

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

[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, October 15th. Tomorrow is National Bosses Day. I've had a few real doozies in the past, which is why, after getting let go twice in the past, I decided to work for myself. Why put your future in someone else's hands, right? So, I'm my own boss, and I'm gonna buy myself lunch tomorrow. That has nothing to do with our topic today, and that's the annual trends report from Trilliant Health. The reports always tell it like it is, and it's one of my favorite reports and podcasts of the year. To comment on and critique the new report are Dave Johnson, founder and CEO of 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi, Dave. Hi, Julie. How are you two doing this morning, Dave?

David W. Johnson:

Beyond the great play on the field, I'm really enjoying this year's baseball playoffs for of all things economic reasons. The payroll for the LA Dodgers who are the equivalent of the current equivalent of Damn Yankees is greater than the combined payroll of the other three teams in the league championship series.

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

Burda:

Wow.

Johnson:

Like healthcare, baseball is broken. And like winter, a hard payroll cap with a ceiling and a floor is coming, probably gonna be a player's strike, come winter. Healthcare, are you paying attention? Markets over time fix themselves. Draw your own conclusions.

Burda:

That is a great analogy. Regulation's coming. Oh, boy. Thanks, Dave. Julie, how are you?

Julie Murchinson:

I'm well. I'm, in my road warrior, but I have to say, messages across every health system, health plan, digital health vendor I sit with are aligned. And it has to do with what, with what Dave just said. We are in a world of hurt.

Burda:

Yeah. Yeah. Well, self-policing, doesn't seem to work. Interesting. Thanks, Julie. Now, before we talk about the new Trilliant report, let's talk about National Bosses Day. Dave, without going into detail, are you sending anyone a card or flowers tomorrow?

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

Johnson:

I've never been a fan of National Bosses Day. It, it should be National Brown Nose Day as far as I'm concerned. Besides the best bosses are the ones who enable their employees to excel at their jobs. Attention and praise should flow top down, not bottom up.

Burda:

Yeah, I hear you. Thanks. Julie, are you texting anyone tomorrow and wishing them a happy National Bosses Day?

Murchinson:

I am not. <Laugh>

Burda:

<Laugh> And we'll leave it right there. Excellent. Yeah, I'd be very curious about who came up with National Bosses, Dave. Bosses or, like, Dave, you said, someone who needed to suck up to save their job. So I'm betting on the latter. Okay, let's talk about this latest annual trends report from Trilliant. This year's report is called A Tragedy of the Commons: 2026 Trends Shaping the Health Economy. Dave, I never heard that phrase, tragedy of the commons, until you used it a few years ago. Maybe you can explain it in your response. Anyway, here are the Trilliant six trends, all backed up by data in the 141-page report. One, the US healthcare system does not function as a system. Two, population

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

unwellness is a collective failure that the system is not designed to address. Three, the disconnect between demand and supply is a market failure. Four, value is not incentivized, therefore, it is not measured or managed. Five, misaligned incentives manifest in systematic fraud, waste, and abuse. And six, stakeholders fail to understand the health economy is a negative sum game at their own peril. Now, I'm not saying this is the most pessimistic trends report from Trilliant, but I'm saying this might be the most pessimistic trends report from Trilliant.-Dave, any thoughts on any of these trends individually or, on the trends collectively? What one or two policy changes can we make to get us on track? And give me a reason that we should be optimistic. <Laugh>

Johnson:

I just told you the recent winter is coming. Yeah. Yep. The, you know, Dave, I'm gonna spend all my time, sort of digging into that question you asked on, the Tragedy of the Commons Yeah, yeah. Because it's actually the more I thought about it, the more interesting you got. And before I do that, I just wanna comment on the cover art on the Trilliant Report. It's brilliant. Yeah. I mean, barren trees, barren apple trees with, with the apples eaten on the, already eaten on the ground. I mean, talk about the, the predatory nature of healthcare. So my, my first reaction when I saw the title of the Trilliant Report, and, and you know it's, it's my favorite report of the year, like yours. I thought they were misapplying the concept of Tragedy of the Commons. The classic definition is a Tragedy of the Commons occurs when it's in the economic interests of individuals to overuse or over-consume a public good or resource. Classic examples are a grazing field or a water reservoir, and

