

4sight Health Roundup Podcast

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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, November 14th. There are a couple of things we'd like to say here at 4sight Health. Well, Dave Johnson likes to say them, and we wholeheartedly agree with them first, healthcare will change more in the next 10 years than it has in the past of 100 years. And second, the pressure to change will come from outside in rather than from inside out. We're gonna talk about a few recent signs of that on today's show with 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:

Well, thanks for the plug, Dave, of Paul Cusero's and my new book *The Coming Healthcare Revolution* launched this week. Read all about how healthcare will change so dramatically in the next 10 years, and why outside forces will be the primary drivers of industry transformation. On the press now. Yeah.

Burda:

Yeah. Congratulations. Get the stories. Congratulations. Yeah. A long gestation, but a healthy baby. Right? Well done. Well done.

Johnson:

Let's hope.

Burda:

Yeah, Julie, how are you?

Julie Murchinson:

Well, I'm settling into our new reality. I've been bingeing podcasts like you, I shouldn't say read about you, listen about. And I'm running out of podcasts to help me process. So if any of our listeners have podcasts they want me to listen to, of course, you know, you listen to ours! <laugh> Send them my way. <Laugh>

Burda:

Ah, great. New new, new habits developing. Very, very good. Now, before we talk about signs that the healthcare market is changing, I wanted to ask you about what signs you've seen in your interactions with the industry Dave, any signs bigger little in your healthcare world, and tell us we're headed in the right direction.

Johnson:

Maybe you know, Dave, I do you remember that 1970 song Signs by the Five Man Electric Band? That song has a refrain that's been an earworm in my head, inside my head for decades. You know, sign, sign

everywhere a sign. Blocking up in my mind. Do this. Don't do that. Can't you read the signs? So you asked for a good sign. I'll give you one. Last month, my one medical PCP wanted me to get a MRI calcium test for my heart. And he referred me to imaging Center at Advocate Illinois Masonic, which is a couple blocks from my house. I call him up and they can't see me until January, and God knows what it would've cost. So I wrote him back and said, Hey, any other ideas? And he sent me to a standalone MRI company down the street less than a mile from my house. So I called them up, they got me in the next day, 50 bucks cash, no insurance forms, really easy, in and out. And it turned out I had a big fat score of zero, which was also good news.

Burda:

Excellent.

Johnson:

So that's clearly a good sign in and of itself. But like a week later, I had lunch with Goab Sidafalwalla, the physician who's the chief Strategy Officer for Advocate. And I was telling him the story, and he was actually delighted by that.

Burda:

Really?

Johnson:

He's, yeah, inside Advocate, he is pushing as aggressively as possible for decentralizing healthcare delivery. He said, we can't compete with that. So the fact that my tests got into the advocate record and I'm a happy customer, he thought was delightful. So, a good sign all the way around.

Burda:

No, no. Great to hear. Julie, any change in your healthcare world that signals a shift in where we're going?

Murchinson:

Well, you know, given my age, I'm in more menopause discussions these days than I care to think about <laugh>. And, you know, this topic used to be taboo. Doctors told women to just suck it up and, you know, they dealt with it. And today we have award-winning documentaries that are earning physicians CME credits. We have companies like MIDI and Electra that have creative models that are designed for women who are 40 and older, like focusing the care model, the science, the lifestyle, the supplements, the behavioral health, everything that a woman needs in this stage. And women are constantly asking other women, like, what do you do? So the fact that I can say, oh my gosh, go to MIDI, go to Electra, try this. Like, it's incredible. So it's pretty empowering, honestly.

Burda:

No, that's great. I just read a health benefits survey report, and it mentioned for the first time menopause related health benefits as part of health plans that they offer. So I think that's spot on, that's great. For me, it was just this past Tuesday, my wife had a brief telemedicine visit with her primary care physician to double check a prescription med. And that's a major shift in convenience in our household. And the big news is, it happened without any technical glitches, which if you've ever seen us try to turn on the TV and you know, call out a streaming service, it's a miracle. So,

Murchinson:

<Laugh> <laugh>, congratulations.

