

# Primary Care Cures

## Episode #3 – Dave Berg Part 2

Ron Barshop: You know, most problems in health care are fixed already. Primary care is already cured on the fringes reversing burnout, physician shortages, bad business models, forced buyouts. Factory medicine, high deductible insurance that doesn't pay docs and is totally inaccessible to most of the employees. The big squeeze of always accelerating costs and decelerating reimbursements.

Ron Barshop: Meet those making a difference with the host, Ron Barshop, CEO of Beacon Clinics. Welcome to Primary Care Cures.

Ron Barshop: Welcome back to Primary Care Cures. We're glad you're listening. Today we have as a guest Dave Berg. Dave, we have an interesting problem in primary care. It's been a bad business model for a long, long time. And not only is it a bad business model, we now have epidemic burnout. If you look at the top six specialty categories of burnout in healthcare, primary care takes the lead on four of the six. And even nurse practitioners have the same problem, PA's the same problem. There's a 50-50 chance that a doctor you're talking to is burned out and unhappy with their life, unhappy with their career choices and they feel trapped.

Ron Barshop: I'm going to tell you a personal story. My daughter-in-law is at one of the three Harvard hospitals in Boston and she's a resident there and she's in her third year. She told us a few months ago that she's dropping out of medicine. She's not interested in pursuing a career, even though she's Harvard educated. Instead she's enrolled in Harvard MBA school and she's burned out. I said "What happened?". She said "Well, I'm at one of the finest hospitals in the world. One of the most respected institutions in the planet for health care and I had trouble getting paid when I worked extra hours. I had trouble with the way they were focused on profit instead of focused on outcomes." And she said "I want to devote my life on the business side, to correcting these issues and fixing the broken model that is health care."

Ron Barshop: So as an MD, MBA, she's going to be able to name her ticket but I experienced good gosh, her parents paid for quite an education there and now they're getting, I don't want to say no benefit for the health care spin, but they're getting somebody just burned out at age 25. What a joke.

Ron Barshop: So, here's my question Dave is, first of all, what attracted you into health care? What attracted you into primary care especially? You have Arrowhead Clinics, which is 400 patients a day. You have one of the largest, what we call a mega clinic in Arizona. You're delivering care everyday and you found a way to make primary care work. So what did you see was broken with the model? How did you rethink the model? And how are you, I would say, it's fair to say, you're in the top one percent of earners, if you look a revenue per patient, if you want to look at EBIDA, if you want to look at the number of earnings per doctor. There's almost no way you can slice your business and not say you're not at one percent performing in primary care. What's your success ticket?

David Berg: So, you said something initially that your daughter thought that one of the problems, the way she identified it, was that it was all about profit. I would disagree with that because and I think this nuance matters, it's all about revenue. It's not about profit. So, revenue minus expense is profit. So I think profit is good and I think if you don't focus on profit, you have to increase revenue. If you increase revenue, you got to increase productivity, you've got to do, there's all kinds of things that happen.

David Berg: My focus has been on profit. But mainly on the expense side of it. So, how do I get more profitable by lowering my revenue? Because I know the marketplace is not going to tolerate more revenue. They don't want to pay me more. But I do want to make more profit. So that's about creating efficiencies. It's about being smart. It's about understanding that not all revenue is equal. \$100 of revenue that costs me \$99 to deliver is not as good as \$50 of revenue that only cost me \$40 to deliver. Make sense?

Ron Barshop: Mm-hmm (affirmative).

David Berg: I would actually say that the profit is \$10 in the second example, \$1 in the first. But because of the simplicity that goes with half the revenue, it's not just 10 times better, it might be 20 times better. It's significantly better. There's another multiplier on that. So that's how I think about every service that we do and every contract we have, it's not just about revenue. I love it when the revenue is less but the profit is more, because simplicity is built into that paradigm.

