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The Long Fix: Solving America's Healthcare Crisis with Strategies That Work for Everyone

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Abstract

What is the message?

U.S. healthcare needs multiple changes to be more effective: (1) pay for results, not action; (2) run healthcare delivery systems like businesses competing to deliver better health at lower costs; (3) demand that other health industries also compete on making people healthier at lower costs; and (4) learn from the successes of employer-driven and government-run health systems. Several successful ventures provide examples of how to do so.

What is the evidence?

The ideas are based on a recent book by the author, who has extensive experience in multiple U.S. healthcare systems.

Submitted: July 21, 2020; accepted after review August 6, 2020.

Cite as: Vivan Lee. 2021. The Long Fix: Solving America's Health Care Crisis with Strategies That Work for Everyone. *Health Management, Policy and Innovation* (HMPI.org), Volume 6, Issue 1, Winter 2021.

The Miami Miracle

Chris Chen grinned as he remembered how people raved about his father's clinic in Miami. His dad had scrambled to set up the clinic in the early 1990s. At the time, a few insurance companies were experimenting with new ways to pay doctors: giving them a fixed amount of money per patient, per year, no matter how sick a person was or became. If a patient needed expensive imaging studies, costly drugs or long hospitalizations that added up to more than that, it was the doctor's problem.

Chris's dad and mom—she was the office manager—opened their doors to patients in these new plans. They weren't very busy, so they welcomed referrals. Other doctors sent them only their frailest and poorest patients, the ones they knew would be "grossly unprofitable" under this new way of paying. That's how Chris's parents began with 250 of the sickest people in Miami—people who would have been almost impossible to care for at any facility, at any price. It looked as if the Chens had signed up for a financial suicide mission.

Because resources were scarce and the patients needed so much, the Chens focused on primary care and prevention. These were fragile, elderly men and women who needed to be seen frequently by doctors—once they got sick, it would be too late—so monthly visits were set up, even if there was "nothing wrong." Just getting to the clinic would be tough for many of them, so the Chens decided to provide free door-to-doctor transportation; they worked out that averting the cost of just one ambulance ride and hospital stay could pay for a year of shuttle service. A pharmacy was installed in the clinic so patients could conveniently, cheaply and reliably fill their prescriptions. And since elderly, frail, and poor people have an array of issues which make caring for them extremely complex, physicians in the clinics met several times each week to analyze how best to treat those who weren't doing well.

Somehow, that "crazy Chinese doctor" and his wife not only gave outstanding care to all those seemingly hopeless cases—even those who couldn't didn't have enough money to pay their co-pays or deductibles—but they also managed to make them healthier. In fact, they reduced hospitalizations to one-third the expected rate. Even more amazing, they were able to break even financially. Simply, the Chens invented a better way to care for the elderly… and the rest of us.

The Fundamental Flaw

Healthcare is killing the economy, and in too many cases, killing us.

The system is bloated, wasteful and sometimes even dangerous. It is bad for patients, bad for doctors, and bad for business. For most Americans, the rising costs claim too much of their disposable income, and for most American companies, they are ravaging their bottom line. Beyond the outrageous cost of this care is its wildly varying quality. We all know from painful personal experiences that healthcare in this country delivers too few miracles and far too much stress, emotional and financial. It often seems as if no one is driving the bus, or that those at the wheel—doctors, hospital administrators, insurers, politicians—are swerving out of control.

Most of us trapped working in this system are desperately hoping for a better way. Many of us have successfully changed our practices to tackle important problems. For example, at Utah we created innovations like special catheter dressing kits that slashed the rate of blood infections in our burn care unit to zero. We also asked for patient feedback on all physicians, then posted all those comments online, and created a price transparency website so patients could estimate their out-of-pocket expenses.

Those changes and many others made us the safest teaching hospital in the country. In 2016, the University of Utah was ranked #1 in the nation among university hospitals for delivering the best care for our patients—the seventh straight year we made the Top 10.

Having interviewed hundreds of patients, clinicians, insurance executives, policy experts and journalists, I discovered real and practical solutions for how we all, working together, can build a safer, better, and cheaper healthcare system. Whether it’s frontline community health workers and patient families in Cincinnati, state employee health plan leaders in Washington state, palliative care doctors in Albuquerque, or the Chens of Miami and beyond, there are stellar examples all over this nation that prove it.

You may ask: If these leaders are improving the health of their communities, why aren’t their successes spreading more rapidly across the nation?

We Usually Pay For Action, Not Results

We all have to tackle the central and essential obstacle that is preventing real progress at a national scale.

