

# Primary Care Cures

## Episode #30 Dr. Arlen Meyers

- Ron Barshop: You know, most problems in healthcare are fixed already. Primary care is already cured, on the fringes. Reducing burnout, physician shortages, bad business models, forced buyouts, factory medicine, high deductible insurance that squeezes the docs and is totally inaccessible to most of the employees.
- Ron Barshop: The big squeeze is always on for docs. It's the acceleration of cost, and the deceleration of reimbursements. I want you to meet those on this show that are making a difference with host, Ron Barshop, CEO of Beacon Clinics. That's me.
- Ron Barshop: The purest form of healthcare is the doctor/patient relationship. It's the exam, the office visit. Outside forces have pressured this over the last few decades. They condense this precious time, they forced doc in attention to a screen. They've ramped up waits for the patients, and ramped up waits for the doctors just to get paid.
- Ron Barshop: So, healthcare is the average patient's number one worry in pretty much every Gallup Poll, yet PCP's and nurses rank in the top three or four every year for most trusted professionals in people's lives, and that's for decades, now.
- Ron Barshop: The problem that's getting in the middle of this relationship, it's middles, the bigs, and the bureaucrats. So, they're always the smartest guys in the room, and they've created this game board where, mortality overall, has dropped to the bottom of our peer group. And, infant mortality and maternal mortality, bottom of our peer group of developed nations.
- Ron Barshop: They own that. Not the doctors. So, I watched doctors one time have a conversation. They said, "Do we own this falling mortality?" And they don't. The bureaucrats, let's talk about them. How odd to pressure, rather than to elevate the PCP's in a four trillion dollar spend. Their cost represents under five percent of a four trillion dollar spend. So, when you cut their wages five percent, and your reimbursements five percent, you're not lowering cost of healthcare even a small amount on the dial. It's barely

a needle. But, because the doctors have the least power in Washington, they are the ones that take it on the chin.

Ron Barshop: They're also getting corporatized and forced into factory medicine by just the nature of the game. So, force-feeding a doctor a digitized, clunky system that doesn't really work as well as your Alexa does is exactly the state of affairs today. It doesn't make sense, but it's the world they live in.

Ron Barshop: The middles in the big healthcare are not going to be coming to the rescue. They're looking out for their own interests, so it's a whole separate discussion to talk about the transparency movement and how that's going to help things, but it's not going to help physicians.

Ron Barshop: So, let's talk today about some solutions for physicians that this show addresses. And, Dr. Arlen Meyers is also an MBA, is a professor emeritus at the University of Colorado School of Medicine. And, he's a lecturer at the UC Denver Business School, and president and CEO of the Society of Physician Entrepreneurs, which is 27,000 members worldwide, is that right, Dr. Meyers?

Arlen Meyers: We have a bigger audience than that. If you look at our audience, we probably have much, much more than that. The difference is really, in dues paying members versus our touch points and our audience. But suffice it to say that our social media presence probably is about a quarter of a million, if not a half a million lookers.

Ron Barshop: So, there's a great deal of interest in this subject. You guys were the first to sort of hit the ground running on this. I went to a meeting in Houston at the medical center, and what I observed there is a bunch of guys in scrubs, a few guys in suits. It looked like kind of a mix of business and healthcare workers or doctors. And, they were talking about starting businesses and block chain in this case.

Ron Barshop: That's a pretty typical meeting in a monthly setting, isn't it, in most cities?

Arlen Meyers: Yeah, we have chapters all over the world, actually. And, SOPE, or the Society of Physician Entrepreneurs, by its very nature and intentionally, is an open innovation network. When we created this ... And incidentally, it's a non-profit, we decided that we needed to make it an open network, because care couldn't be fixed from inside. So, we include, essentially, anyone that has an interest in getting an idea to a patient.

Ron Barshop: I observe, and I think you probably recognize, that physicians are not famous for being outstanding businessmen, and vice versa. What skillset will a group of physicians get if they come regularly to the meetings? Or, are they just going to get introduced to people that can help their idea

along? What happens at those meetings that's where the rubber meets the road?