Burda:

<Laugh>. Thank you very much. One more reason never to leave the house, right? <Laugh>. Okay. Let's talk about three things that happened in the market last month that we haven't mentioned on the show, and you tell me what they mean for the industry. On October 9th, Amazon said it was opening pharmacies in 20 new cities next year, giving customers there same day delivery of their prescription medications. About two weeks later, on October 22nd, Walmart announced that it would start offering same day delivery of prescription drugs in 49 states by the end of next year. That's up from six states this year. Sandwiched in between the Cleveland Clinic announced that it was opening up a new primary care clinic in collaboration with Amazon One Medical. Taken by themselves, these announcements may not mean much, but taken together, they may say a lot. Dave, when you put these things together, what do they say about healthcare competition, market forces changing healthcare and what healthcare will look like in 10 years?

Johnson:

Yeah. Market versus medicine, right, right. Which was the, which was the title of my first book. I've got a kind of a cute story about market versus medicine that relates to this. So a woman that used to work with me Julia Quasi has a prodigy for a son. Now, every parent believes their child is special. But <laugh>, her son, Kyron in the third grade got evaluated and they said he was ready for college.

Burda:

Oh my Goodness.

Johnson:

Yeah, his IQ is off the chart. And last year he graduated from Santa Clara University in Silicon Valley with a degree in engineering at age 14. And he is now working for SpaceX. So truly a brilliant kid. Anyway, when he was six Market Vs Medicine had just come out and I was going to see Julia, and she said, I have this really cute story to tell you. And I said, well, tell me. And so as, as she was going out the door, Kyron came up to her and said, you know, you're going to see Dave. And she said, yeah, I am. She said, well, ask him who won? She said, what are you talking about? And he wrote a book, market Versus Medicine who Won <laugh>. And so <laugh>, we've been sort of inside 4sight Health using that, market versus medicine. You know, do true market economics win or do artificial medicine economics win kind of ever since? And I, you know, kind go down the list here. Walmart, Amazon, Amazon One Medical, and the Cleveland Clinic, those are all market wins, right? Good for, good for the consumers, good for value good

outcomes. Let's talk first about Walmart and to some extent the Amazon announcement. You know, competition works both ways. You know, I think a lot of people are wondering what impact this is gonna have on health systems and their pharmacies and so on. But the Walmarts and Amazons of the world are also trying to compete with Good RX and honeybee and, you know, the evil empire Optum. So this is, I think in part a response to that competitive threat coming their way as much as it is to kind of steal market share from, from those that aren't as efficient. So that's, that's pretty interesting. But far more interesting for me is putting the Amazon pharmacy announcement together with its Amazon one Medical Cleveland Clinic announcement. And let me tell you why. Couple of weeks ago, I had a long conversation with Sri Shaguturu, who is the Chief Medical Officer for CVS Health, used to be at Mass General. Anyway, listen to his job description: Sri leads the CVS Health Medical Affairs organization spanning Aetna, CVS Caremark, CVS Pharmacy, Minute Clinic, Women's Health and Genomics, Data and Analytics, Patient Safety and Health Equity, how's that for a day job? And so, Sri and I are talking, and he told me he absolutely hates the term retail medicine. Just hates it. He said, when you look at CVS, they're actually far more B2B than they are B2C. And at the end of the day, it's all just medicine and how do you put it together in ways that deliver the most effective care at the lowest price with, with best customer service. He's exactly the kind of leader, physician leader that you wanted. Somebody like CVS Health, and I'm not trying to plug the book too much today yet. Paul and I have two acronyms in there that we talk about quite a bit. The first is 3D WPH, and we think that's the disruptive innovation that's gonna bring down the, the current model. And it stands for democratized and decentralized distribution. That's the 3D of Whole Person Health. And then the second is the CB2 E2. And I know we've talked about this a few times, but is it cheaper? Is it better? Is it more balanced between health and healthcare provision? Is it easier? And is it empowering to caregivers and consumers? So CB2 E2, and I think really the answer to your question, Dave, is on these fronts, do these three initiatives and others like 'em meet the 3D WPH test? And the answer to that is yes. And do they meet the CB2 E2? The answer there is yes, too. So expect more of them.

