

# How Healthcare Revolutionaries Think

## 10 Questions With David Terry

By David Burda

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Welcome to the latest installment of 4sight Health's series, *How Healthcare Revolutionaries Think*. Our interview series profiles healthcare instigators who believe that outcomes matter, customers count and value rules.

More for less. It's the *raison d'être* of value-based care (VBC). VBC is care that simultaneously improves outcomes and lowers costs. As we all know, most payment models that incent providers to adopt VBC have sputtered over the decade. But David Terry, co-founder and CEO of [Valendo Health](#), may have found two secrets to smooth the transition to VBC: contrarian outlier specialists and fee-for-service (FFS) medicine. Valendo Health is a new VBC company that helps endocrinologists grow their medical specialty practices, adapt to VBC payment models and remain independent.

I spoke with Terry about contrarian outlier specialists, FFS medicine and when he first realized he was a serial entrepreneur. You can also listen to my [podcast interview](#) with Terry about how he uses data and analytics to spot high-performing medical specialists and about the right attitude the specialists need to make VBC work for them and their patients.



# 1

## Dave, give me your definition of a healthcare revolutionary.

**Terry:** The people who I've worked with and who I admire the most fit into this category in a phrase we coined called "contrarian outlier specialists." These are physicians — specialists — who have found a better way to deliver the care that they've been trained to deliver.

They probably share traits with people like you and me. We've been in healthcare for a long time. We've gotten frustrated that things aren't working as well as they could. The difference between us and them is they're actually clinicians. They're putting their hands on patients, and they're helping patients get better faster. Frustration would be one trait. Another trait would be passionate — passionate about trying to find a better way to create improvements. Not willing to settle for the way the reimbursement system works and just going along to get along in terms of how they're paid and their willingness to take on colleagues. It's hard to take on the system as we all know. But they found a way. They found a way to succeed within the model of care that they want to deliver.

# 2

## Who fits your definition of a healthcare revolutionary, past or present?

**Terry:** The first person I'd put in this category is a guy named [Steve Murphy, M.D.](#) He's an orthopedic surgeon here in Boston. I first met Steve when we started Archway Health, which was a specialty company focused on bundled payment business. He was one of our first partners in the Medicare [Bundled Payments for Care Improvement](#) program.

We were able to get 100% of the Medicare claims data as we got into the program and started building our business. We saw in the data that Steve was among the best orthopedic surgeons in Massachusetts, if not the country, in terms of helping people get home faster, using fewer post-acute services, suffering fewer complications and fewer readmissions. When we see data like that, we love to meet the specialists and understand what they're doing differently that allows them to be so much better than their peers.

Steve's a tinkerer. He wants to continue to find ways to get better. When we talked with Steve about why his results were so much better, he just tried a lot of different things, some big and some little, to help his patients recover faster, get home faster and get back to work faster.

# 3

## **What did he do that was different, big or little?**

**Terry:** One simple thing he does is have his patients buy a \$90 stationary bike and ride it before coming in for surgery. He doesn't use a catheter during surgery, so that cuts down on urinary tract infections. He tells his patients to get up and walk around as soon as they feel comfortable, even if it's just a few hours after surgery and recovery.

This is why we call these people contrarian outlier specialists. Folks in the hospital hated those things. He had to fight to implement them. The nurses didn't like not using a catheter because it's messier. Physical therapists didn't like patients ambulating more quickly because it was a little bit riskier and created more work for them. Administration was annoyed because the staff didn't want to do these things. We see this a lot in the healthcare system. Folks just go along to get along.

# 4

## **Are you a contrarian outlier specialist, who 4sight Health would call a healthcare revolutionary?**

**Terry:** I'm more of a facilitator than a revolutionary. I'm trying to figure out how to reward people like Steve. I'm trying to figure out how to take what they've done and build a sustainable business model around it that can get traction in the marketplace. There are a variety of ways to do that. But the first step is finding these people, these clinicians who have a better mousetrap. The second step is to figure out how we can wrap an economically sustainable business around it. I guess I have two roles. One is finding those folks. The second is partnering with them to build the right business model.