Ron Barshop: So if I'm a pediatrician, I'm going to have, maybe vaccines before school, I might have a well check. I might see that patient twice. If I'm an internal medicine doc, that's a whole different story, we'll talk about that later. But family practice, I'll see a patient once a year, so as a revenue model, they're coming through as a non-recurring revenue, they're not coming back more than once, maybe twice a year if they're sick, which means that my model is depending on lots and lots of volume which, as you said, I've

got to get more productive or I've got to bump up my hours, or I've got to see more patients per hour-

David Berg: Or change the revenue.

Ron Barshop: Or change the revenue.

David Berg: Change the revenue. So it's multi-factorial as you said. So I could turn it into a monthly recurring revenue type service like a direct primary care clinic. That's an option, we do that. But a first move that we do, before we do that, that's a very important move but to me, that's an amplifier move. If you do only that, you could still bring me monthly recurring revenue of \$100 a month, but spend \$99 a month, what good is that? Yeah, you changed the revenue, but your profit is still, you got other problems. You're just trading problems. I would rather figure out how do I get the revenue less, the cost of my service less so that it's easier for people to buy bite sizes of it or lots of it or even buy enough, or an employer can buy it and give it away, it's so inexpensive. I'd rather do that first.

David Berg: So let me give you an example. If I have, let's take Medicare. And I take an average 15 minute primary care spot. I'm going to make up some numbers here but you'll get the concept. Let's say I'm going to make \$80 in revenue for a 15 minute primary care spot. \$80 of revenue. After I pay my doctors, my medical assistant team, I do the billing, my billing gets paid. Everybody gets paid, I paid for my malpractice insurance. I paid for all my documentation, my EMR, all the costs go into this, I might have 5% left over. Well 5% of \$80 is ...Ron?

Ron Barshop: Four bucks.

David Berg: \$4 a profit. Okay. \$80 in, spend all this money, all this complexity. I got \$4 left. If I don't do it well, don't manage well, I might only have \$3. I manage it really well, maybe I can get to \$6. Right? I could double the profit if I'm really efficient and I'll go to 6%, \$6 out of the \$80. Because Medicare, as a form of revenue, has a lot of friction in it. There's a lot of risk in it. There's a lot of cots in getting that revenue in.

David Berg: Now, I created a company called Redirect Health, that you're familiar with and my clinics use Redirect Health. So Redirect Health hires my clinics to see some of the Redirect Health members. So a Redirect Health member, when it goes to my clinic, it works out to much less than \$80. Let's say it works out to \$60 a visit. Not \$80, \$60 revenue, not \$80 revenue, which would on the surface, make you think that Medicare is a better payer because it pays \$20 more, that's 33% more than Redirect Health pays my own clinic. However, to deliver that service only costs me \$30.

Ron Barshop:

Now, that's-

David Berg:

You see? My profit now on \$60 of revenue for that 15 minute spot is \$30. I would take \$30 on \$60 of revenue over \$4 on \$80 all day long.

Ron Barshop:

From a primary care physician across the street from Arrowhead, what are you doing different to bring that cost of that expense down so low?

David Berg:

So, understanding where the cost is and insurance rules, government rules, they're expensive to comply with and not only comply with today, you better be doing the work today to make sure that when you have an audit in two years, three years, that you can survive the audit, because if you don't, you're going to end up losing top line revenue, the entire \$80 three years from now. That's money's been spent.

Ron Barshop:

Our average chargeback letter, we get them quarterly, is about \$130 000. If I didn't have the staff to fight this, we win them all, we have never lost a chargeback or recoup, because we have good documentation. But if we didn't have the staff, like many primary care physicians, we could be stuck in the position of having to give up hard earned revenue that we earned fair and square.

Ron Barshop:

I see doctors everyday that lose to recoupments because they just, they're not set up as a business. Their billing company is not backing them up.

David Berg:

Let me bring back to the concept of all revenue is not created equal. It is about profit. And we should be talking about profit so when we have payer. You have a deal with a payer. Let's talk about it. Okay. It doesn't matter how much they're going to pay us and that's what everyone seems to care about, "What's the rate? What's the rate?" I don't really care about the rate. I'll take half the rate. I want to know about what's the expense you're going to create? The friction in my system? How much billing do I have to do? How many times do I have to touch the bill? Do I have to send statements out? Do I have to collect money from people? So I love deals where I do not have to be a collection agency and have a whole department to collect a \$14 co-pay from people. To collect deductibles from people. To take that risk. The only reason why I need \$100 or \$80 or \$150 a fifteen minute visit, is because my expenses are so high.

