

# The Revolutionary Cure for U.S. Healthcare

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On June 18, 1914, a lone assassin from Bosnia shot and killed Austria's Archduke Ferdinand and his wife Sophia. The victims were sitting in an open motorized carriage that had stalled outside a café in Sarajevo. Their sudden deaths sparked the outbreak of World War I, which lasted five years and killed 20 million people.

Like the grain of sand that triggers a sandpile avalanche, no one could have predicted the assassination's catastrophic impact. Even after the fact, the reasons for WWI's outbreak remain murky and subject to debate.

As Europe stumbled toward WWI, the continent's geopolitical character transitioned from relative stability into disequilibrium. Rising militarism, economic rivalries, nationalism, regional tensions, power imbalances and imperfect treaty alliances created a network of combustible fissures. Prophetic [remarks](#) by the German Chancellor Otto von Bismarck at the 1878 Congress of Berlin capture this sense of looming danger:

*"Europe is a powder keg and the leaders are like men smoking in an arsenal. A single spark will set off an explosion that will consume us all. I cannot tell you when that explosion will occur, but I can tell you where. Some damned foolish thing in the Balkans will set it off."*

It becomes dangerous when institutions, industries and governments inflame the recipients of their products and



services. Vigilantism arises when individuals and/or groups feel powerless to effect change through lawful means.

Like water turning to steam, geopolitical systems, markets and industries enter into critical states when underlying conditions trigger disruption and transformation. U.S. healthcare is now experiencing this systemic reality.



## ET TU, HEALTHCARE?

In the pre-dawn darkness of Dec. 4, 2024, United Healthcare's CEO Brian Thompson approached the Hilton Hotel in Midtown Manhattan. He was arriving early to prepare for an investor meeting.

Just before Thompson reached the hotel's entrance, a lone assassin emerged from the shadows and shot him three times in the back. He died shortly thereafter. The ensuing social media vitriol turned Thompson from a victim into a villain.

Upon his death, Thompson became a symbol of the harm the nation's dysfunctional health system inflicts on everyday Americans. To paraphrase Peter Finch's character in the 1976 movie "Network," Americans are mad as hell and they are not going to take it anymore.

In survey after survey, including this [2023 survey](#) from Gallup, Americans express extreme dissatisfaction with healthcare affordability, cost and even quality. Dissatisfaction is highest among Generation Z respondents. Only 34% of 18- to 34-year-olds believe the quality of U.S. healthcare is either excellent or good. Overall, 68% of respondents believe the system is in crisis or has major problems.

Thompson's murder has created an Archduke Ferdinand moment within U.S. healthcare. Paraphrasing Bismark, it has "ignited a powder keg" for disrupting archaic business models even as many industry leaders continue "smoking in the arsenal." As such, the industry confronts an uncertain and volatile future. Danger looms for entrenched incumbents with calcified business practices.

A healthcare revolution is at our doorstep. A new and better U.S. healthcare is emerging. Out of the gate, the Trump

administration's aggressive actions to remake federal healthcare policies amplify pressures on established healthcare companies. The coming transformation will be more outside-in than inside-out. It will be messy.

The American people will be the revolution's biggest beneficiaries. Bottom line: U.S. healthcare will change more in the next 10 years than it has in the last 100. Before getting to the cure, let's diagnose the disease.

## ON LIFE SUPPORT

Healthcare's size and breadth are almost beyond comprehension. The following chart lists the largest U.S. industries by revenue. Unbelievably, the four largest U.S. industries engage in healthcare activities.

Given the size of these healthcare industries, it's not surprising that the U.S. spends far more per capita than other wealthy nations. Despite this massive societal investment, however, Americans live shorter lives than those in other wealthy countries.

## The 10 Biggest Industries by Revenue

U.S. Industry Revenue (May 2023)

1.	Hospitals in the U.S.	\$1.42T
2.	Drug, Cosmetic & Toiletry Wholesaling in the U.S.	\$1.36T
3.	Pharmaceuticals Wholesaling in the U.S.	\$1.29T
4.	Health & Medical Insurance in the U.S.	\$1.24T
5.	Commercial Banking in the U.S.	\$1.21T
6.	New Car Dealers in the U.S.	\$1.12T
7.	Life Insurance & Annuities in the U.S.	\$1.12T
8.	Public Schools in the U.S.	\$ .99T
9.	Retirement & Pension Plans in the U.S.	\$ .93T
10.	Gasoline & Petroleum Wholesaling in the U.S.	\$ .92T