# 5

## **Every healthcare entrepreneur is trying to build a sustainable business model for their innovation. Not many entrepreneurs can find contrarian outlier specialists or contrarian outlier anything to build a business around. How do you find these people? Where do you get your leads? Are you sitting around looking through data like looking for a needle in a haystack?**

**Terry:** That's a really good question. I've done it half a dozen times now, and it just occurred to me a few months ago that the pattern has always been basically the same. Some is looking at the data. Mostly it's talking to as many people as I can in the field or around the field and daisy-chaining my way to find folks who think like me and are excited to think about new ways to reshape the delivery system.

That's how I got to Steve. I met an orthopedic surgeon here outside of Boston at a birthday party for a 12-year-old son of a friend of mine. I started talking to him about what I was doing. He said, "You got to talk to Carl Talmo." So, I talked to Carl for a while. Then Carl said, "Well, you got to talk to Steve Murphy," and I got to Steve. I've done this in cardiology, nephrology and oncology and now doing endocrinology, and it's really been the same.

Nothing I'm saying is new from what I've been saying for the last 10 years or so. But the more conversations I have, the more people I meet who think like me. Maybe we can create a partnership out of it. I've got a very good friend who's a burn surgeon trying to do the same thing in burn surgery, which has a different set of problems. Obviously, patients present in a very different way. But they face similar issues in terms of access and quality and accountability.

6

**Sounds like you hang around with a lot of surgeons. What's that like? Do they talk about surgery? Or do they talk about anything but surgery? I hang out with a lot of reporters and editors, and all we do is complain about publishers and publishing companies.**

**Terry:** Surgeons are great to hang out with. They're super smart and passionate about what they do. I'd say there's a general theme in our industry with frustration over how things are designed around them. There are a lot of doctors today, unfortunately, who say they may not have made the same choice they made coming out of college, going into med school and choosing a specialty. Sometimes we spend a lot of time talking about healthcare and about what makes a difference in their particular specialty area. But I did run into Carl at a hockey game a couple months ago. So normal people like us but really smart and passionate about what they're doing.

7

**Speaking of being passionate about what you do, Valendo Health is your fourth value-based care startup. Are you a serial entrepreneur?**

**Terry:** I am. This is the fourth value-based specialty company I helped start in the past 12 years. I always wanted to be an entrepreneur. But I didn't start to truly be an entrepreneur until around 2011, 2012, and that was spurred by the Affordable Care Act and everything that was now possible under the ACA. Prior to that, I was an executive with health systems and a consultant to health systems. I was frustrated with how poorly the healthcare system is designed and runs, and I wanted to find ways to change that. It took me a while to have the courage and fortitude to take the leap, but my wife, Emily, was very encouraging, and my family was encouraging, and it's been great. There's some risk involved in it, obviously, but I've enjoyed at least trying to make an impact.

8

**If you're a serial entrepreneur, that didn't start overnight. When you think back, what was the first entrepreneurial thing you did that you didn't realize was entrepreneurial at the time?**

**Terry:** There are a couple. I'll share two stories. One is dubious, and one was the most successful I've ever had. When I was growing up, I grew up in Boston with my mom, and my dad was in Cape Cod, so I would go back and forth. I had a friend in Boston who knew where to buy bottle rockets and firecrackers in the North End, which aren't legal in Massachusetts. I would take them on the bus with me when I went down to see my dad, and I would sell them to kids on the Cape at a 300% markup. That was dubious because ultimately the Chatham police caught on and they squashed that business pretty quickly.

The second was when I was in college. I wanted to go on spring break, so I sold spring break trips to my friends and classmates in school. This was pre-internet, so I put up posters around campus, put an ad in the student newspaper and put a message on my voicemail. I sold them to a bunch of friends and then sold them to some folks I didn't know. One of the people who bought a trip is now my wife of 30 years.

