

4sight Health Roundup Podcast  
Medicaid's Future: Disaster or Opportunity?  
3/13/25

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, March 13th. Saturday is March 15th. It's the Ides of March, beware. It's also the St. Patrick's Day parade in Chicago; that's even more dangerous. Another thing that's dangerous is what the current administration wants to do to Medicaid, the safety net health insurance program for the poor across the country. We're gonna talk about the future of Medicaid with Dave Johnson, founder and CEO 4sight Health, and Julie Murchinson, partner at Transformation Capital. Hi Dave. Hi, Julie. How you two doing this morning, Dave?

David W. Johnson:

Well, we're bracing for St. Patrick's Day when the Chicago River turns green and Revelers start lining up to enter bars at 6:00 AM Talk about how not to make America healthy again. <Laugh>.

Burda:

Thanks, Dave. Julie, how are you?

Julie Murchinson:

I am well. I am on, well, my children are on spring break, so we're in Whistler, and we got a lot of really gorgeous snow yesterday, so beautiful up here.

Burda:

Wow. Wow. That's great. Good for you. Okay, before we talk about Medicaid, let's talk about the Ides of March. Dave, when you hear the Ides of March, do you think the assassination of Julius Caesar, or do you think the rock band from the sixties and seventies?

Johnson:

Et tu, Brute? And one more thing. I come to bury Caesar not to praise him. You know, I took Latin in eighth grade and maybe the laziest teacher I've ever had. We actually read Shakespeare's Julius Caesar aloud in class in English as a way to learn Latin. So all I have to say is agricala, agricalai, agricalarm.

Burda:

<Laugh>, you know, I would've bet the farm that you're gonna sing Eye Of A Tiger <laugh>, but you know, I would've lost that.

Johnson:

Keep you on your toes, Dave. I'm keeping you on your toes.

Burda:

You, you totally threw me there. Julie, how about you assassination or rock band?

Speaker 4 (21:02):

Eye of the tiger? Oh my goodness. Well, I think of neither because this might be kind of ominous, but the Ides of March is my wedding anniversary. So that's what I think about <laugh>. Okay. Interesting day. Yeah.

Burda:  
Watch your back, <laugh>.

Speaker 4 (21:19):  
Yeah,

Burda:  
That's great. Yeah, actually, I think of my dad. He wasn't much of a yeller, you know, sarcasm was his parental weapon of choice, that was wicked. And when I did something wrong, which was quite often, he would look at me and say, beware the odds of March. You know, talk about sending a chill down your spine, you know, the first time he did it, I had to look it up.

Johnson:  
<Laugh>, did you change your behaviors?

Burda:  
Yeah. Temporarily, you know, <laugh>.

Johnson:  
There you go,

Burda:  
Temporarily. All right. Another thing that's sending a chill down the spines of a lot of people are the proposed cuts in Medicaid spending in the budget resolution passed by the MAGA controlled house late last month. And there's your transition. The budget resolution would reduce budgeted Medicaid spending by an estimated \$880 billion over the next 10 years. Like last week's show on DEI. I'm gonna dispense with the usual recitation of factoids and get right to it with you. Dave, give your worst case scenario. If this happens what's the best case scenario? And if you ran a state Medicaid program, what should you be doing from a policy perspective right now?  
<Laugh>

Johnson:  
Would you rather die by firing squad or lethal injections? <Laugh>? anyway, I was interviewed by Scripps TV last week before Trump's State of the Union address, and the first question I got asked, interestingly, was what's the state of US healthcare? And my immediate response was, it's terrible. We spend twice as much on healthcare per capita as other wealthy nations and die six to eight years earlier. How could it be any worse? And we know that life expectancy skews even lower, much lower in low income, urban and rural areas where Medicaid insurance predominates. So arguably, healthcare has largely collapsed in many of these communities, and we have catastrophic consequences to show for it. So the worst and most likely case is that we

