The Powers Report Podcast

Episode 32

Who's Going to Fix Health Care?

Welcome to The Powers Report Podcast. I am your host, Janis Powers. The show brings you candid, unique and data-driven perspectives on the health care industry. I believe that any solution that is going to positively impact the American health care system has to satisfy two major criteria: financial viability and behavioral incentive alignment. In other words, access to high quality care can only be achieved if we can afford it, and if we behave in ways that optimize our health. Please subscribe to our show on your preferred podcasting platform and connect with us on social media. Again, this is Janis Powers, and welcome to The Powers Report Podcast.

We are closing out the first quarter in a new year, 2021. We have a different president, Joe Biden. We only get a new president about twice a decade, so now is a good time to reflect and reset.

When President Biden was Vice President Biden, he and then-President Barack Obama passed the Affordable Care Act, because health care was in dire need of help. Well, health care is still in dire need of help. Who can save American health care?

In this show, I'll discuss a number of initiatives that have been enacted by a variety of groups that include: the government, corporate America, Big Tech, and entrepreneurs. In the end, there's been a lot of effort, but we should be a lot further along than we are now. Nonetheless, there is hope!

But first things first. Let's start with the leader of the free world. President Biden campaigned on protecting the ACA. During his first month in office, he signed an Executive Order directing heads of federal agencies to do whatever they can to bolster the ACA – basically reversing anything that was done in the last four years that had tried (and in some cases succeeded) to undermine the law (1).

Knowing how controversial health care is, Biden has been cagey enough to stuff a lot of changes to the ACA in the almost $2 trillion Covid-19 relief package that's being circulated around Congress (2). Perhaps by the time you listen to this, the package will have passed. A couple of key things to note. The bill would remove the income cap that would allow families to get subsidies to buy ACA plans. Already about 85% of the people buying the plans get subsidies, but this would open the door for everyone else. It also provides financial incentives to states that have yet to expand Medicaid. Assuming the bill passes, and that Biden's executive orders undo those implemented by former President Trump, Biden will make the ACA bigger than it was under Barack Obama.

There's no denying that the ACA has some very good qualities. It's given access to care to millions who hadn't had it previously. Undoubtedly, it has saved lives.

Yet since its implementation, aspects of the American health care system have gotten significantly worse, especially when it comes to money. On a per capita basis, health care spending between 2010 and 2019 rose over 38% (3)! To emphasize, that's not total spending; that's spending per person, which, in a perfect world, would stay flat or better yet, go down.

Total health care spending in 2019 was $3.8 trillion. That, by the way, is about the gross domestic product – or economic output – of Germany. Germany has the fourth highest GDP in the world.

For all this spending, Americans aren't getting any healthier. Look at the toll Covid-19 is taking on Americans, largely because so many of us have chronic diseases and are immuno-compromised. Covid-19 has highlighted significant disparities in health status. These disparities have centered around race.

Yet I think it's essential to note that many minorities of poor health status are on Medicaid, the program the ACA expanded. Why are we pouring money into a program that yields substandard outcomes for the people enrolled in it? I know the health disparity problem is more than just the fact that people are on Medicaid – it's income, education, job type etc. But Medicaid itself should be better. That, and we need to find other ways to address these disparities for the good of the American community.

Alas, we're stuck with the ACA until there are other options that can change health care in a way that lowers cost and improves health.

First let's talk about employers and what they want. Obviously, offering health coverage is a benefit that is attractive to employees. Under the ACA, most employers were required to offer health coverage. That was fine for big employers because they were doing it anyway.

Health care is a funky industry where what happens in one area winds up affecting another. This has been a problem for employers. Over the past decade, more people have enrolled in Medicaid and more and more people have aged into the Medicare system. These public health programs underpay providers – the hospitals and doctors. To make up for it, the providers have to charge private payers and sometimes self-paying patients, more than the cost of care.

Employers are feeling this increase and they're not happy about it. According to the Kaiser Family Foundation, premiums for an average family cost over $21,000 a year (4). Since 2010, these premiums have jumped 55%. That is about twice as fast as wages have gone up (27%) and almost triple that of inflation (19%).