Ron Barshop:

Let me bring this back to earth again with my question. My question was I'm a family doc x across the street from your clinic. I think that what I heard in your answer is if all of my 2500 patients were Redirect Health patients, or if 50% were Redirect Health or 20% of my patients were Redirect Health members, I would have basically direct primary care portion of my bill. I wouldn't have all those headaches and all those expenses, and all that friction.

David Berg: Your revenue would come down, but your profit would be ten times more, double more, five times more depending on so many factors. Not just Redirect Health, any kind of direct relationship. The closer you can get to the money, the less friction there is in between, the less middle men that you have to pay and follow the rules for and I know it's not an easy thing to do because, a scary thing to do because we have these expense structures now, but the things we've done at Arrowhead Health Centers to protect against non-profitable revenue, is we just started saying no to those contracts and we've replaced it with other types of contracts. The best contracts are the contracts with the user, with the patient, with the consumer.

Ron Barshop: I'm going to give you a Harry Potter magic wand to wave a wand over primary care and eliminate burnout and you and I have two completely different solutions for that problem. Your answer, if I'm reading you right Dave, is your going to wave a wand and make sure every primary care physician is looking at their revenues and putting some portion in a direct primary care subscription model. I'm paying \$50, \$70, \$100-

David Berg: Or cash.

Ron Barshop: Or cash.

David Berg: I just want it to be direct.

Ron Barshop: Okay.

David Berg: Get direct to the money. Whether it's monthly recurring, again, that's an amplifier, but first step is get direct. So direct to the user and, when a user has a \$6000 deductible-

Ron Barshop: They can't even use it.

David Berg: It's silly to me that they would even show their Blue Cross card or an insurance card. It's silly they would even show that when they have a deductible of \$6000 when they go see a chiropractor or primary care doc. Just set up an arrangement with them. I wouldn't buy insurance that touched primary care if I was a consumer. But of course consumers that are going to do that, but there are many consumers that can't afford the traditional insurance model, the advice I'd give doctors is learn how to market. Just the basic stuff. Learn how to do basic marketing so you can go solve a problem for the people who can't get health care because they can't afford the out of pockets for the insurance model. Be a hero to them by giving them a direct relationship that's not your normal fee. Because you don't need \$80 a visit if you don't have an insurance company. You

can take \$50 a visit and make more profit if they're paying cash. We all know that.

Ron Barshop: So Harry Potter magic wand number one is every PCP should right now to their 20% cohort, and convert them over to a \$50 a month or \$70 a month payment and 20% can afford that. 80% can not.

David Berg: And figure out how to get your staff ... one of the things we've done in our office is it's about simplicity. It's about transparency, in things in time, in money. From calling in, to going to the desk, the checking out, the checking in, there's price lists. Everybody knows what things are going to cost, what something is going to cost before it even happens. Our focus on the other end of that is just make sure there's not extra cost, that creeps in. We want to make sure that cash amount is profitable. That way we won't need as much cash from our members. But being able to give people a cash price on a one-off, is very, very valuable. It gets closer to money. I get the direct primary care movement, it's all about a membership and yes, that's better. But when we say "No. You have to sign up for a whole, pay me monthly Ron, and your family or you can't get any care", that's not my deal. I want to say to you "Ron. You can pay me per visit. Here's what the cost is. There's no middle man. There's no billing insurance. But if you want to do a membership, you can do that as well."

David Berg: Then it's up to me to create a compelling offer for you. I would never use my leverage to make you buy a monthly membership when all you want is a one off.

Ron Barshop: I want \$60 one time. And you're saying you can give that to me.

David Berg: All day long and that will be profitable to me.