continue using the same approach to providing Medicaid services with fewer resources. And it's not hard to predict what the outcome of that will be. It will be even more dismal health outcomes than we already have. And we're, you know, a significant outlier on the world stage. Ironically, perhaps the best case scenario is that Medicaid programming and aligned outcomes become so bad that we blow up the current system and start from scratch. And maybe, just maybe then we could right the ship; really start to spend money in the right ways. So your question is, what would I do if I were a state's Medicaid director? I believe it's blank sheet of paper time. When Jimmy Carter and Burt Lance, (you remember Burt Lance?)...were in the White House. They used a concept called zero based budgeting that they had used when Carter was governor of Georgia. And the idea is a, a pretty basic one, but it's a good one. You go back to the beginning and allocate resources based on actual needs, not previous spending. So the closest I can think of anyone in recent history doing that was the four year period of time when Mandy Cohen was the director of Health and Human Services for the state of North Carolina from 2017 to 2021. And she aggressively pursued a health first agenda, even though North Carolina was not a Medicaid expansion state. So what did she do? She moved to risk-based payment models. She pursued a very large initiative called Healthy Opportunities, which was a comprehensive wraparound services model for high need Medicaid enrollees. She created an opioid action plan that actually lowered opioid deaths for the first time in over 10 years in the state of North Carolina. And she just pushed health first all the time and achieved good results. We, we know this works, right? When you invest in front end primary care and at risk individuals outcomes improve. Unfortunately, COVID kind of got in the middle of all this, and, and she probably couldn't push her health first agenda as far as she would've liked. But you know, Dave, desperate times call for desperate measures. If RFK Jr truly wants to make America healthy again, he should partner up with Mandy Cohen and get the job done. I mean, really go for it.

Burda:

Yeah. That's, that's the smart move. There's the blueprint and it does work. That's great. Thanks Dave. Julie, any questions for Dave?

Speaker 4 (26:18):

Gosh, Dave, I love that you brought back all Mandy's good work and her ability to push Medicaid through in that state was something else impressive.

Johnson:

Yeah, if you can do it there, right, <laugh>, you should be able to do it anywhere, right?

Speaker 4 (26:32):

That's true. So, slightly different question for you on, if you were someone: so Republican governors, congressmen in these states that are staring down tough decisions, these are elected positions. So if you were one of them, would you see practical choices here, or would you be rethinking your party affiliation?

Johnson:

<Laugh>? Well, do you remember, we're talking seventies musics, or maybe this is sixties music, but do you remember that Simon and Garfunkel song? If I could, you know, I'd rather be a hammer than a nail.

Burda:  
Oh, right, yeah,

Johnson:

Yeah. I'd much rather be a governor than a, than in Congress. The Republican Congress just look like tools right now. But if I were a governor, a Republican governor, I don't think I'd change a party affiliation. In fact, I'd do this if I were a Democratic governor too. I would have a now, near and far approach to making my state the healthiest state in the country. So what would I do now? First I would announce that as my primary policy goal. I want (pick your state) to become the healthiest state in the country. I'd invite in Gates Foundation, Commonwealth, MacArthur, whoever, to define what that means. I'd challenge other governors to do exactly the same thing. And then I'd start two Blue Ribbon task forces. The first one would be to look at all of the states education programs for healthcare professionals, and break 'em down, redo 'em from scratch. So get better balance between health and healthcare. So that means nutrition and wraparound services and all of that type of thing. Interdisciplinary coordination, inter-professional coordination. Look at health, you know, just like a zero base budgeting. Look at health education, like a blank sheet of paper and redo the whole thing. We're still training doctors the way we did in the 1920s, dumbest thing you could do. So start from scratch there. The other blue ribbon task force I would do would be on regulation. And rather than continue to hold my state hostage to the medical protectionism that we've built into regulation, I would tear it all down and try to become the state that's the friendliest to medical professionals that wanna cross state lines, practice at the top of their license to really get on board with this idea of how do we create the healthiest state in the country. And then near term, and this is probably the biggest one, and this is something that Trump administration wants to do I would negotiate the mother of all waivers with the Trump administration that would allow me to balance resource provision between health activities and healthcare activities. Right now, it's, it's drastically overweighted toward, toward healthcare and really do what Mandy tried to do, but do it on steroids in terms of pushing risk-based payment models that fully integrate care and pursue whole person health. And then far at long term, every business, every church, every school, every community organization, everyone I talked to, I asked the question, what are you doing to make our state the healthiest in the country? And I just wouldn't, I wouldn't shut up. I wouldn't sleep. That's what I'd be doing. I'd be going door to door to, to push this agenda. 'cause As I said last week, I we're, we're, right now, if you look at kind of diabetes and pre-diabetes, we're about half healthy and half sick in this country, and we cannot endure that way. So our leaders need to step up and take on the challenge.