Arlen Meyers: Well first of all, this notion that doctors are lousy business people is a total myth, and unfortunately, doctors themselves believe it. It's just simply, not true, and if you look at the history of medicine, if you look at how practices evolved as small to medium size enterprises, and then subsequently, into digital health, care delivery, entrepreneurship, social entrepreneurship, entrepreneurship, et cetera, there are numerous people that exemplify physician entrepreneurship, so that's wrong. It simply is a myth, and it just keeps getting perpetuated. And, of course, I push back and try to educate people to the contrary.

Arlen Meyers: With that said, probably, the most important saying for our physician entrepreneurs is to have an entrepreneurial mindset. And, the problem with having an entrepreneurial mindset and applying to medical school is that, there incongruous. So, you don't get accepted to medical school because you're a creative genius. You get accepted to medical school because you're a conformist, because you checked the boxes, because you know what to say at the interview, because you memorized a bunch of stuff, and because you can perform in a standardized admissions test.

Arlen Meyers: So, when you get to medical school, if you're smart enough to not tell the admissions person that you really have no intention of practicing medicine, by the time you get in, you really sort of have to hide your inner entrepreneur. And, when you get to the opportunity where you can actually do something with it, then we can help you.

Ron Barshop: Well, I was looking over my lifetime to chair the second Angel Network outside of Silicon Valley in American History. And, we did over a hundred million dollars in Angel financing deals. I was chairman, and I started the similar Angel outfit in San Antonio, and we finance some very successful companies that are now leaders in San Antonio. So, my experience from watching physicians is that, they are on the inside. They see the fault lines that are going on in healthcare and what needs to be fixed. Sometimes, it's a software solution. Sometimes, it's a healthcare delivery model.

Ron Barshop: But, I would agree with you. I've met plenty of them that know exactly what they're doing, and know how to put a team together, to shore up their weaknesses.

Arlen Meyers: Well, being a market perceiver is one thing. Being a problem solver is another. And as you well know, getting an idea to a patient involves a lot more than just knowing what the problem is. And again, more specifically to your question, what people learn at our chapter meetings and other

ways is education, resources, networks, mentors, access to experiential learning, peer to peer support, and non-clinical alternative career development.

Arlen Meyers: That doesn't mean that you absolutely, positively have to quit your day job to be a physician entrepreneur, but the clinical mindset is different than the entrepreneurial mindset. And, unless you understand that, you're going to fail.

Ron Barshop: Well, I communicated with you before this podcast about success stories that have been birthed out of this organization, and you gave me a couple of really good examples in Colorado where you're based. I believe you sit on the board of cliexa. Can you tell us about how that got started by the society?

Arlen Meyers: Yeah, well first, let me make a clarification. I tell people that the business model of SOPE is a cross between rotary and match.com. In other words, we have chapter meetings around the world. We're a non-profit. We're a service organization. But, we're essentially a dating service. So, I tell people that we make dates. We don't make babies. So, when you ask me what has SOPE been responsible for? Nothing. All we have done is connect people to other people. And I say, "We make dates. They make babies."

Arlen Meyers: Now, if you're asking me what kind of babies were made as a result of this networking opportunity and this collaboration, that's the list I provided you. And, cliexa is a good example. I'm the chief medical officer for that company. And basically, they're a chronic disease management patient reported outcomes platform. And that, the evolution of that company happened, once again, the CEO, Mehmet Kazgan, is a data scientist, data security expert.

Arlen Meyers: He and I ran into each other at a SOPE meeting. One thing led to another. What do you do? Blah, blah, and now, we're three or four years into the project. He's been pretty successful, so it's really about collaboration. And, it gets back to my point of outside and inside out open innovation. Almost no industry can fix itself from inside. Certainly, not sick care. And, until or unless we engage other interface technologies, whether it be aerospace or nano, or media, or you name it, I just don't think we're going to be able to move the needle.

Ron Barshop: So, I belong to an organization here in Houston called Entrepreneur Organization, and we have the largest healthcare entrepreneur group in the whole world, right here in this chapter. We have 167 members, and about 15 are in healthcare. My experience, because health care's such a messy space, and there's so much room for opportunity, and there's so much to

fix, and there's so many challenges, that my friends are all doing very well. But it's, I'm trying to think, only a couple of them are doctors. Most of them are folks outside the industry who's maybe, are involved peripherally, or involved selling a product or service. And they saw just, a giant gap, and stepped in and have done a remarkable job filling those gaps.