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

the quote unquote tragedy occurs when the overuse depletes the public good, to the point where it no longer has any utility at all. So in an extreme case, farmers have to buy hay instead of allowing their, cows to graze on the public, field. And the way societies deal with these tragedies of the commons is to create rules, to govern the use of public goods. My favorite example is stone crabs. So one year they cut off the left claw, the next year they cut off the right claw, and in the intervening year, the claw grows back. And that's a wonderful thing because the crabs get to live and Joe's has enough supply to, you know, to satisfy hungry patrons. When I looked at the Trilliant report, I thought, that they got it wrong. Obviously, there are perverse incentives, but we're not depleting healthcare. Healthcare's expanding. It's becoming an ever-larger share of the economy. So we're getting more than we need and we're not getting the type of care we need and we're paying too much for it. So it didn't feel like a classic Tragedy of the Commons to me. And then I realized I was falling into the micro-macro trap that I've complained about on this program innumerable times, right? My problem with economists is most of them are micro-economists and they're looking at the margins. And I found myself doing, the exact same thing. So what I described above Grazing Field is a micro Tragedy of the Commons. What Trilliant's describing, and it's far more dangerous, is a macro Tragedy of the Commons. So the incentives are universally misguided, reverse, across all segments of the ecosystem. I mean, they come flat out and say that. And this leads to, as a sector, significant over consumption, and massive misallocation of resources. And the tragedy isn't that we don't have healthcare anymore, it's that healthcare is stealing resources from the other parts of society. And if we had a rational healthcare system, a real system, that I think was point number

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

one, we don't have a real system, we would free up enormous resources to pay people more money to invest in more productive industry sectors and to fund vital societal needs. Because of this macro Tragedy of the Commons, we can't do anywhere near as much as we would like to as healthcare becomes ever more gargantuan and consumes ever more of the economy. What is fantastic about Trilliant's report is that it's backed by a massive all-payer, claims database and a massive transparency tool. So they can look and actually see that, independent primary care physicians, charge 40% less for a primary care visit than, primary care physicians owned by health systems. I mean, you just can't ignore the power of their analytics and conclusions. If I were to pick a topic, it would be number two, and it's, and I mention it because I often talk about healthcare having a reverse Tragedy of the Commons. Number two was, population unwellness. And I say in healthcare, our very public good is public health. Everybody says we should do it. When we do do it, we get great returns for society, but providers don't do it because when they invest in pro-health activities like chronic disease management, they lose volume, they lose money, so they don't do it. And payers don't do it because when they invest, in pro-health activities, , their members switch plans and some other insurer gets the benefit down the road. So, reverse tragedy, the commons, and it's profound. So, you know, I like t-shirts. I particularly like math t-shirts, I bought another one this week. It goes Math: The first step is admitting you have a problem. And in that spirit, healthcare, we have a problem. Read the brilliant, Trilliant report to understand it.

Burda:

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

So we're cutting down all the trees, after we do that, and now we're knocking down houses looking for wood, right?

Johnson:

Yeah. We're gonna have great healthcare and live in caves. Yeah, there you go. I mean, if we keep going the way we're going,

Burda:

So. Thanks, Dave. Julie, any questions for Dave?

Murchinson:

Well, Dave, because we can be of one mind once in a while, I, my question is exactly your entire perspective. So let me just shorten my question to ask you one simple part of it, which is, if this is the fastest growing pie in the economy, and it's a, as a position at a negative sum game, how do we help your average consumer understand that? Yeah. Because everybody else, I think, actually around the hoop sort of does understand that in their own way, even though they don't wanna admit it.