Burda:  
Yep. Go big or go home. Right? That's what they say. Thanks, Dave. Julie, it's your turn. Describe your best case and worst case scenarios if this happens in terms of Medicaid spending.

And what should the market be doing right now to respond? Are there opportunities amongst the chaos and unknowns? Just like you said last week with DEI?

Speaker 4 (31:03):

Well, I'm still kind of blown away by Dave's answer to my question. It's the craziest thing. We have lawmakers fighting over details they truly don't understand. And obviously like the most hiding behind the fact that Medicaid's not in the bill, but here we have Dave offering solutions when, you know, a bunch of the Dems there are jumping all over this without offering anything productive or compromises or anything. And I mean, Dave, like <laugh>, we should put you in Congress. That's all I gonna say. <Laugh>, right? <Laugh>.

Burda:

I'd vote for ya.

Speaker 4 (31:38):

For sure. You know, colossal math problem, no doubt about it. And, you know, I think Medicaid as everyone is screaming from the hills likely to take a 10% or more haircut, which will affect millions of people. But it's lunacy to see how you know, different Republicans, Dems and associations are responding to this. Did you guys see the fact that the a MA and the Association for Nursing Homes, which were both really supportive in 2017, were silent on this because they're trying to roll back previous decisions for their own constituency? <Laugh>, I mean, it's literally warlords.

Burda:

Warlords, guild mentalities. Yeah.

Speaker 4 (32:22):

Holy short-termism. So I was struck by a couple things here, like, you know, Americans don't want this. The Kaiser Family Foundation found that fewer than 17 Americans wanna see Medicaid funding decreased. 82% think it should either increase or be kept the same. So back to your answer on being a congressman Dave. Like, this is not what Americans want. This power is crazy. But, you know, I look at this, I don't really have the best case name, Dave, just to be clear with you. But of course, I'd love to see all this come outta non-healthcare spending. But the fact, the energy and commerce committee would still be short \$600 billion if they cut everything non-healthcare, you know, we're, we're headed down a, a bad road here. And what I really love to see us do is try to actually drive policy with data. Like, what if we actually took our time to quantify the fraud, waste and abuse estimates, so we could really understand whether there's 880 billion of that in there. Like, why don't we approach this with more rigor? Best case, like early AI driven Christmas present of 880 billion in fraud findings, that'd be so great. But, you know, I'm not very bullish. Worst case, we know that the slashing that is threatened is gonna have massive consequences on rural Hispanic communities, you know, hospitals and nursing homes that are already struggling to keep their doors open. And I found an article in of all places, Teen Vogue; who knew that was still a publication? <laugh> This article highlighted that Medicaid cuts would disproportionately affect access to reproductive health, healthcare, and contraception, of

course, for over 13 million women of reproductive age, particularly, of course, women of color. And, you know, these services are critical, Dave, to your point, to economic stability and reducing, you know, already massive inequalities. So you know, the worst case, you know, I think it's a lot worse when you start to feel back the onion, but the private market can do a lot. Maybe. You know, as I said before, private markets to a certain extent can fill service gaps, but they are really dependent on either being paid for their services or being reimbursed in the case of care services. But a lot of companies can focus on cost effective, scalable, innovative solutions we talk about here all the time, that could actually make a difference, and certainly I know would be incorporated if we followed Dave's path of, you know, kind of breaking and rebuilding. You could see insurance products, private insurance products and supplemental coverage that kind of fill the gap here. It is, it's a hard product to sell. It's a tough product to price. You could see private market step in. We certainly could use more telehealth and digital health, like virtual primary care, and even AI driven self-care to a certain extent. Look at what we're doing with behavioral health apps today. I mean, it's, there's a lot of incredibly useful stuff on the market today that could help address what's, what could happen here. You could see if we had leadership, Medicaid managed care plans, and PBMs potentially partner with states to really offer cost saving solutions. Maybe. <laugh>, you could see retail and community based healthcare kind of step in with cash pay services. But as we're seeing right now, that kind of care that's been provided in retail settings has not worked as a business. So a lot of that's closed up. And I think pharmacies are still struggling to figure out their business model. And I'd love Dave to see, you know, Mandy Cohen's solutions and value-based care and risk based contracting get a boost here. That would be incredible if the country followed the way of North Carolina, and gosh, I'd be so happy for Mandy. So there's so much that could happen. I mean, Uber and Lyft could even step in and, you know, replace some of the Medicaid funded transportation programs. I mean, there's so many ways, but my prediction is that, a lot of that doesn't come to fruition and it's gonna be a disaster.