Ron Barshop: Good. You're an engineer at heart. You're an engineer in your soul. You look at problems from an engineering standpoint I would say, even though you're not a trained engineer. You showed me numbers a year ago, might have been when I first met you two years ago of what your cost is for skin cancer treatment. What's your cost is for chiropractic and well-treatment for physical medicine. What's your cost is for the flu. There was so many verticals and compared to the rest of the costs in Arizona, you were sometimes half, sometimes one-third but you were often 40%-50% less, even in the things like skin cancer, where you'd think would be expensive anywhere. How in the world do you bring your costs down so low to make that? I don't understand the economics of half. Explain to me what you do. What's the magic that you have to bring your costs so low? As a customer of Redirect Health, I know the answer, I want our listeners to hear your answer.

David Berg: I keep going back to the same thing. It's about identifying the problem in an accurate way and also in a precise way. I really believe that the problem with health care in general, but also more specifically in my business, is complexity that hides costs, time and money. It's hides time, it hides money and there's a cost to both. My answer is simplicity and its full transparency.

Ron Barshop: Let me tell you what I think...

David Berg: [crosstalk 00:16:48] It's about getting rid of stuff. A lot of people think about how do I reduce the cost. Why not just think about how do you eliminate the need for the cost. Let me give an example of Redirect Health.

David Berg: I always start with irritating and annoying things from the consumers perspective. That's where I like to start. There's dominoes there. Big domino that knocks down a lot of things. I'll give you an example of something I played out hundreds of times in my engineering thinking. Let's break down the health care process, the delivery of primary care into 100 pieces. 500 pieces. You should see me do it my storybook. That's just me just breaking it down. Now let's just put it back together but everything we put back into our system, let's make it justify itself as useful or valuable to the consumer.

David Berg: That could that makes the doctor's job easier, so the doctor can focus more on the consumer. But let's make everything go back to the consumer, the patient, the person actually getting the care. The user of the care, even the purchaser of the care. The mom paying for the care for the baby. Let's call that the customer, the purchaser, the user as unit, the customer. Think of all these things, think of the co-pay that's in the system. We're building a new system for our people, would you put a co-pay in there?

Ron Barshop: No deductible, no co-pay.

David Berg: It's irritating. It's annoying. Take it out. What about EOB, what about a statement, what about a billing department, what about a CPT code?

Ron Barshop: Worthless.

David Berg: Who does a CPT code serve? Who does is ICE10 serve?

Ron Barshop: Blue Cross.

David Berg: Exactly. It has no purpose for the user, purchaser, user, the customer in the system. So one big move that we made was we said, let's get rid of the co-pay. Let's just get rid of it. Go to zero. And here's what we knew as soon

as we came up with that. Actually I remember, it was about two in the morning when I just had this epiphany that if I get rid of the co-pay, I also get rid of the credit card machine and I get rid of the cheque drawer,

Ron Barshop: All of the accounting.

David Berg: I get rid of the chair that the accounting person sat in. I got rid of the billing. I didn't need CPT codes. If there's no money, no co-pays, I don't even need the OB. I don't even need a statement, the patient statement. I don't need the stamp. I don't need the person to lick the stamp to send the statement out. So much of the cost just goes away. It goes away but I also realized this, if I lowered the co-pay from \$25 to one penny, all that cost stayed. I also realized that if I lowered the co-pay to minus one penny, where I actually gave people money to come in, I still needed all that accounting, all that legal, all that statements and all that stuff, so the magic was zero.

David Berg: So it wasn't about how do I lower co-pays to make it affordable, it was how do I remove the need for the co-pay as a big domino. So removing administration, not removing, eliminating it unless it creates value for the user, purchaser, the customer, has been a big move throughout our organization. If something irritates or annoys a customer, or doesn't create value, we find a way to eliminate it and with that elimination is the costs of managing it, training it, fixing the problems, the customer service calls go away.