Ron Barshop: What type of personality do you think is a good fit for the entrepreneurial spirit and the entrepreneurial journey?

Arlen Meyers: Well, again, it gets back to the mindset. And, it get back to certain attitudes and behaviors. For example, things you read a lot about, like learning from failure, the journey versus the destination. Understanding how to play nice with others, which doctors are not terribly good at. Understanding the innovation roadmap, and how that works, particularly in the different sub segments. For example, bio pharma med tech, digital health, digital therapeutics, care delivery, med ed tech, they all have different innovation pathways. And consequently, you need different people to help you navigate that pathway. And, I don't need to tell you, raising money for those products in those pathways are very different.

Arlen Meyers: Getting a drug to a patient is one thing. Getting a digital health app on an iPhone is another. And literally, you can do that on a weekend at a hackathon. So, it really depends on what it is you're trying to accomplish, the problem you're trying to solve, and how you navigate that pathway, and who you need to help you get there.

Ron Barshop: I have a theory that they most common mistakes that physicians make starting companies has to do with not really testing with the market first. They're not doing a beta test with customers to see if they're even interested, and if it's a burning desire, migraine level headache, instead of just a problem. Do you see that problem also, that they're solving problems that aren't really there?

Arlen Meyers: Yeah, I mean, there's been a lot written about product market fit, lean startup methodology, business model canvas, customer discovery, et cetera, et cetera, to your point. I would say, and I agree with that in some instances. And, I don't think that the business model canvas is necessarily adaptable to certain things like drugs, for example. But, that said, I think the biggest problem is that ... And again, I'm referring to health professionals, not just physicians. It could be dentists. Could be pharmacists, could be nurses, et cetera.

Arlen Meyers: And, the same applies to bio engineers and to basic scientists. And the primary problem is, they're problem solvers, not problem seekers. They're trained to solve problems, and they don't start with understanding who's

the customer, what's their pain, how big is it, et cetera. Are they willing and able to pay for it, et cetera. So consequently, they create a solution, looking for a problem, and it fails. And, the two biggest reasons why almost any startup, let alone a digital health setup, will fail is one, you create a product that no one wants to buy, and two, you don't have a viable business model.

Ron Barshop: Do you ever get a sense when people come to you and say, "What is my idea worth?" That they should be talking to somebody that may be financing these deals? Or, do you ever get a sense that they are unrealistic what they're asking for in their evaluation? I've met so many of these folks we couldn't put in front of people that have a 10 million dollar idea, but they don't have a team together. They don't have any intellectual property. They don't have any traction with customers. So, how do you talk reality into people about what they should value their company at before they go out to raise capital?

Arlen Meyers: Well, you're asking a couple different questions. One is, what do you think of my idea? Two is, what do you think the value of it is? I mean, it's in financial terms. And, that happens to me relatively frequently because of what I do. In fact, it just happened yesterday. Somebody just through LinkedIn, sends me a pdf of a business model and says, "What do you think?" Well, and actually, I've written something about how to pick somebody's brain.

Arlen Meyers: Well, the basic idea is, it doesn't matter what I think because I'm not your customer. So, whatever I say is irrelevant, and I'm not going to waste my time looking at this thing. Because again, what I say is irrelevant. The only thing that matters is what your potential customer thinks of it, number one.

Arlen Meyers: Number two, in terms of the valuation, you know better than I that there's kind of a black art. And, particularly in a startup. Particularly where there's no revenue. It's three people with a patent on the wall. Who the heck knows what this thing is worth, and it doesn't necessarily mean in this day and age that you have to have any revenue to float an IPO.

Arlen Meyers: So, it really is kind of a black art. And, when someone says, "What's the financial value of my company," either during a term sheet negotiation or a preliminary negotiation, I kind of turf it to you guys. Because, you guys are the ones that figure all that out.

Ron Barshop: I had a little bit of a formula. I would give them a couple hundred thousand if they had patents that look like they were pretty solid. I gave them a couple hundred thousand if they had an amazing team. I gave them money if it was a migraine level headache that they were solving. We had several 200 thousand dollar add ons that added up to a million dollars.

And, if they had a million dollar idea, they had all five or six of these score card, if you will. You know, that's as good as any I've ever ...