Johnson:

Consumers get it. I saw a survey, that came out from the Chartis. It's their own survey data that said five years ago 75% of consumers believe the primary motivation of hospitals was to get the right health outcome,

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

you know, treat them well, and 25% believed it was to make money. And so that would've been kind of at the beginning of COVID. And today, that same survey says 75% of Americans now believe hospitals' primary motive is to make money, and only 25% believe the primary motive is to, get the best clinical outcome. So I think they get it, and I worry... Well, the answer to your question is how do we get consumers more aware? I personally would like to see us, figure out how to take the corporate subsidies for commercial healthcare and give them directly to consumers, so anybody with an employer-sponsored health plan so they can go buy their, their health plans on the exchanges, so, you know, approved policies. And imagine if that were to happen, unleashing the power of, of consumers, and if my company gives me 30 grand for health insurance and I can find a policy for 25 grand, I get to keep the extra \$5,000 as taxable income. Just imagine if that were to happen, how the incentives would suddenly have to correspond, to value creation, all the insurers would have to pay on the exchanges and so on. So if I could do one thing, that would probably be the one thing I would do, is to try to get consumers more engaged in the actual purchasing of health insurance, in ways that generate economic value for them directly.

Burda:

Yeah. I think they're reminded of that every time they, go on their portal and the very first message they get is, "Do you wanna pay your balance now?"

All right, Julie, it is your turn. Any of these trends jump out at you as worse than another? What one or two things can we do from a market

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

perspective to turn things around, and why should we be optimistic about the future?

Murchinson:

Well, I decided to focus on trend number four, of the six, which is value isn't measured. And it's maybe not the most alarming one, but it's the one that causes the other five. You can't fix fraud and misallocated supply in a sicker population in a market that can't tell good care from bad care and based on the cost of care, right? It's crazy. And the data here was pretty brutal. Like, most common hospital procedures, Trilliant found no meaningful correlation between what a hospital's paid and the quality of deliverers. We know this, Atul Gwande has done a lot of work here. Like, we've been, we've been knowing this, as they say. And I know from seeing what happens in the quality machine that, you know, CMS runs more than 800 quantity measures and only 27% are tied to outcomes, which is, it's because outcomes are so elusive. What is an outcome? It's actually very difficult to manufacture the steps to get there. And I don't know. I mean, there, I could go on the data. I mean, the Aetna data around, you know, a joint replacement being either \$13,000 all the way to \$117,000. Yeah. Like it's, it's crazy. <Laugh> So what's a market to do? And Trilliant talks about how employers are the underused lever, which we've been talking about for years. And, honestly, like, employers do pretty routinely decline to exert their leverage. You know, they have the purchasing power, but I kinda get it. Like, it's not their core competency. So, it's tough. But they are barely using price transparency. So it does feel to me like employers could do more. But I wanted to bring forward something that, is more of kind of a real world

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

what's happening behind the scenes in research because, Dave, you know me, like, I would much rather talk about how consumerism is gonna take over the world if we're not careful here, and maybe that's actually exactly what should be happening. But I was at, Penn's Leonard Davis Institute advisory board meeting yesterday where Amal Navate, who's a Wharton professor and a researcher talked about his work. He also happens to be, by the way, the newly minted chair of MedPAC, but he was very clear to point out that this work had nothing to do with MedPAC. So it's all Penn research work. And he started the work because the Senate Finance Committee asked him a question, which was pretty simple. What's the alternative to the current physician fee schedule? Like, if we didn't have this, if we blew it up, what, what would we use? And, you know, he believes that value-based care is the right goal, but totally acknowledges that if you look at the machinery underneath, it's all still broken. Like, value is, you know, defined by codes, fee-for-service codes that get it there. So his team's embarked on some analysis that's really just at the very beginning.