Ron Barshop: I know you're not a psychiatrist, but I'm going to shift the gears a little bit here and talk about burnout. Burnout, good gosh. One of my doctors in internal medicine, I'd go to lunch with him and he'd say "You know Ron. I hadn't had a raise in 21 years. Thank god for this building because the equity going to be the only way I can retire and my wife is still paying school debt. She's in her late 40's and we don't get along that well because I hate my life." I asked him about his daughters to try to get a smile out of him. Nothing, the guy was a total burnout. So you could have just like touched the marshmallow to him and it would have browned. That poor doctor is represented by half of the Primary Care physicians out there today.

Ron Barshop: I remember when the good looking pharma reps would come by, he would go up and take a nap upstairs because he just didn't want to come in and interact more than he had to. He would go to sleep on the reps. He was just serving his time, in prison till he got out, sold that building and had a life. That's what he was waiting for. You have 20 providers, I would call them mid-levels and MD's and DO's and Nurse practitioners and PA's that work for you, am I right?



David Berg: Yeah.

Ron Barshop: [crosstalk 00:21:19] About 20. And at any given day you might have 14 or 15 of them working right? So if I do the math on 15 into 400 patients a day. They're seeing 20-25 patients a day.

David Berg: More than that.

Ron Barshop: More than 400?

David Berg: Oh. Yeah. Probably closer to 30-35. Yeah.

Ron Barshop: 30-35?

David Berg: Yeah. Patients a day.

Ron Barshop: Oh. I said 400 for the whole global enterprise. So okay. Let's say 30-35 patients a day per doctor.

David Berg: Per provider.

Ron Barshop: Okay. Do you think, or do you know, or do you suspect that any of those 20 providers burned out?

David Berg: I suspect there's elements of it. It's way more complicated. Their lives are a lot more than just what they do in the office. They've got families, they've got kids. They've got aging parents. We've all got these things. They've got cars that are breaking down, they've got windshields that need to be repaired and they don't have time to do it. And they've got kids going "I need better backpack." We've all got lives like that, so life is complicated. And my job is not to fix that for them. My job is to make it so that they can make the money they need with the reward of not just money but also of feeling that they're doing something bigger and they're participating in something bigger and worthwhile and meaningful. A lot of the burnout that I see in people's lives is just lack of purpose and meaning on that purpose and one of the things we do at Redirect Health is, you cannot get into my company if you are not on fire for our purpose, our mission, if you are not in love with our customer who is shut out of the traditional insurance model of healthcare, you just can't get in.

David Berg: The way that I get rid of people, is that I don't hire people who are likely to burn out if they're in a very meaningful environment.

Ron Barshop: It's interesting you use the word customer. Most of my friends that are in the 1% club in primary care use the word customer, not patient. Why did you just say customer?

David Berg: We never say patient. So our job, so think of mom with a medical degree. My wife, Janice. Janice's job is to make sure that everyone of the members of our family never becomes a patient. Patient's bad. Member's good. Now when we do become a patient, our job, her job is to help us now become an unpatient. To unpatient us. To get us healthy, to get us back into the family and so that's the concept. So we refer to our people who are at Redirect Health as members but at Arrowhead Health Centers, where's it's a more traditional model but a lot of cash pay and, some insurance too and medicare, we'll refer to them as customers.

David Berg: I want to, at the risk of offending somebody in the audience, and I know this is not a popular way of thinking in the medical community, and I think that the way the medical community thinks about it today is one of the reasons amongst many, of burnout, is the way they think about their role. Traditionally, we think about a doctor, up here, and a patient down here. And you think about the responsibility. The doctor's job is to be smart. To know it all, to stay up to date, to recommend a treatment. The patients job is to listen to the doctor. To wait in the waiting room quietly for an hour, for half an hour, for three days for an appointment, three weeks for an appointment. Because of course, the longer I wait for an appointment, the longer I wait in the waiting room, the more important the doctor must be.

Ron Barshop: An Alpha-Beta model.

David Berg: Alpha-Beta model. My job's to comply with the doctor's recommendations. Think about our words, non-compliant. Ron is non-compliant.

Ron Barshop: It's a curse, you just cursed me.

David Berg: Exactly. So that's what that means. I don't like that. But look at other relationships like an accountant or an attorney and their client. Consultant-client relationship. So you get doctor-patient relationship, and I'm showing a -

Ron Barshop: Grand Canyon stretch.

