want the algorithms to quite contemplate yet. And it's a flatter organization with sharper accountability. McKinsey talks about how partial automation creates capacity, but not savings. So, you need to restructure roles in ways that allow for that accountability. And it's generational fluency, right? And leadership, across generations. And really understanding that it's not as we've been hitting people against each other for a long time in this industry, and I think so many industries, but it's not just attitudinal problems between physicians and nurses or old and young or whatever it is. Like, it's, they're different operating environments, these people, right? So it's, we have to think about them differently. And I think, you know, in five years, we're not gonna see winners who have had the most pilots. They're gonna be the ones who've taken the excuse here to use AI to really redesign what they haven't been doing for 20 years or longer.

Burda:

Yeah, you've gotta take it down to the studs, as they say, right?

Murchinson:

That's right.

Burda:

And do it the right way. Thanks, Julie. Dave, any questions for Julie?

Johnson:

Basically, what the McKinsey report does is stresses that partial automation doesn't work and asks, healthcare companies to commit to bold, redesign a care delivery. , And Julie, I, given all the work you've done through the years with healthcare systems, and payers too, how will that kind of message, , work or, or translate within a conservative, even hide-bound industry where the mantra of first do no harm still carries enormous weight? You know, in other words, can healthcare boldly go where it's never gone before?

Murchinson:

<Laugh> You know, I will say that I just talked to a large regional system today that was talking about how to reimagine patient access in the technical sense, right? And, , patient engagement in a new way. Where do you push more to the patient to give them more independence, do more of what they wanna do with their scheduling or with their messaging than we do today? You know, really, like, thinking, thinking in ways that I don't hear a lot of systems think. , So I am encouraged by that. I've talked to a handful of systems that have massive technology staffs that are working, hopefully, side by side with, , the right clinical and other operators who are building, the next generation of, , technology enablement. Are they just enabling what we have today? Probably. I mean, the reality is for the lion's share, like, you know, liability and licensure, all the regulatory stuff, structures, like, literally structures risk aversion into everything we do in this industry, right? And healthcare leaders, we, we just, we rationally over-index on, like, don't break what works. So, you know, that's really, I think, where things stand. I think, Dave, you and I talk a lot about how fee-for-service breaks the incentive to be bold. And I actually think here that fee-for-service is not always the devil. , But, , you know, to the degree that we automate all of our fee-for-service, , will be in a world of hurt, as many

folks have started to write about. And that joint commission piece explains the cultural machinery and just the complexity of that. So my honest answer is, healthcare can go bold, and some systems are thinking about it that way, but well, newer things line up where there's really value-based incentives, balance sheet strength, which a lot of systems don't have. Yeah. And, , you know, the leadership that's willing to touch headcount and role design in a big way and not just keep throwing tools at it. And that's a pretty small slice of the industry today. So, , you know, <laugh> I don't know that the likely five-year outcome is that healthcare goes bold.

Burda:

Yeah, a lot of baked in barriers to that, , transition, that's for sure. Thanks, Julie. , Well, I'll just say that if you wanna see a successful integration of AI into the workforce, watch the movie Desk Set from 1957 with Spencer Tracy and Katherine Hepburn. I wasn't born yet, but I have seen it on TV. It's a human AI collaboration at its best, though, , it takes a while to get there, but with a lot of laughs along the way. Thanks, Dave. Thanks, Julie. Now, let's talk about other big healthcare news that happened this week. Julie, what else happened that we should know about?

Murchinson:

Well, I'm gonna take us away from health systems and over to pharma, which we don't talk about a lot here. And two stories this week that I think are quite interesting if you really just take a step back and look at what's happening to pharma. First is AstraZeneca is supposedly in talks with Bristol Myers Squibb about a merger.

Johnson:

Right. Right.

Murchinson:

You just think about, like, 15, 20 years ago, those are both, like, huge names, right? So, , not that they're not today, they are, but it says a lot for companies like that to be considering merging. And the second announcement is that Moderna is coming out or proposing or putting through, , FDA an mRNA flu vaccine. So, you know, you're - <laugh>. Here you see the company that brought us the COVID vaccines actually using innovative technology to start to deliver supposedly better, more effective, more targeted flu vaccine. And, you know, , the pharma landscape is changing.

Burda:

Yeah. Maybe just in time for flu season, right? Just around the corner.

Murchinson:

Let's hope.

Burda:

Yeah. Yeah. That would be great. Thanks, Julie. , Dave, what's your big healthcare news of the week?

Johnson:

I'm gonna pick up, where we were last week on, on Medicare for All, and there was, , , a very eventful primary in Michigan where Dr. Abdul Saeed, , won the Democratic nomination for Senate in Michigan. And he is full-blown supporter of Medicare for All. And I guess my message to the industry is, we have to figure out how to provide affordable health insurance coverage and access to everyone in the country. We're a rich country. , Everybody deserves access to affordable healthcare services. And the longer we delay figuring out how to make that happen, the more power that politicians are gonna have to do something really radical. And so it's incumbent on us, if we believe in the marketplace and we believe in, , the ability of a bottom-up, , systemic transformation. We have to make it happen. And the longer we fail to make it happen and

the, , fragmentation, incongruities, , negative, , impact of the current system will just make the day ever closer where suddenly we're staring Medicare for all right in the face and we won't be able to do anything about it.

Burda:

Yeah. We opened the door to that message, right?

Johnson:

Yeah.

Burda:

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, or 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.