Okay. There are 13,000 codes in the fee schedule. 13,000. So his team focused on the 1,300 that represent the 95% of spend. And they looked at one National Health Plan's data and the utilization, clinician utilization in full risk MA contracts versus fee-for-service. And doctors who were paid to manage the whole patient used about 75% of the services less, and 25% were used more. So Dave Johnson, I'm sure you could tell me what was used more versus what was used less, but I'll just tell you. The services that they used more of, of course, were screenings, mammograms, routine office visits. The services used less, advanced cardiac imaging, MRIs, and joint replacements. And there is so much

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

complexity under here, like, I won't even try to share it because it'll make your head spin. But what he's trying to do is learn from the past couple decades of value-based care what's working and begin to surgically target codes that don't matter or shouldn't be used or should only be used in certain circumstances. And this sparked, like, a whole, I mean, set of conversations around, well, what will physicians do to try to optimize your income? It's gonna be like a game of whack-a-mole. Then new, you know, new codes are gonna come up to be used. But why does this matter? This work matters because, you know, consumers might take over, but we still have 13,000 codes in the fee schedule. And commercial plans, you know, peg their prices to Medicare. So if research like this could actually proliferate and inform, you know, CMS and how it pays, I guess I have some hope that we can start to get smarter about what makes sense. And I, you know, questions around whether the AMA will even let this stuff happen, that's a good question, but I just wanna share some productive work for a change because the value isn't being measured as real. The quality isn't being measured is an issue. And we gotta start somewhere.

Burda:

Yeah. Use coding to create the right incentives, right? It, it's not a complicated concept, but it's, tough to get there. And I think the, the best word you used was brutal. That's what stuck out. <Laugh> It's brutal. So thanks, Julie. Dave, any questions for Julie?

Johnson:

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

Based on the Trilliant report, your own experience , US healthcare system getting better or getting worse? <Laugh>

Murchinson:

I love your questions, Dave. <Laugh> I mean, there's the whole classic, like, when I was born, Americans lived longer than the average and other wealthy countries, and now we're a couple years behind, and we spend a fifth of our GP on it, right? There's that answer. I don't know. I, I think we're getting worse. I mean, our health is clearly getting worse despite the fact that we can cure or fix, edge cases. That's the way to think about it. And fee-for-service, okay, yes, Dave, you say we could, we could have it, but it pays for activity, not health as we talk about. Prices have nothing to do with quality. Like, we have structural, structural issues that keep us from being able to actually manage health or even improve healthcare at scale as opposed to around the edge. That's my really optimistic take for the day.

Burda:

Thanks, Julie. Well, after I read the report, I wanted to send the healthcare system a sympathy card, all right? And as they say, when you're at the bottom, there's just no way to go but up, so we'll see. And we're gonna do our part here on the roundup, so 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?

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

Murchinson:

Well, I'm gonna steal your Chicago thunder with the Rush Endeavor merger announcement. That was quite something. What is the local take?

Johnson:

I've always thought that Rush was too small, that it charges premium prices but it's only 3% of the marketplace. So it was always a question for me where they would end up. And, you know, Endeavor, which also has links to Chicago, really is setting itself up as, a pretty formidable competitor to Northwestern. And they both overcharge for what they do.

Burda:

Thanks. Dave, what's your big healthcare news of the week?

Johnson:

I'm going out West. Utah, the state that enabled AI-filled, prescription has just announced or launched five new AI pilot programs, including one for third-party evaluation. Utah Medical Associations are complaining they weren't consulted. There are also some concerns regarding the stages of AI interventions and are they, is the model, are the models getting them appropriate? Really interesting developments on the AI frontier, in healthcare. And we should probably do a deep dive, roundup on this Utah sandbox project, that's going on.

4sight Health Roundup Podcast
Is the U.S. Healthcare System Flashing Red?
10/15/26

Burda:

I think that's a great idea, right? Getting your drugs without a physician! A human physician. Yeah. <laugh> Interesting. 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 podcast. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.