Arlen Meyers: Yeah, I don't mean to imply that Angels are early C-Stage investors just sort of pick it out of a hat. Yes, you do have a process. In fact, a couple days ago, I was attending something by Rocky's Adventure Club, which is a large Angel network in Colorado. And, it was a boot camp for startups. And basically, it was, "Here's how Angel investors are going to look at your idea, and here are the criteria, and here are the boxes you need to check off, if you expect to get money."

Ron Barshop: Yeah, there's also nothing ... Nobody really explains to any of these folks starting companies that there's a sort of a red zone. Blue zone is anything under a million dollars, and you'll have a single check you'll get from friends and family, other doctors. It's a 10, 20, 50, 100 thousand dollar check, and they're not going to write a second check.

Ron Barshop: And then, there's the over, say, three and a half, five million, and that's more professional money, more venture capital oriented. And then, there's this gray zone in the middle that just is impossible. So, if somebody comes to me and they say, they'll tell me they're raising somewhere between one and a half or two million and five million, I just look at them and I tell them, "You are not going to find enough Angel capital. You'll be constantly raising money, and you're not big enough for VC's to pay attention, most of them. So, you're in a no man's land." I just tell them, "Let's rethink what you're looking for."

Arlen Meyers: So, a lot of us are talking about that A Gap, series A Gap. And so, there have been alternatives to filling that gap. And, the reasons why there are in series A Gaps are too long to mention in this program, but it has to do with fundamental restructuring of venture capital. But, there are other ways.

Arlen Meyers: So, for example, a crowd funding or equity-based crowd funding, which may or may not apply. SBIR grants are non-diluting equity. Getting affiliated with a university that has it's own C-Stage fund, or affiliating with a professor at a university, corporate venture, et cetera, et cetera, et cetera. So, there's lots of different things that are popping up.

Arlen Meyers: I'm not saying they're easy. I'm not saying that's where you're going to get the money. I'm just saying that, you know, where there's a gap, somebody's going to fill it. And so, we're seeing things that are popping up to try to fill the A Gap.

Ron Barshop: Yes, and there's also strategic investors that may be your back end and buyer arm. When you put this together, they want to watch it grow up and like the people involved. One of the common ques- ...

Arlen Meyers: I don't know whether you've been seeing this or not ... Oh, I was going to ask you, are you seeing more interest by family offices in filling the A Gap?

Ron Barshop: I'm not involved in the Angel world as much anymore, so I don't have an answer for that question.

Arlen Meyers: I see, because we are. And, that's another opportunity, although finding family offices and the people that run them is difficult.

Ron Barshop: Yeah, they get a lot of opportunities. What are some of the other more common questions folks are asking you, Arlen?

Arlen Meyers: Well, the ones that are commonly asked are, "I have an idea. What do I do with it?" Or, "What do I do next? How do I find money for my idea? I'm getting fed up with medicine, I'm burned out, things are kind of icky, how do I develop a non-clinical career opportunity?"

Arlen Meyers: And, those are probably the three most common questions that I'm asked. And, the fourth one, sort of down the list is, "I'm an employed physician," which are, of course, more common now than independent physicians, "and the expectation is that, I be an intrapreneur. In other words, I create user-defined value for my employer." And, I just don't mean racking up RBU's and putting points on the money, and points on the board.

Arlen Meyers: I mean innovation, new stuff, care delivery, process improvement, et cetera. How do I do that? And it's a problem, because the employer doesn't train the person to be an intrapreneur. And, that gets to the culture of innovation and sick care. So, those are the four most common questions.

Ron Barshop: So, if you're walking one of your children, Arlen, into your meeting in Colorado, in Denver, and they have never been to a meeting before, what would you advise them to do, to get the most out of that meeting for the first time?

Arlen Meyers: Listen, don't talk. And, meet as many people as possible. It's really all about networking. It's really all about, you got to listening to what's going on. Learning the lingo, figuring out who's doing what, and just getting a sample of what's out there. At that stage of the game, it's really just about kissing frogs until you decide what it is that trips your trigger in the direction you want to go.

Arlen Meyers: The problem is that, everybody in healthcare or sick care, and in bio science, thinks they have a good idea. The problem is ... And, they may. Most of them don't, but they think they do. The problem is that, they're not taught what to do with it, and it's unlikely they ever will in their formal



training, which is the reason we created the Society of Physician Entrepreneurs.