Burda:

That's a good sign. Thanks Dave. Julie, any questions for Dave?

Murchinson:

Well, Dave, I have a question that maybe is a step removed from the broader model orientation you were just talking about. When you look at what's happening on the pharmacy side and what Walmart and Amazon, and even CVS Aetna could do, how long do you give it until hospitals throw in the towel on pharmacy? Like, will it just be redefining certain drug classes, all this movement? Or can Amazon and Walmart really take over all of pharmacy?

Johnson:

What we're all getting at here with all these you know, companies that we're listing is that for the most part, drugs are commodity products. They should have transparent pricing. So there'd be a clearing price and a little bit of a margin over that. And the winners, and maybe it will be Walmart and global domination, although they proved they couldn't do primary care, at least standalone primary care. And the metrics for that are, you know, price, scale, efficiency, customer experience. It does seem that this this part of the healthcare industry, you know, drug distribution is one of those that should be subject to the rules of commodity markets. Market winds. So from, you know, kind of back to your, you know, big question, you know, should health systems give it up I think the smart ones will, and the even ones will

partner with more effective service providers like so many health systems are now doing with urgent care centers. So I expect we're gonna see more of this, and, and it's good for the industry, it's good for consumers but it's not gonna be good for those that are clinging onto kind of an archaic way of doing things.

Burda:

Right? So I leave my doctor's office, she calls in a prescription to Amazon, and the drug is waiting on my front porch when I get home from the office visit, right? Thanks Dave. Julie, it's your turn. When you saw these announcements what was your first reaction? What do they say collectively about healthcare market competition, and what lessons do they have for other healthcare innovators?

Murchinson:

Well, you know, I ended up in a conversation this week with the head of healthcare from Instacart, and she's impressive, by the way. And that's a business that could really revolutionize food deserts and healthy eating. I mean, we talk a lot about big tech and healthcare, but their market cap is around 11 billion, and they have partnerships with everyone. It's a huge white labeling business. I really had no idea. It's, it's quite something. So why am I talking about Instacart? We talked a lot about same day pharmacy delivery, and she was pretty pessimistic about the business. And it caught my attention and I started thinking about it, and certainly Alberta, when you wanted to talk about it this week, we didn't go deep, but I suspect it's actually a really intimidating business because pharmacy is so much more complicated than just the supply chain logistics of food, really. The insurance coverage, the generic substitution, the patient copays, the patient education, I mean, you like, on and on and on. And simply put, it's not just delivering groceries to households, right? So those who, like a Walmart and an Amazon can play here have a huge market. I mean, the pharmacy deserts are growing. That's why I think, you know, these two think they can actually blow Walgreens and CVS outta the water, given what's happening with their businesses, at least their pharmacy footprint. And the stats here are pretty crazy. A recent study found that nearly half of US counties have communities over 10 miles from the nearest pharmacy. That's a long way, depending upon who you are. Traditional mail order prescriptions, as we've talked about, can take up to 10 days to arrive. So that's not good for adherence. And, you know, we all know this, but as of 2019, 7 in 10 hospitals relied on fax machines and phone lines to order prescriptions, <laugh>. So, you know, when you look at where we are in society, these digital first pharmacies like Amazon, I mean, they offer something of real value. So I, when I look at this, you know, I also happen to have spoken to a senior pharmacy exec from Walmart in the last few months. And I wasn't surprised to see them announce within days after Amazon, because their goal is to become the biggest omnichannel retailer in the world, which of course competes with Amazon. And, you know, for them that means stores, e-commerce, and the Last Mile, and they wanna, I think today they can actually enable delivery in one to three hours for certain subsets in certain regions. But with this announcement, obviously they wanna do that at scale. And, you know, it's just really about, for these businesses now integrating pharmacy with the rest of the quote unquote store, whether you're Amazon or Walmart, they're both doing that. So this is the vision of the future. And what's interesting for me is we've seen companies for years like Alto, NimbleRx, FilleRx a number of these types of companies that have really been enabling local pharmacies to get into the delivery game. And that hasn't really been same day, that's been more like, you know, one to seven day delivery kind of thing. But it makes me wonder what's gonna happen to these companies and local pharmacies, because these behemoths us will just have scale and price that blows 'em outta the water.