David Berg: Right.

Ron Barshop: Versus side-by-side.

David Berg: Side-by-side. But now think about you go to Nordstrom's, or Jiffy Lube's or Safeway. You've got a customer with a store, with a team. The team's job, the store's job is to comply with your needs as a customer. So that's

very fundamental in how we think about it is that our job as a team is to comply with the needs of our customers.

Ron Barshop: It's in your parking lot for god's sakes. I couldn't get a parking space because it all said customer parking everywhere.

David Berg: Patient parking.

Ron Barshop: [crosstalk 00:25:55] Patient parking.

David Berg: Here's the thing. My first stencils that didn't work, is I put customer parking. And guess what, nobody parked in them. Even my patients wouldn't park in it. So I had to change it to patient parking for no other reason than my patients would not acknowledge they were a customer. They were weirded out, but they'd park because it was the only parking spots. The best parking spots say patient parking today. There was a time where, for about two weeks, were the best parking spots said customer parking. All week, what would happen is people would come in and go, "Is it okay if I parked there? Is it okay if I parked there?" I'd go "Yeah. You're a customer." They didn't get it.

Ron Barshop: Continue the walk through. So now I'm entering your lobby. I feel like I've arrived. Beautiful glass doors and round angels. I arrived, I look to my right and there is beautiful artwork, really cute sayings on it. Talk to your culture, speak to your feelings for your customer and then I walk past the receptionist who is extremely well-trained. I have a chance to grab a few brochures to learn more of what some of the ancillaries are, like chiropractic, and then I go back, and I'm on a beautiful wooden floor and I go into an exam room that has a glass door. Now it's milky glass. It's not see through. No issues there. And you can't hear anything though it but it's a beautiful modern, solid core with a glass. Your offices are "I have arrived." "I am important."

Ron Barshop: It's not a glass when somebody moves the glass and says "What do you want?". I call them the dragon lady. Your receptionist is very attractive, very well trained. She sits in an open desk. Beautiful lobby and that's not even the waiting room that's just the greeting room. It's gorgeous.

Ron Barshop: Then you go into a waiting room that's much more nice, probably in the top two percent waiting rooms that I've ever seen. You've rethought really the patient experience. In fact, you've probably woken up many midnights thinking about the patient experience and coming up with a voila moment right.

David Berg: Well you saw me fix a loose door handle on that last.

Ron Barshop: [crosstalk 00:27:56] Yeah you [crosstalk 00:28:00] two loose handles and you put a guy in charge. Your job is every time this handle comes loose. I watched you.

David Berg: It really comes down to making sure everyone knows their role. The handoff to them, the handoff from them. What is their role and everybody's number one role is to create, get people to tell their story about our company. So to promote. That's everybody's role.

Ron Barshop: Dave. I'm looking at a little handbook that has about 75 pages, you have it memorized.

David Berg: 57.

Ron Barshop: 57 pages that you've memorized, and it's got initials on it that somebody's signed off on. And it says "Put people first and get people healthy."

David Berg: Put people first, people get healthy.

Ron Barshop: People get healthy. And it's got a lot of pictures, a lot of colorful drawings in here but it also is a manual for every physician in your clinic-

David Berg: [crosstalk 00:28:52] So what's important with that manual is I want everyone in my company to have confidence that they know when they are a superhero in the customer experience that they're curating at that moment. They need to know the handoffs to them, and their commitment to me is they'll raise their hand when that handoff is not good enough every single time.

Ron Barshop: [crosstalk 00:29:14] I need help.