Burda:

Yeah, I think the key word that you used was leadership, right? <Laugh>. And I think that's <laugh>, that's what's missing in this entire equation. Thanks, Julie. Dave, any questions for Julie?

Johnson:

Julie, I love how this conversation's unfolding; the break it and rebuild approach. And the thing with Medicaid, it's been a catchall. So not only does it cover 25% more people than Medicare, it's like 83 million versus 66 million Americans. It also funds a much broader spectrum of services including long-term care, maternal care, pediatrics, mental health services, disability services, addictions, and substance abuse and so on dual eligible populations. So here's my question. Is this broad mix of services and recipients a blessing, a curse, or both?

Speaker 4 (37:47):

Hmm. Well, I think it's a curse because your average American doesn't understand all the detail you just shared about who's on Medicaid. Yeah. I mean, mental health and substance abuse couldn't be a larger headline over the last couple years. And your average American doesn't

understand the impact on that area as it relates to these Medicaid cuts. There's no way. Medicaid covers disabilities, you said that impacts a ton of veterans. Mm-Hmm <affirmative>. Bunch of Republicans in there. You know, Burda, you shared a great article actually on this last week after we spoke about words last week. We talked a lot about how words matter. And I was really struck by the author's perspective that if you actually said to average American that your 10 care plan's gonna be impacted, or your main care plan, or your mass health plan, or your Health Quest plan, or your Sunshine State Health plan, all these names of Medicaid managed care plans in states, that actually people understand; either someone in their family is on that plan, they have friends on that plan, they know people in the community on that plan that actually personalizes it makes it matter. This word Medicaid, it just doesn't mean anything. So we have a long way to go to help people understand the translation. And I was also struck by the fact that, you know, we're so focused on the fact that if we do understand Medicaid, it's all about poor people. That's kind of the general feeling, right? And again, Kaiser Foundation, Kaiser Family Foundation, found that 62% of the public incorrectly believes that most working age adults on Medicaid are unemployed. And support for work requirements drops from 62% to 32% when they hear that most of those people are already working and would risk losing coverage because of the burden of paperwork just to prove eligibility. And, <laugh> we leave out of all these arguments that states are gonna have to pay a ton of money to administer any kind of work requirements. So here we are again, work requirements sound like such a good idea, but you have to get under the covers and into the details to understand what it, what it means. And, you know, most people just can't pay attention for that long.

Burda:

Yeah, perception is everything. Thanks Julie. You know, helping the poor, disabled and children access healthcare services is the mission of government. I mean, that's why I pay taxes to support the public good and shame on any healthcare executive who voted for all of this. Alright, let's see if we can find any good healthcare news this week. Julie, tell me something good that happened in healthcare this past week.

Speaker 4 (41:12):

Well, if we wanna shoot ourselves all the way to the other side of what's happening in healthcare we have our first digital health IPO, S-1 filed, I guess; coming up with Hinge Health, which is the first one in a long time, and it'll be interesting to see what happens.

Burda:

Wow. Yeah. We'll keep an eye on that. Thank you. Dave, did we miss any silver linings this past week?

Speaker 3 (41:38):

Well, Hinge is such a great company. I hope they blow it out. I guess what struck me it kinda snuck up here; we just had the fifth anniversary of the Covid lockdown, and there were lots of articles and commentary this week on that. And it looks like we're still living with the consequences. Perhaps the most profound one is that Covid turbocharged, the the trend we were already on towards spending more time in the home and less time with friends, and that this is

most pronounced in the 15 to 34 age group. It's probably worth an, an entire show on this, this topic, you know, kind of what Covid has done to America. But this is a really distressing trend. We've got kind of a snarky coaster downstairs, which has a woman with a sly look saying, I used to sneak out of my house to go to parties. Now I sneak out of parties to go to my house. And wow. I think that, I think that's the reality for, that's hilarious. A lot of people we're, we're just spending a lot more time at home with ourselves and and it's, it's eroding social capital, which we need more than ever. So

Burda:

That is a great topic for next week's show. So you guys start thinking about, about that five years after Covid. Good and bad. All right. That's your assignment for next week.

Speaker 3 (43:30):

I just love that quote.

dave

Yes, sir.

Burda:

<Laugh>. Great, great, great topic. Thanks Dave, and 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@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.