# 9

**That's some good ROI in both examples. Let's talk about the ROI of value-based care. You're on your fourth VBC venture, what have you learned along the way?**

**Terry:** One lesson learned from a business model perspective is you have to build a sustainable business in fee-for-service as you transition into value-based care. The last three businesses that I helped start, we could only make money and be successful in value-based care. I am super passionate about value-based care, and it's the direction that the market should go. But it's two steps forward, one step back. I've been doing this type of work for over 30 years, and it's been around the corner pretty much my whole career. I think that corner is getting closer, and it truly is. There are opportunities to do these things. But we need to create a significant business model in fee-for-service as we build a path to value-based care.

Another lesson learned is that you need provider partners. I'm a facilitator who works with providers to move into these more progressive business models. But the provider partners who we work with have to buy in. There's a bell curve for everything, and there's a bell curve on preparedness and commitment to move in this direction. At this point in my career, I only want to work with people who are bought in and share this perspective and this goal. It's not all about the money. Right?

# 10

**What kind of boss are you?**

**Terry:** I'd like to think I'm a friendly, affable person and super passionate about what we're trying to do and focused on where we're trying to go. I like working with people who have the same passion for what we're trying to do and who bring a different skill set than I have. I talk a lot about data and analytics, but I can't do any of that. I surround myself with people who can do that level of work and with specialists who know their space well. I value expertise and working with folks who are experts. Sometimes it can be tough when we're not focused on getting where we want to go or we're moving more slowly than we should be. But for the most part, I hope I'm an affable, smart and passionate person to work with.

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## BURDA'S FINALBIT

I'm not much of a risk-taker. My kids call me "Captain Safety." It's an exaggeration. I simply tell them to recognize and avoid unnecessary risks when they're about to do something really stupid. That said, we all benefit from risk-takers like David Terry and his cadre of contrarian outlier specialists. They are pushing back against a healthcare system that prefers to play it safe, maintain the status quo and enrich incumbent system stakeholders. Or, as Terry likes to say, prefers to go along to get along.

Terry's superpower is identifying medical specialists who can do what they do better than most doctors in their field. They're unafraid to try things that improve outcomes and lower costs for patients. Terry is the mastermind who enables the specialists to scale what they do for the benefit of more patients and for the healthcare system generally. He also knows where you can get some great fireworks. Remember to light the fuse and get away.

## AUTHOR



**David Burda** began covering healthcare in 1983 and hasn't stopped since. Dave writes this monthly column "Burda on Healthcare," contributes weekly blog posts, manages our weekly newsletter 4sight Friday, and hosts our weekly Roundup podcast. Dave believes that healthcare is a business like any other business, and customers — patients — are king. If you do what's right for patients, good business results will follow.

Dave's personal experiences with the healthcare system both as a patient and family caregiver have shaped his point of view. It's also been shaped by covering the industry for 40 years as a reporter and editor. He worked at Modern Healthcare for 25 years, the last 11 as editor.

Prior to Modern Healthcare, he did stints at the American Medical Record Association (now AHIMA) and the American Hospital Association. After Modern Healthcare, he wrote a monthly column for Twin Cities Business explaining healthcare trends to a business audience, and he developed and executed content marketing plans for leading healthcare corporations as the editorial director for healthcare strategies at MSP Communications.

When he's not reading and writing about healthcare, Dave spends his time riding the trails of DuPage County, Illinois, on his bike, tending his vegetable garden and daydreaming about being a lobster fisherman in Maine. He lives in Wheaton, Illinois, with his lovely wife of 40 years and his three children, none of whom want to be journalists or lobster fishermen.

Visit [4sight.com/insights](https://www.4sight.com/insights) to read more from Dave Burda.

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### David Terry

**David Terry** is CEO of Valendo Health. He's a healthcare entrepreneur and executive with more than 20 years of experience supporting specialists as they enhance their practices and achieve success in value-based care (VBC) models. Valendo Health is his fourth VBC venture.

**Valendo Health** is a value-based care company that works with endocrinology practices to help them succeed in a value-based reimbursement world and, in doing so, helps them remain independent.