David Berg: And they might need help because the person before them, the handoff broke, it didn't happen. Just like the world class relay racing teams, it's not about the fast runner. Yeah, it's important but it's really about the handoffs. What do they practice? They train for the speed, but they practice the handoffs. So same thing. Everybody knows the handoffs to them and they know the responsibility of the handoff away from them. It's also important that they know that if they can't do something, that they need to call and help as you were mentioning. But the main role of this book is so that everybody knows that they're a hero in the customer experience. So if you think about the front desk. If you went to the front desk experience, the number one job of that person at the front desk, I haven't even got the book open, you do, I know it, to get people to tell their Arrowhead Health Center story. So their job is to persuade that person so that they're happy and they feel respected. They know they matter. So that when they go back and they meet with the medical assistant and then with the provider,

it's harder and harder and harder for that person to feel disrespected, like they don't matter, they're not important.

David Berg:

It's really hard for the people downstream to screw up and hurt the whole experience. Matter of fact, it wouldn't be the first time. Many, many times, I'll get, when we do surveys, I'll get a 10 out of 10 on the promoter score. And I'll hear something like this "I got a parking spot. I got an appointment when I needed to. I didn't wait very long. I was taken back right away. Everybody was so nice. I know exactly what I owed. Dr. Smith is pretty good at diagnosing too." I get a 10 out of 10. What it's about is creating an entire experience for that customer and getting them to evaluate the entire experience where everybody has a role in it.

Ron Barshop:

This book is two or three days of training. It's got, I'm reading the header, "Introduction to Philosophy." Who we are which gets into mission, vision and values. "How We Do It", which gets into the whole loop of your engineered training. "What We Do." The patient experience. "What Are the Support Roles?" Which is you described the front desk. And then importantly "Where We're Going as a Company and Our Amazing Future" and a "Core Values Scorecard". And this scorecard is worth its weight in gold by itself. I know you got this from strategic edits right?

David Berg:

Yeah. Definitely.

Ron Barshop:

It's a Dan Sullivan product. But the core values scorecard is, they're going to score themselves, they're going to measure themselves. What do you learn as CEO from this scorecard?

David Berg:

So what I care about is number one, that everybody that works in our organization, everybody on our team, every team member is just on fire for our purpose. It is about making health care easy, and truly affordable for people who feel shut out of the traditional insurance systems today of health care. The shareholder system. So it's about making it easy, health care easy and truly affordable. If that doesn't resonate with you in your heart and your gut and give you visceral response to the concept of somebody not feeling confident that they are prepared for tomorrow, if their kid breaks an arm, or gets cancer, or needs a school physical, you just can't work for us. You just can't work with us number one.

David Berg:

Number two is the core values about just, are you going to obsess over the customer? Are you going to want to win as a team, not as a lone wolf? Are you going to be a continual learner and adapter and be flexible when things change? Our mission won't change, our purpose won't change, our values won't change but how we get there is going to change everyday if it has to change. Every minute if it has to change. To make sure that people understand our values. The way we score it is, I want people who not only

take responsibility for their own love of our mission, and our purpose of our customers. They will take responsibility for their own eagerness to learn and to adapt and to win as a team. But I want the leaders who show potential when I invest in them to now help other people, to attract other people and help other people expand their obsession for our customer. When a lot of people complain about young people, my experience has been that when you give them a meaning that matters, you help them matter in a bigger purpose, they are the most loyal, the hardest working people you'll never experience. They'll work harder than the baby boomers, they'll be more loyal than the baby boomers or the Gen Y or X'ers. It's just about making sure they have meaningful purpose in their life.

David Berg: Showing them the rule book and say, "Here's how I like to think about it." This book right here Ron, these are the answers to the test. Prove to me you can ace the test if I give you that book. That's all I'm doing.

Ron Barshop: I'm speaking with Dave Berg. He's CEO of Arrowhead Health Centers. He's also CEO and co-founder of Redirect Health. We'll talk about that in a future episode. Let me describe Dave's body language when he talks about insolvable problems like health care because of a \$470 million lobby that you would basically get in elected if you proposed it, you can't really solve health care without tackling key issues that nobody's going to vote for in a senate, a state level, at a federal level and certainly at a local level in a council or a county commissioner's. So but when he talks about his employees, when he talks about his culture, when he talks about the patient, the customer, David is about to jump out of his chair right now. I wish we had a video of this because the body language goes from a zero to a ten when we get into subjects he knows he can make a difference and David knows he can make a difference with this book.