Source: Ibis World

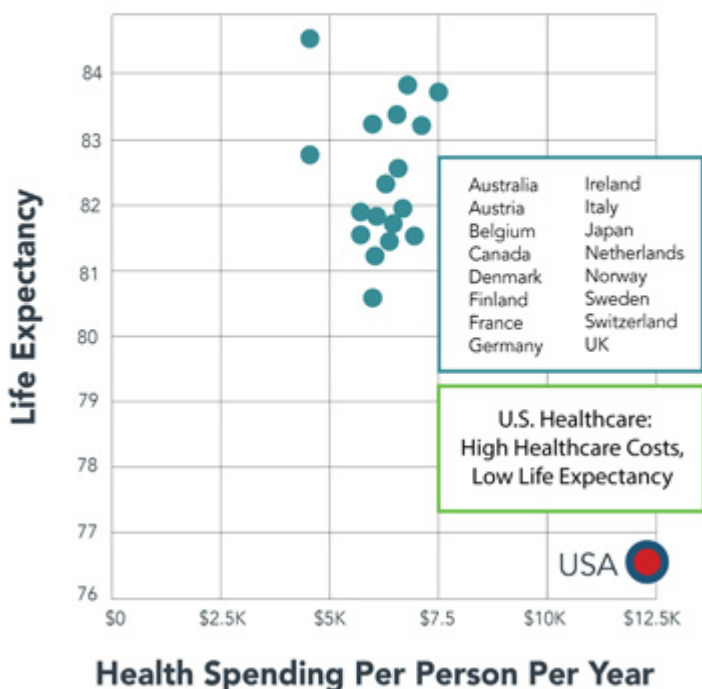
At over \$5 trillion in annual expenditures, U.S. healthcare is the largest industry ever created by human beings. In 2021, the U.S. represented only 4% of the global population but accounted for an astonishing 45% of all [global healthcare spending](#). Like a voracious predator, U.S. healthcare over-consumes societal resources and comes back for more.

Massive overpayment for poor health outcomes is neither fiscally sustainable nor rational. The pathologies afflicting U.S. healthcare have been building for decades. They are now virulent. Continuing to ignore them is not an option.

Despite U.S. healthcare's exceptionally high costs, significant segments of the ecosystem are operating on life support. Systemic failures in care access are already occurring in low-income urban and rural communities. As providers struggle for funding and to address labor shortages, the industry's powder keg of issues is becoming even more combustible.

## Life Expectancy and Cost

(2021 Data)



Source: Organisation for Economic Co-operation and Development

Fissures include fragmented service delivery, bloated intermediaries and balkanized distribution of facilities and practitioners. They exist within an artificial economic model that rewards over-production, underinvests in preventive care, neglects consumers, incentivizes profiteering and tolerates unacceptable levels of medical error.

None of these dismal observations are new or surprising. A January 1970 investigative report by Fortune Magazine titled “Our Ailing Medical System” makes this evident:

*...much of U.S. medical care, particularly the everyday business of preventing and treating routine illnesses, is inferior in quality, wastefully dispensed, and inequitably financed. Medical manpower and facilities are so maldistributed that large segments of the population, especially the urban poor and those in rural areas, get virtually no care at all — even though their illnesses are most numerous and, in a medical sense, often easy to cure.*

*Whether poor or not, most Americans are badly served by the obsolete, overstrained medical system that has grown up around them helter-skelter.... the time has come for radical change.*

Since 1970, the U.S. healthcare system has not come close to undertaking “radical change.” Indeed, it’s remarkable how little U.S. healthcare has evolved in the last 55 years. Substitute the word “personnel” for “manpower” in the Fortune commentary and its assessment would apply verbatim to U.S. healthcare today. Status-quo healthcare’s lack of positive evolution has sown the seeds for its own dislocation.

Despite its size or perhaps because of it, U.S. healthcare confronts an existential crisis. Its profligate spending and poor outcomes weaken America’s body politic and stifle the nation’s economy. By necessity, the current system must die before a better one can emerge to replace it.

## INTENSE PRESSURE FOR CHANGE

Five massive macro-economic forces are pressing down on status-quo healthcare, demanding immediate attention.