Burda:

Y'know the best part of this podcast is you guys are talking to people on the front lines, right? So we've just heard different perspectives from people at these organizations that are making these changes. So that's fantastic. Thanks, Julie. Dave, any questions for Julie?

Johnson:

Julie, you've got one of the keenest eyes I know for visionary leaders and innovative companies we're about to change administrations. You may have been, may have heard about that. Yeah. <laugh> if you were to become the new CMS or CMMI administrator, and by the way, wouldn't that be fantastic everybody? What policy changes would you undertake to amplify innovation broadly within the healthcare industry to do the things that you talk about all the time?

Murchinson:

So first off, when I look back on, you know, government driven innovation, if that's even a thing, I think someone like Anish Chopra does not get enough credit for all he led to kick off innovation by liberating data from government databases, which really catapulted innovative solutions. And Dave, our favorite thing, transparency. So thank you, Anish. First of all, I mean, you really did amazing work back in the day. And today I look at what ARPA H is doing, and it's a little laboratory that's really trying to bring together you know, some of the best minds and looking at public private partnerships to either launch businesses or launch, you know, research efforts like it. The focus that ARPA H has is pretty impressive. But honestly, Dave, you know, the health policies that I think are friendly for innovation are a lot of things that we've seen over the last decade that we talk about here a lot. I mean, on the drug side, of course, streamlining regulatory pathways and creating you know, more contemporary ways of approaching drug development is a good thing. But on our side of the kind of digital wall, all value-based payment and, you know, public-private partnerships, the data sharing efforts looking at innovation hubs and accelerators that bring a lot of this to life. I mean, including, you know, value-based payment, patient-centered design, all these things, those, those are all positive. And unfortunately, a lot of those are agency driven. So I worry about that. I hope that we actually see some reinforcement of telehealth expansion, because the more we can be driving alternate sites of care, alternate approaches to care through technology, the more innovation you'll see with data and bringing that to bear in the care delivery model. So, you know, everything around telehealth and personalized medicine are critical.

Burda:

Yeah, it's like you like to say with regulations, right? Not too cold, not too hot. They have to be just right. So <laugh> let's, let's hope that happens. For me not standing in line at the pharmacy counter behind senior citizens arguing about their \$2 copays will be a dream come true. And you know, that's worse than being at the deli counter when an oldster complains that the ham wasn't sliced thin enough. You know, <laugh>, you've been there. And Dave, I know it's not you because you don't eat meat and that's why your arteries are so clean. So good for you. Now let's talk about other big healthcare news that happened this past week. Was an all bad, was it Julie? What else happened that we should know about?

Murchinson:

Well, our poor friends and Emedisis are back in a lawsuit with the DOJ. DOJ is trying to block United's acquisition of Emedisis. So, sorry, Paul. It's a rough road.

Burda:

Yeah. I think whoever's deal was next was gonna get hit, right?

Murchinson:

Yeah.

Burda:

Whether it was that one or another one. So we'll keep an eye on that. Dave, what other news is worth mentioning?

Johnson:

Well, you know, speaking of Paul, I did mention at the top of the show that his and my new book is out this week, and it's always a glorious and humbling moment for authors when our babies come into the world. So many people to thank including very much the two of you. But given the book's focus on revolutionary healthcare transformation, I do have one question for our audience. Is it really that audacious to believe that we can transform the broken US healthcare system for the better?

Burda:

I'm a believer. Good for you, Dave. <Laugh>, I dunno, <laugh> okay. Wait and attitude. <Laugh>. All right.

Johnson:

I'm a believer I couldn't leave her if I tried.

Burda:

There you go. We'll end on that high note from The Monkees. Thanks, Dave. Thanks, 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 podcasts. Don't miss another segment of the best 20 minutes in healthcare. Thanks for listening. I'm Dave Burda for 4sight Health.