Ron Barshop: He's challenged me to do this with my own company. It just looks so hard but it's so easy. It's almost so easy that it's hard. Jordan makes a dunk look so easy but it's so frickin' hard. He practices 20 000 times to get that dunk.

Ron Barshop: Dave, so to close out this wonderful session where you've helped primary care providers hopefully avoid burnout by thinking differently about their model.

David Berg: That is the only way to avoid burnout in my opinion. You got to start with the thinking and that will guide the doing and that will guide the feeling.

Ron Barshop: If you had a message for someone who's almost out of hope, or you had a message for a large system that wants to fix this burnout problem, if you had hope for someone who's actually maybe even contemplating suicide

or planning a suicide, I know that's a tall order for me to ask but what message would you give somebody who's out of hope?

David Berg:

Man you made it hard when you added the suicide, because you changed my mindset totally on where I would have gone with it. You know what it is? It's a concept of perfection. Let it go. Perfection is the enemy. Perfection is the enemy. Simplicity is the answer. You multiply things when you simplify it. That means simplify your life, simplify your practice, simplify all the stuff between the service your providing and the money, get them connected. Get your expenses down. Simplify your life. And simplify your practice and pay attention to the revenue.

David Berg:

All revenue has a price. Sometimes that price is the cost of another billing person. Sometimes it's the cost of working an extra hour of the day. Sometimes it's the cost of your soul. All revenue has a price. Just get really clear on what revenue makes sense for your life and just simplify and back up and when you mentioned the burnout to the degree of people contemplating taking their own life, it gave me pause where I felt very confident in the answer until you said that. I'm trying to process on the spot here why I felt and I think it's because it helped me realize the responsibility in the answer that I might not have felt if you hadn't mentioned that.

Ron Barshop:

You know it's like everybody knows the veterans have a gigantic suicide rate. We're losing veterans literally we're counting it by hour not by the day anymore. Doctors have doubles the rate in suicide.

David Berg:

Yeah. So it goes back to one of the core principles throughout that book is people matter. Everybody matters, we all have strengths that if we focus on people's and our strengths, we go it's so much, it creates a collaboration, it creates a respect, it creates loyalties. You think about the toxic politics we're going through right now and the reality TV where it's all about how I can point out your flaws and I can be better because you have more flaws than me, my gosh, get out of that world. Just turn the TV off. Just get rid of the YouTube, the Facebook feeds, just stop looking at it and anything that doesn't speak to the strengths of people. Everybody's got strengths. Now, unfortunately it's hard to see it. Regardless of your political persuasion, there are strong points, advantages.

David Berg:

Imagine if we had a debate ever where all you were allowed to talk about was your own strengths. You weren't allowed to talk about your opponents weaknesses, it'd be just a different world. Well the same thing goes on in your own head chatter. When your talking to your employees, if all your talking about is when they're messing up versus creating a strengths based organization, I think a lot of problems go away when you start recognizing

that everybody matters, everybody's got strengths that matter and your strengths are different than mine are.

Ron Barshop: Dave, I hope you've opened up the skulls of our listeners and blown a little dust out and let them take a fresh look at a bad business model that can be fixed and can be made into the top 1%. How do people reach you to learn more about Arrowhead and to learn more about your model? Is there a way they can learn more or that they can connect with you?

David Berg: Well, my website is [redirecthealth.com](http://redirecthealth.com) and [arrowheadhealth.com](http://arrowheadhealth.com). Arrowhead Health is the clinics we have here in Phoenix. Redirect Health is the health plan model that we've created for small business all over the country but we also created for families here in Phoenix and now I think we just brought the expansion out to 41 states for individual families as well. So they can go to those two websites, my email address is [david.berg@redriecthealth.com](mailto:david.berg@redriecthealth.com). Those are the two best ways to learn more.

Ron Barshop: Okay. Be judicious in using that email you guys, that's worth a lot of money. Thank you Dave and we will see you in another episode very soon I hope.

David Berg: Thank you.

Ron Barshop: Thank you.

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