This is the fundamental insight: The root cause of our maddening mess—inconsistent and unsafe care, unintelligible medical bills, inscrutable insurance plans, and inexplicable drug prices—is that insurers and government programs like Medicare and Medicaid pay for action, not results. They pay for every pill, MRI, lab test and operation, whether or not any of that makes us healthier. This arrangement has spurred massive growth in the industry and also generated an obscene amount of waste, from countless unnecessary operations and procedures to ever-more-expensive drugs that don't work any better than generics. When people are compensated for doing something, independent of the results, they tend to do more and more of it. The primary motivation becomes getting paid, which may or may not get you healthy. That's backwards and dangerous.

ChenMed Solution: Paid for Results, Delivering Results

For most doctors, it feels wrong to overtreat, to focus on profitability at the expense of health, and many of us are frustrated and even burned out. We want it to be different. Dr. Chen and his wife understood this. Their son, Chris Chen, who is now ChenMed's CEO, has introduced this model of care into more than 50 primary care medical groups for seniors in Florida, Illinois, Louisiana, and Pennsylvania. At ChenMed clinics, instead of signing up as many patients as possible, which is the only way to support the fee-for-service (pay-for-action) model, physicians have fewer patients and spend more time with each of them.

Most primary care doctors in the U.S. handle over 2,000 patients; a ChenMed physician has between 450 and 600, which means they get to know the people in their care. Dr. Sofia Recabarren is a primary care physician who sees patients at a ChenMed clinic in Miami. She treasures the 40 minutes allotted for each new-patient visit and the 20 minutes for follow-up appointments, compared to half the time in her old job in New York City. "You actually know their meds," she says. "You know what's going on in their lives."

That extra time matters. A lot. Chris Chen told me about a 400-lb. woman who, whenever she was asked what she had consumed for breakfast, lunch, and dinner, always gave answers which suggested she was eating sensibly. Chen was baffled over why she seemed unable to lose

weight. One day, the woman's daughter accompanied her mother for a follow-up visit. She thanked Chen for continuing to try to help her mom and then asked, "Can you get her to stop eating that bucket of KFC at midnight?"

Like all of the other physicians at ChenMed, Sofia Recabarren's and Chris Chen's goal is to keep their patients out of the hospital. One good way is to reduce the risk of falls and broken hips, instead of profiting from them. That's why Dr. Recabarren has her patients take a short class to test how well they can see, checks their balance, makes sure their shoes fit well, and even gives tips for staying hydrated. She also encourages her patients to sign up for the clinic's free Tai Chi course.

ChenMed clinics also understand that a person's well-being is inextricably tied to overall health. They host monthly birthday bashes for patients—yes, their vans will bring you to this popular event and take you home after you've had your fill of cake, dancing, and gossip. These doctors know that loneliness is a killer. All over the world, physicians are starting to understand this and beginning to treat social isolation as a disease. In 2018, the British government appointed its first "minister for loneliness" to address isolation for citizens of all ages.

Other Examples

Physicians across the U.S. have adopted similar approaches to caring for patients in medical groups like Caremore, Leon Medical, Iora Health, and Oak Street Health, and ranging from California to Illinois to Massachusetts. They know it's a better way to do medicine, and it's also a better way to do business.

Studies show that ChenMed lowers the number of days patients are in the hospital by 38%. Same-day clinic visits mean that the number of expensive emergency department visits also drops. Chris Chen says clinics like his see at least a 25% increase in profitability. This model is so successful that Medicare has adopted it for its Medicare Advantage program. As an alternative to the regular Medicare program for seniors, Medicare Advantage is allowed to contract with doctors to pay them a fixed amount for keeping patients healthy. It is popular with seniors and projected to enroll over one-third of all Medicare patients in 2020.

The profound lesson learned by Chris Chen and his parents is that it's far more effective to care

for people before they get sick. And cheaper. That's great news for those patients, but most of the U.S. is still paying an exorbitant penalty for ignoring that wisdom. Promoting health saves lives and money.

The Maddening Paradox: Best and Worst Health Care

By a few measures, the U.S. health care system is one of the best in the world and, by other measures, it is one of the worst.

The United States leads the world in medical innovation, and its scientists are discovering new cures at an exhilarating pace. The delivery of care, however is wildly uneven. Hands down, the United States spends more on healthcare per capita than any other nation— nearly one-fifth of the U.S. economy goes to pay for health. That's two to three times more than other high income Organization for Economic Cooperation and Development (OECD) nations like the UK, Canada, Germany, Japan, and Australia, where health coverage is universal. Despite this about 1 in 11 Americans do not have health insurance and can't afford care.

While most of the rest of the world is getting healthier and living longer, life expectancy in the United States is declining or, at best, flat. Babies born in the United States in 2017 are expected to live 78.6 years, 5.6 years less than those born in Japan, which places us 26th out of 35 OECD nations in life expectancy. The prospects for a healthier future are rapidly fading: Four out of ten adults are obese, and seven out of ten are overweight, making them much more likely to suffer from back and joint pain, and, over time, to be stricken by heart disease, stroke, type 2 diabetes, and certain types of cancer.