Arlen Meyers: So, for the most part, I'd say about one percent of physicians, bio engineers, graduate scientists, other health professionals, have an entrepreneurial mindset. That's the one percent we're trying to move through the funnel.

Ron Barshop: All right, so he just has 700 hundred thousand physicians in America. That's seven thousand that should be members of your chapters.

Arlen Meyers: Roughly, and if you count all the ones in the world, then we're looking at whatever that total addressable market is. But actually, that's changing. And, it's kind of inching up a little bit, because of generational differences. And, the example I would give, and the one that gets the most press are medical students who finish medical school, have no intention of doing a residency, have no intention of clinical medicine, and they go make their own company, or they go to work for a startup.

Ron Barshop: I'll tell you a crazy story. My daughter-in-law got a little burned out as a resident at one of the Harvard Hospitals. She graduated from Harvard Medical School. She was on a trajectory. And, it was so hard to be disrespected so many different ways as a resident. It wasn't an ego thing, it was just simple things like getting paid for overtime, taking months and months for a couple hundred bucks. And, she kind of burned out of it at a young age, and just loved medicine, but didn't like the delivery of medicine, and didn't like the model of how hospitals operated.

Ron Barshop: She dropped out of her residency to stretch it out and finish it over a year later, and entered Harvard Medical ... Sorry, Harvard MBA School just a few months ago. Her second month into Harvard MBA School, she is interviewing for a summer internship for a VC in New York, and she wants to get a job in healthcare delivery to fix all the problems she discovered. She doesn't want to go into drug discovery or medical devices. She wants to fix the problem that she's discovered. And, they don't give her an internship, and it's the first time I've ever seen my daughter-in-law, who's super successful, unhappy.

Ron Barshop: She said, "I didn't get the job. I've gotten everything I've applied for." And then, they called her the next morning, they said ... And, by the way, one of the questions they asked her was, "What would you do with a million bucks?"

Ron Barshop: She answered, and they called her the next morning and said, "We'll give you 800 thousand towards your million dollar idea. Find the other 200 thousand, and we've got a company." And, she has been working in

Manhattan the last three months, diligently putting together her idea. She's putting together a retail clinic that solves some very interesting problems on the street of Greenwich Village. So, crazy story.

Arlen Meyers: It's a very ... Well, it's crazy, but unfortunately, or fortunately, which is another conversation, it's becoming increasingly common. And, the story or the thought exercise I give people is, if you're the community representative, let's say, on the Harvard Medical School Admissions Committee, or UT in Austin, or whatever in Denver, and you get this super star rock star applicant who's got all the T's crossed, I's dotted, box checked, blah, blah, blah, and you say, "Why do you want to be a doctor? And, why do you want to go to this medical school?" And he or she says, "Well, I mean, I'm just going to this medical school because I want the MD after my name, and I'm in Denver or Austin or Boston because I hear they have drop dead bio clusters, and I want to go out and work for a venture capitalist, or whatever." Would you admit her?

Ron Barshop: Of course not, yeah. Of course not.

Arlen Meyers: So, well, some would say, "No, we're here to train doctors to take care of the citizens of Colorado or Texas, or Massachusetts." Other would say, "You know what? We need to pick the best athlete. And, if this person could go on and create a company that employs a thousand people, creates something that a million can use, why not?"

Ron Barshop: Yeah, well, with a physician shortage pending, I would be on that committee arguing for the physicians, even though I completely get it. It's the system that burns them out. It's not really ... It's the bad model. There's a very bad business model called hospital residency. There's another bad business model called primary care, and it just chews people up. It's a meat grinder. Do you see other business models out there that are ... and, this is off topic ... but, that are really working well for physicians where there's a lower burnout rate?

Arlen Meyers: Well, I just had a conversation with a guy about the so-called concierge medicine business model. And, while that's a very small percentage of primary care physicians, they're very, very few specialty physicians who are doing it. The people who do it seemed happier, but it's just not scalable, and it's not the answer for sick care, U.S.A. So, that's one model, and for some people, it seems to work. For other people, it doesn't.