By the way, that amount of money, the over $21,000 in premiums for a family, is the same amount of money that a family of three makes in an entire year if they are at the poverty level (5). Put another way, a little over $21,000 a year can pay for one family's health insurance premiums or be the income of another family of three people. Yes, you heard that correctly.

Well, in the interest of bringing costs down for employers (as opposed to getting people out of poverty…I'll leave that to someone else and stick to health care), let us discuss Haven. Haven was the Amazon/JP Morgan Chase/Berkshire Hathaway health care initiative that started in January 2018. The initiative was doomed from the start and closed up shop in early 2021.

It was doomed for several reasons, the most important of which was that no one had a plan. That's never good. The thought was that they'd gather a bunch of really smart people together and fix health care. As you'll see, this approach is a trend, and it doesn't work.

Anyway, it took a while to find someone to take on the CEO position. When they did, it was a physician, who communicated that he was going to keep up his not-for-profit work commitments, keep writing for the *New Yorker* and oh yeah, stay on staff as a surgeon and instructor at all kinds of prestigious hospitals and educational institutions in Boston.

Enter Dr. Atul Gawande. This man is a highly respected individual who is overqualified for pretty much anything related to health care except to lead an initiative for three of America's all-time greatest capitalists – Jeff Bezos, Jamie Dimon and Warren Buffett.

There were high hopes this Haven thing was going to fly. When it was announced, shares of health insurance companies swooned. And herein lies another problem with Haven. JP Morgan is, like, a really big bank. I wonder how many of those insurers whose stocks plummeted were actually JP Morgan clients. Here's an initiative that was supposed to lower health care costs, which would negatively impact the financial status of some of (I assume) JP Morgan's clients, which would then probably negatively impact JP Morgan's financial position. Not a tough call there on what to do.

In the end, a lot of the blame fell on Amazon because they're an easy target, and they went off and did some stuff that seems to be working. (More on that below.) Others said that "…health care was too big of a problem for us to solve." (6) Well, that's disappointing. I thought these titans of industry could do anything.

So if they couldn't fix health care, who should do it? Apparently, the government. In an interview with *Fast Company*, Dr. Gawande stated that he is a strong proponent of primary care and believed that expanding Medicare is probably going to be a good idea (7). His comments related to the role of primary care doctors as the centerpiece of care in some government-run programs. Sure, great idea. But why couldn't Haven have set up that primary care-focused structure? Why do we have to expand government programs to do it?

Well, punting off to the government makes complete sense, at least to the employers who failed with the Haven initiative. These big corporations with their million-plus employees would love to shift some of their older workers off their payrolls and into the Medicare program. The fact that Biden has floated the possibility of allowing people to qualify for Medicare at age 60 or to buy into the program early is very appealing Why? These older folks are expensive! People are getting much sicker, earlier than ever.

A simple fact supporting this is that the U.S. Preventive Services Task Force recently lowered the age at which it recommends that individuals be screened for colorectal cancer (8). Screening used to be recommended at 50. Now it's age 45. They made the recommendation because people are increasingly dying at younger ages from the disease. You may be aware that Chadwick Boseman, of Black Panther fame, recently died of colon cancer at age 43. It's a tragedy.

Let's consider a different perspective. Instead of big corporations trying to change health care, what about the entrepreneurs? What startups rocked the health care industry?

Probably the most influential startup has been 23andMe. Whoever thought you could get your DNA analyzed for under $200? Yes, there are things about 23andMe that are problematic. I mean, you shouldn't be finding out that you have a super strong predisposition for certain types of breast cancer in an email. And a lot of people don't understand what the results that the company generates actually mean. But no one's perfect and we've got to stumble our way to betterment in the entrepreneurial world.

The biggest issue with 23andMe is that they weren't all that transparent about how they were going to use peoples' data when they initially signed up for the tests. Concerns over privacy have been a contributing factor to why sales of the consumer-based kits have flattened, and why the company had to lay off 100 employees last year.

23andMe sells anonymized data to other companies to help with research, product development, whatever these companies want. The company will ask 23andMe to scour its database, looking for people who have certain genetic attributes. I mean…this is our data! 23andMe is making money off it!