**Demographic Determinants:** The disease burden of an aging and increasingly unhealthy population is straining current delivery models that struggle to find and pay caregivers. Concurrently, an aging population will place even greater financial demands on a shrinking workforce (as a percentage of total population) to fund the current system’s increasing costs.

**Funding Fatigue:** Healthcare expenditure has reached an inflection point that makes it impossible to continue subsidizing healthcare from other segments of the economy. Going forward, healthcare will need to fund its activities at current or lower percentages of the aggregate economy.

**Chronic Pandemics:** U.S. healthcare ignores its biggest challenge: the growing prevalence of chronic diseases and mental health conditions that are destroying the lives of countless Americans. Continued avoidance is not an option. Like patients with advanced chronic disease, status-quo healthcare has entered a terminal phase.

**Technological Imperatives:** Breakthrough innovations in digital technologies and biology (genomics, epigenomics, proteomics, etc.) offer transformational advances in the diagnosis and treatment of disease to deliver better health and healthcare outcomes more efficiently and effectively.

**Pro-Consumer/Market Reforms:** Shifting from a pro-industry legislative and regulatory environment to one that promotes innovation, consumerism, transparency and level-field competition will improve outcomes, enhance quality and reduce costs.

Each force is powerful in its own right. Together they are irresistible, indiscriminate, overwhelming and unyielding. Like massive avalanches crashing down on mountain villages, they will devastate, disrupt and destroy healthcare’s calcified and ineffective business practices.

As these macro-economic forces displace entrenched incumbents, five powerful market forces are simultaneously uplifting a new wave of innovative companies into the healthcare ecosystem. These “revolutionary” enterprises are creating value by solving consumers’ health and healthcare “jobs to be done.”

**Whole Health:** Health (preventive and promotive) and healthcare (invasive and curative) are not synonymous. Making healthcare delivery cheaper, better and easier is not enough. There needs to be a massive resource shift away from treatment into prevention and health promotion. Making America a healthier nation requires greater balance between pro-health and treatment activities.

**Care Redesign:** Emerging technology-driven care models deliver whole-person health at lower costs with better outcomes and personalized service delivery. Concurrently, payment policies and aligned business models are emerging to emphasize health-promoting activities and reduce demand for acute care interventions.

**Care Migration:** The healthcare ecosystem is in the midst of a great outmigration of care from high-cost centralized delivery modalities (e.g., hospitals) to more convenient and much lower-cost community, home and virtual modalities. By advancing decentralized delivery of whole-person health, Care Redesign and Care Migration pose a disruptive threat to status-quo business practices.

**Aggregators' Advantage:** The emergence of holistic and seamless, consumer-friendly, whole-person health platforms will enable consumers to better navigate the system while empowering them to manage their own care needs and personal well-being.

**Empowered Caregivers:** At its core, healthcare is a people-centered business that succeeds when dedicated caregivers practicing at the top of their license go the extra mile for customers. Optimizing human potential builds loyalty, enriches organizational cultures, drives better results and creates market

differentiation. No other business strategy generates higher returns.

Destruction of the status-quo healthcare is necessary for innovative companies to emerge and transform the industry. Aided by an astute sense of evolving market forces, these revolutionary companies will fill service voids created by withering incumbents. In the process, they will delight consumers with engaging, personalized, accessible, affordable and easy-to-use whole-person health services that deliver great results.

## A MANIFESTO FOR TRANSFORMATION

While achievable, repositioning large, entrenched incumbents is a monumental challenge. It requires time, energy, resources and leadership. As price and outcomes transparency become ubiquitous in the marketplace, it will be easier for upstart companies to engineer and scale transformative business models.

Whether new or old, successful companies will fuel growth by delivering high-value healthcare services to consumers. In turn, consumers will fuel transformation through informed purchasing decisions.

Four manifesto covenants can inform and guide healthcare business leaders, policy makers and consumers as they encounter the coming healthcare revolution:

**Acknowledge that the U.S. healthcare system is broken:** It is impossible to solve a problem without first defining it. Ten days after Brian Thompson's murder, UnitedHealth Group CEO Andrew Witty made this observation in a New York Times [op-ed](#):

*We know the health system does not work as well as it should, and we understand people's frustrations with it. No one would design a system like the one we have. And no one did. It's a patchwork built over decades.*

*Even more important than CEO testimonials are the legions of aggravated healthcare consumers spotlighting the system's failures. Their voices have the power to move markets.*

**Understand that existential change is coming:** In "The Coming Wave," author Mustafa Suleyman stresses the necessity of accepting that AI will change everything. He writes:

*Existential change is coming. It is inevitable. That fact needs to be addressed.*

Suleyman's wisdom applies. It is essential to appreciate the cumulative magnitude of the forces aligning to transform U.S. healthcare. Only disruptive innovations can solve the current system's failings. Investment and purchasing decisions by both healthcare professionals and consumers must reflect this new reality.