Arlen Meyers: Another model is just because you don't ... Like I said, you don't have to quit your day job to do these side gigs in physician entrepreneurship, and I think the more you can ladder or stack the portfolio of side gigs to your advantage under which, you have control, then I think it creates less stress.

Arlen Meyers: But, I would take your burnout point one step further, and that is that, burnout really doesn't come just from the system. Yes, it does. It also comes from the organization that you work for, and it also comes from you personal. If you do not have skills that are resilient, if you work for a toxic organization, all the change in the system in the world isn't going to prevent the burnout. So, there really have to be multiple solutions, and there are, that have to be applied. Otherwise, as you know, half of doctors ... I mean, medical students are burned out before they're even done. It's kind of pathetic.

Arlen Meyers: So, we really have to rethink medical education. And, to your point of abusing residents and medical students, it's just a toxic environment, and it needs to change.

Ron Barshop: I'm a doctor excited about this journey I'm starting with SOP, and I want to read some books. What are you recommending is a good starting place for physicians to learn about the next step?

Arlen Meyers: Well, obviously, to be self serving, you should read my books. And, I've written one called The Life Science Innovation Road Map. And actually, we just published one called The Digital Health Entrepreneurship. So, I think there are very specific books about kind of, how to get an idea to a patient. And then, of course, there's a whole literature in business entrepreneurship, business models, customer stuff, all that business. And, you know, they're too numerous to mention. But, I think the primary overlap, I tell people, as you go down this journey, you're going to find yourself reading The Wall Street Journal more than The New England Journal.

Ron Barshop: True. True. Well, my final question's a little bit of a stumper, and I don't like to send it to people ahead of time, because I really want you to think about it. But, if you could get a message, the largest banner flying over America, what would your message be to Americans?

Arlen Meyers: So, my biggest message would be, the biggest problem I see now with the 3.7 or 3.8 trillion spend is that, it's a sick care system, not a health care system. And to me, the answer will be bio innovation and entrepreneurship that transforms the sick care system into a health care system.

Arlen Meyers: Now, in order to do that, it will require changing the behavior of the two most neglected pieces of the value chain, the doctor and the patient. The doctor doesn't change his or her behavior for a number of reasons, an example of which is a very high percentage not practicing evidence-based medicine. And, patients don't do what they're supposed to do for a number of reasons. A part of it has to do with, they're poorly educated. A part of it

is, they don't have a motivation to do it. A part of it is, they don't have skin in the game. So, I think we need to rethink the system, and it doesn't really matter whether it's Medicare for all or market-driven, or whatever. To me, that's a smoke screen.

Arlen Meyers: I really think the fundamental problem is changing doctor and patient behavior, and including them in the conversation. Right now, the conversation is between big medicine, the biomedical industrial complex, and the insurance companies. They're ignoring everybody else.

Ron Barshop: Absolutely, have been for decades. The physicians have just lost the power in the lobbying effort. The big healthcare lobby right now, with the spin they have, could buy the next four lobbies combined. It's just almost ridiculous. And, one out of every six lobbyists walking in D.C. and in state capitals are healthcare lawyers and healthcare lobbyists. Well, I want to thank ...

Arlen Meyers: And you have to ask yourself why. But, well, that's another conversation.

Ron Barshop: Yeah, yeah, it's just the interchange between Congressional staffers becoming lobbyists, becoming Congressional staffers is just incest at it's highest level. Well, I want to thank you for your time, Dr. Meyers. We'll pick this up again soon, I hope, and we'll watch this organization continue to grow. And congratulations for all your success. This is an amazing organization. How can they find their chapter in Houston or wherever they live?

Arlen Meyers: Sure, so, the best way to go is to [WWW.sopenet, S-O-P-E, net.org](http://WWW.sopenet,S-O-P-E,net.org). And, that's our website, and you'll see the chapters listed there.

Ron Barshop: Very good. Okay, well, thank you again for your time.

Arlen Meyers: Thanks for having me.

Ron Barshop: Thank you for listening. You want to shake things up? There's two things you can do for us. One, go to [primarycarecures.com](http://primarycarecures.com) for show notes and links to our guests. And number two, help us spotlight what's working in primary care by listening on iTunes or wherever you get your podcasts, and subscribing, and leave us a review. It helps our megaphone more than you know. Until next episode.