The nation is paying dearly for these failures. Companies that cover employee health insurance have seen rising costs that erode their margins and hobble competitiveness. Much of that ever-rising expense has been passed on to employees, often in hidden ways like flat wages over the past 50 years. Workers are also getting hurt directly, as deductibles and co-payments soar.

Healthcare is bankrupting the uninsured and the swelling ranks of the underinsured, and it's often disappointing the millions who do have coverage. This ailing, failing system is making our nation sick— financially, emotionally, and physically. But within this seemingly barren healthcare crisis is not a spring but practically an ocean of opportunity.

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Stop Paying More For Less

Reduce Expenses Not Care

With healthcare spending rapidly approaching $4 trillion per year, the obvious but misguided solution would be to reduce expenses by cutting care, but that's dangerous for patients and for our future. It's not care that needs to be cut, it's the wasteful spending that doesn't contribute to better health. We have to stop paying more to get less.

First and foremost, we need to reduce the waste. The Institute of Medicine (now National Academy of Medicine) estimated in 2012 that we waste 30 cents of every dollar we spend on health care. That's over $1 trillion per year. Some of the waste is fraud and abuse, but most of it comes from failures to care for patients properly.

A substantial part of the waste is driven by overdiagnosis and overtreatment. In a 2016 survey, U.S. physicians concluded that about 20% of all medical care was unnecessary.

Additionally, ever driven to diagnose more ailments and perform more procedures, we are making deadly mistakes. Medical errors are the third-leading cause of death in the United States— over 250,000 deaths each year. That's about 9.5% of all deaths, behind only heart disease and cancer. Many of the mistakes come from the inconsistent application of scientifically-derived guidelines. Physicians follow recommended guidelines only one- half to two- thirds of the time.

Besides the way we practice medicine, we are also choking on bureaucracy. In the United States, about 8% of spending on health care is spent on administration. Among ten high-income OECD nations, the figure averaged only 3%. Much of the bureaucracy burdens healthcare professionals who are paid generously but waste a lot of time. These expensive professionals waste a large percentage of their time on frustrating administrative tasks like computer data entry and disputing with insurance companies instead of caring for patients.

Because they generate the highest fees in a fee-for-service business, new technologies and treatments get advanced ahead of cheaper or generic alternatives. We spend double to triple what Canada and some European countries do on pharmaceuticals, mostly due to high-cost, branded drugs and the over-prescription of antibiotics and other medications. Prevention and

primary care often are demoted in favor of specialty care.

Even at the end of life, we overtreat and overspend. We deny the wishes of the dying. We put people in hospitals who would be better off at home. In the hospital, we attach them to costly life support systems, even when they have asked to be left alone. While four out of five people would prefer to die at home, only one out of five does. Most people still die in a hospital or nursing home.

We are spending plenty, but not always in the right ways, and without getting what we want or what patients deserve.

Demanding Results not Action

Even those who are succeeding in the current fee-for-service model realize that paying for results— better health outcomes at lower costs— would radically improve our system. If our nation stopped expecting quick fixes— a prescription, a referral to a specialist, an MRI, an operation— and instead put a premium on measurably improving lives for good, then prevention would become paramount.

The medical world would focus on diet, sleep, and fitness. We would make restoring mental health as important as restoring physical health. We'd try to prescribe only drugs that work and that do so cost-effectively. We'd recommend imaging studies or operations shown to be beneficial. Back operations, for example, would be reserved for the few who truly needed them, and everyone else would be told to rest or undergo physical therapy. Hospitals and clinics would standardize care, making it safer and better. And those who didn't would go out of business.

Who Cares? I Have Insurance

If the answer is so clear, then why isn't the nation moving faster to paying for results?

For one, many have a vested interest in the status quo. Maybe even more important, most of us don't really buy healthcare, we buy health insurance.

That means we don't pay for healthcare directly, we pay for it indirectly, and even that is often subsidized. For about half of Americans, employers pay for most of their healthcare. For others,

healthcare is a government benefit paid for by taxes. Only the 8.5% of Americans who remain uninsured pay for their healthcare bills directly—and mostly they can't afford them.

With this insurance-based model, the dynamic between insurers and doctors can put them at odds with patients' interests.

Consider a hypothetical small company, say, a book publishing house or a tech start-up with 200 employees. The president of the company engages an insurance company to provide health insurance to her employees. Each year that insurance company sets the annual premium rates based on predictions of how much healthcare her employees will need. The employer pays 70% to 80% of the premium; her employees contribute the remaining 20% to 30% through deductibles, co-payments, or coinsurance (see Notes for definitions). The insurance company then uses that pool of premiums to pay (reimburse) doctors, hospitals, pharmacies, and others for the care that employees and their families receive over the year. Instead of paying premiums to the insurer, larger employers who are self-insured will set the money in reserve to pay the health bills themselves.