Well, they're generating revenue off it. 23andMe is private and apparently hasn't posted a profit. Nonetheless it was recently announced that they are going public via a SPAC (9). A SPAC is a Special Purpose Acquisition Company. Basically, a company that's already public merges with the company that wants to be public. This enables aspiring company, in this case, 23andMe, to avoid all the scrutiny of going public via an initial public offering, or IPO. 23andMe is merging with a SPAC founded by billionaire Richard Branson. He and 23andMe founder Anne Wojcicki probably hatched this scheme while tooling around on Branson's yacht in the Caribbean. 23andMe is planning to use the money raised via the SPAC to fund new businesses. That's code for finding new ways to make money off your data.

Since we're talking about companies that have transformed health care for the better, I have to mention Teladoc. They saw the possibilities of telemedicine long ago, and Covid-19 has been great for telemedicine. But, as I've mentioned in other podcasts, a provider doesn't need Teladoc to provide telemedicine. Big health systems and physician practices can build their own platforms. And if you want to talk to your own doctor, then you wouldn't go to Teladoc to do it (unless your doctor is on a platform built by Teladoc). Nonetheless, Teladoc sells "anytime, anywhere" subscriptions to employers and other groups which can be highly attractive, especially for primary care. They're a publicly traded company with a market capitalization of over 30 billion dollars.

But, like 23andMe, they aren't profitable (10). In fact, they had a net loss of almost a half a billion dollars in 2020! Apparently, that is OK with Wall Street because they keep getting more and more members. Grow, grow, grow. That is the mantra. It's almost like you don't want to show a profit because it means you're not trying hard enough. And if you show a profit, you have to pay taxes on it and who wants to do that?

Grow, grow, grow is also the strategy of Oscar, the health insurance startup. They've been aggressively expanding and also ran an operating loss in the hundreds of millions in 2020 (11). The company was started in 2012 after the ACA was passed. The intent was to offer low-cost health plans on the newly created exchange. Oscar targets the younger, tech savvy buyer as they have a tech-enabled platform that offers telemedicine and tries to keep people out of the emergency room (hence, keeping their costs down). Hard to tell if that's working for them since they're private.

They also keep costs down by offering a narrow network of providers. I looked into buying Oscar insurance and took a pass because they didn't have my doctors on their plan. Even though they are a low cost, ACA-approved provider of insurance, I opted to go for the "I don't exactly have health insurance" short-term plan and pay for everything else out of pocket. It has worked for me. I get to see whatever doctors I want.

But a lot of folks, especially when they're young, never go to the doctor so they don't care who's on the plan. They like the tech-enabled aspects of what Oscar offers. But of course they are radically overpaying for health insurance because if they access little to no health care, they shouldn't be paying hundreds of dollars a month in premiums.

One thing I dread with the Biden administration is that access to short-term health plans will be stymied and I'll be forced to buy bloated health insurance once again. Maybe I'll wind up with Oscar. I think this potential growth in membership is one of the reasons behind the company's decision to file an IPO. That, and they've got to be highly diluted. The company has received $1.6 billion in funding. Investors want their money out and it's a hot time to try to raise funds.

That being said, I'm not sure what, exactly, Oscar has done to improve health care. Sure, the "tech stack" with some automated activities is cool and convenient. But automation isn't innovation. Modernizing how some health care transactions are conducted may be mind-blowing to the industry, but that is really sad. We have to think bigger and more radically if we want to truly impact health care.

On the subject of big, then, let's talk Big Tech.

They've taken on a variety of initiatives, some of which are, I think, ethically terrifying. So let's touch on Amazon. Maybe some of you think they're ethically terrifying because they're so gigantic. That is legit. But at least they understand their core competency: sell commoditized stuff to people at the cheapest prices possible, offering the fastest delivery so no one ever wants to shop anywhere else. What in the health care fits into that category? Generic drugs. And that's where a lot of Amazon's efforts have gone.

90% of all prescriptions in America are for generics. Amazon bought the company PillPack in 2019 for $753 million. PillPack had licenses to ship drugs to every state except Hawaii. Bam! Suddenly Amazon had licenses to ship drugs to almost every state. This kind of transaction is great for consumers because it will undoubtedly push down the costs of many drugs. So yes, I think Amazon is helping.