**Play offense:** Historically, healthcare companies have been strategically defensive. It's worked. They've stuck to proven and outdated playbooks to fund business as usual. Consumers have gone along for the ride. This still appears to be true, but appearances are deceptive.

In December 2024, CMS announced that [2023 national healthcare expenditures](#) grew at a greater rate than the [overall economy](#) (7.5% vs. 6.3%). Total expenditures were \$4.9 trillion, representing 17.6% of GDP. CMS further projects that healthcare expenditures will grow to \$7.7 trillion by 2032, accounting for 19.7% of GDP.

With the healthcare industry already in a critical state, sustaining these above-market increases in healthcare expenditures is impossible. Like over-inflating a balloon, unrestrained cost growth increases disequilibrium and accelerates transformation.

This healthcare gravy train will not continue. It's going off the tracks. The new will replace the old. As the revolution unfolds, healthcare businesses will deliver ever-more value-generating products and consumers will purchase ever-more personalized offerings with minimal friction at affordable prices.

The signaling is clear. In times of economic scarcity, value wins. Healthcare is no longer immune from this market reality.

**Act like consumers are customers:** Healthcare is the only people-centered business where consumers and customers are not one in the same. Healthcare's primary "customers" are physicians who generate profitable service volume and self-insured employers that pay premium prices for largely routine services.

These traditional healthcare customers support volume-driven operations and revenue optimization. Serving them, however, disrupts the buy-sell signaling that informs supply-demand dynamics in normal functioning markets. As a consequence, the actual consumers of healthcare services (aka patients) are generally an afterthought.

In contrast to other health systems, Baylor Scott and White Health (BSW) is giving consumers agency over their health and healthcare decision-making. To make their commitment to consumers concrete and actionable, BSW CEO Peter McCanna has identified the following five “jobs to be done” as critical to fulfilling the health and healthcare needs of their **customers**:

1. Do NOT turn away **customers**, who are knocking at our door.
2. Get the **customers** to the right place every time.
3. Amplify relationships with **customers** by engaging them on the digital platform.
4. Make the next connection for **customers** (proactively and reactively).
5. Eliminate all friction for **customers**.

The MyBSWHealth app is the primary vehicle leading this charge. McCanna wants the app to become the industry’s “finest customer engagement platform.” This requires human design engineers, journey mappers and other non-traditional health system professionals to imagine, improve and enliven their customers’ digital experiences.

The results to date have been impressive. The app has over 3 million users, including over 760,000 new customers to the BSW network. Consumerism fuels growth. That is the not-so-secret formula for market growth and success.

For their part, consumers should take control of their health and healthcare purchasing decisions in the same way they do in almost all other aspects of their economic lives. Demanding clear prices, value and accountability are as American as apple pie.

## GETTING HEALTHIER TOGETHER

The nation cannot endure half healthy and half sick. More pro-health investment will reduce the need for healthcare services. In achieving better balance between health and healthcare service provision, the U.S. can join the family of nations with happier and more productive populations that spend far less per capita on healthcare.

Digital platforming and consumerism are the future of U.S. healthcare. Healthcare companies that want to win will do so by delivering value and great experiences to end-users. This is

not a radical vision. Rather, it embodies a very American, “the customer is always right” approach to business development and execution.

A healthcare revolution is coming to the United States of America. The transformative macro-economic and market force multipliers described above are too powerful and moving too fast to resist. Embrace the transformation. Practice the changes you want to see in the healthcare marketplace.

## AUTHORS



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His first book, **“Market vs. Medicine: America’s Epic Fight for Better, Affordable Healthcare,”** and his second book, **“The Customer Revolution in Healthcare: Delivering Kinder, Smarter, Affordable Care for All”** (McGraw-Hill 2019), are available for purchase on [www.4sighthealth.com](http://www.4sighthealth.com). Get his new book with Paul Kusserow, **The Coming Healthcare Revolution: 10 Forces that Will Cure America’s Healthcare Crisis**, now.



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