In this arrangement, better health isn't necessarily everyone's goal: Insurers who pay doctors and hospitals for care are incentivized to spend as little as possible on a patient's health. The less they pay out, the more profit they make. Conversely, in a pay-for-action model, most doctors and hospitals are incentivized to spend as much as possible.

This means patients—or more precisely, their premiums—are the rope in an annual trillion-dollar tug of war. Doctors and hospitals pull by ordering more tests and operations; insurers yank back by denying those services or adding restrictions like "prior authorization" paperwork for expensive medications and tests. When hospitals or doctors charge more than insurers are willing to pay, patients can get caught in the middle and be asked to pay the difference, leading to so-called "surprise bills."

Usually, we expect competition in the market to drive innovation that leads to better services at lower costs. Not so here. Because we have an insurance model of paying for healthcare, the normal economic rules of the market don't readily apply. For the insurance model to work, many healthy people have to enroll in a plan to offset the costs of unhealthy people. That's a great deal for those who need expensive medications or a knee replacement, but a lousy one for those

who don't expect to use a lot of services. When healthy people opt out of such plans, leaving just the sicker and more expensive in the pool, premiums go up, and even the moderately healthy people are priced out.

This also means people who are insured have more incentive to get care they think they have already paid for, especially once they've spent their deductible. ("Use it or lose it!") That drives costs up for everyone.

Leonard Saltz, a doctor at Memorial Sloan Kettering Cancer Center in New York City, explained it to me this way: "It's like a dozen of us go out to dinner, and we're going to split the check. You cleverly realize you might as well order the surf 'n' turf instead of a cheeseburger, because you're going to pay the same amount, regardless. That works until everybody orders lobster, and all of a sudden the check is much higher. That's where we are in healthcare."

When you take your child with a sore throat to the emergency room for a strep test that could be done in the clinic, undergo an MRI you probably don't need, or fill unnecessary prescriptions — say, for an opioid pain medication or an antibiotic for a common cold — you or the doctor who prescribed it are piling on more and more "surf 'n' turf." And all of us are paying that grossly inflated dinner bill at the end of the night, which, in healthcare, means higher premiums for everyone next year.

What Are We Paying For?

Progress in fixing U.S. health has been held up by its daunting complexity, polarized politics, and many entrenched interests. Some argue for radical change— that the only solution is for the private insurance companies to be replaced by the federal government. Others believe in a totally free marketplace, including moving government-run programs like the Veterans Health Administration and military medicine to the private sector. Regardless of whether the payer is the government, an employer, or an insurance company, the root cause of our problem still needs addressing:

It's not who runs the system that matters, it's what they pay for that needs to change radically.

The Long Fix: A Revolution of Common Sense

The book that this article is drawn from tells the stories of some of the committed individuals on the frontlines who have experimented with new ways of practicing, built pilot programs, tested new technologies, and forged new partnerships to lay the groundwork for better care and a more workable system.

The Long Fix synthesizes and distills our collective ideas for this revolution of common sense into five main imperatives:

1. **Pay for results instead of action.** The best investments in health engage people and keep them healthy, at home and independent and recognize the vital roles families and communities play (Chapters 1 and 2). Within hospitals and clinics, paying for health instead of paying for action creates the opportunity for health insurers and physicians to work together (instead of at odds with each other) to keep people healthier (Chapter 3).
2. **Run healthcare delivery systems like businesses competing to deliver better health at lower costs.** Start with the highest priority of all: Make healthcare safer. Reduce medical mistakes by adapting better management models from other industries like manufacturing and aviation (Chapter 4). Improve the quality of care by making it easier to learn from experience, and tap into people's intrinsic motivation to continuously improve (Chapter 5). Build tools that measure the costs of care as the first step to contain rising costs (Chapter 6). Treat patients like customers in the center of the healthcare universe and engage them as the most important coproducers of health (Chapter 7).
3. **Demand that other health industries also compete on making people healthier at lower costs.** Pharmaceutical and device manufacturers should compete on the cost-effectiveness of their treatments. Entities like Medicare, which represents millions of patients, should be able to negotiate drug prices, armed with data about their effectiveness (Chapter 8). Patients' electronic medical records should be used for the benefit of their health and to help doctors and hospitals improve the delivery of care (Chapter 9).
4. **Learn from the successes of employer-driven (Chapter 10) and government-run health systems (Chapter 11).** Invaluable lessons from both models help us imagine a better healthcare system for America.
5. **Implement an action plan for the Long Fix that builds on the vital roles that**

everyone needs to play (Chapter 12).

The journey to better health won't happen with a quick fix. As my old mentor Dr. B used to say, it may take a little more time than we expect, but it'll be worth the ride.