Google has a different approach. What is Google good at? Finding trends in gigantic amounts of data. Who has gigantic amounts of data? Hospitals. Who owns the data? That's apparently unclear, but we, the patients, should have some say about what happens with it. Apparently, hospitals and Google don't care.

At the end of 2019, word got out of Project Nightingale, an arrangement between Google and mega not-for-profit health system Ascension (12). The health system gave Google access to patient health records and didn't completely anonymize the data. Great. So you've got Google, that can triangulate anything better than a Russian hacker, getting access to private information about patients with some information that could identify who these people are.

That's just the tip of the iceberg because it's unclear exactly what they're going to do. This has echoes of Haven. You know. Get some smart people together and they'll fix health care. Well, sorry folks, but it's going to take more than just throwing smart people at a problem to fix health care. In fact, a genius can't even do it.

Ask IBM. Their genius artificial intelligence super brain Watson was supposed to transform health care. I mean, talk about tech power. Yet the Watson Health unit has not been profitable. Right now, there are talks that the whole thing might be spun out of IBM! Yes folks, health care is hard.

But don't let that deter Microsoft. Not to be outdone by Google, they are leading a new startup called Truveta (13). Fourteen health systems have agreed to join in sharing their patient data on a single platform to deliver, "personalized medicine, advance health equity, and empower the health community with insights on how to best treat patients." Oh yeah, it's also going to make money for everyone involved, except the patients. Truveta is figuring out how to price plans right now.

I get that Microsoft is in the game to make money. But the majority of the 14 health systems involved in Truveta are not-for-profit enterprises. Their mission is supposed to put the patient first, not to leverage our private data to fund their bloated overhead. Please, Biden administration, do something about this! Update the health care data privacy laws because this is insane.

Let's take a moment to consider how bad it is that Big Tech has their claws on hospital data. Google, Microsoft, etc. are going to make assumptions about us based on the data they pull up from all kinds of sources. There are lots of things that can be found out about us – but there are also things that are wrong. God forbid someone enter something incorrectly into your EMR. But whatever! If the database says so, then it must be true!

Let me give you an example. You go to a new doctor. You're nervous. You get your blood pressure taken. It's high. That happens. It's called "white-coat hypertension." Seriously. There's a term for the fact that people's blood pressure goes up when they go to the doctor. Does this mean going to the doctor makes us sick…?

Anyway, let's say that after the appointment, the doctor orders a prescription for medication to control your high blood pressure. Bam. It goes into the medical record. You never fulfill the prescription. But it's there. The doctor wrote it. Do you think Google is going to check to see that every prescription it finds in Ascension's medical records (and in all the other health records it looks at) have been filled by a pharmacist? No. They may just assume you have high blood pressure.

Why do you care? Well, high blood pressure is a pre-existing condition. Let your mind wander about how many ways that could cause you trouble in the future.

Everyone wants our health information. It's hard to do anything these days without giving some of it up. Like, say you went to CVS or Walgreens for a Covid vaccination. Apparently, they're using this data to target you for all kinds of products and services (14). You didn't ask for this.

You didn't opt in. You're giving your health information over and others are making money from it.

It's time for patients to stand up. Who's going to change health care? Patients.

Wouldn't it be great if we patients opted into a community that was outside of the health care system (and thus, predatory data collectors), enabling the collective to benefit from the information? Well, that is where I am directing my company. You're heard me over the months (and years!) tout different ways to consumerize health care and empower patients. I've tried every trick in the book to work within the system. I've had shows talking about how great health savings account are, how critical price transparency is, how we need to help people shop for health care…All of those ideas are great. But they sort of dance around the heart of the problem, which is that there's no way for patients to advocate together. So that's where we, via our product KnowThyself, comes in.

And that is the beauty of the free market. We get to develop new solutions and test them out. If customers like what we're doing and what we're doing is safe, equitable and legal, then we're off to the races. You'll hear more about the initiative once it gets launched in the near future.

In the meantime, stay healthy and happy. Spring is coming and it is going to bring newfound optimism!

This is The Powers Report Podcast. I invite you to subscribe to our show. Check us out at powersreportpodcast.com. You can access over two years of podcasts on the website and communicate through the Contact page. I look forward to hearing from you. Thanks so much for listening!

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