

Primary Care Cures

Episode 99: Dr. Regina Herzlinger

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 squeezes the docs and is totally inaccessible to most of the employees. The big squeeze is always on for docs. It's the acceleration of cost, deceleration of reimbursements. I want you to meet those in this show that are making a difference. With us, Ron Barshop, CEO of Beacon Clinics, that's me.

Ron Barshop:

Our guest today has only one deficiency, is that her books are so good that my highlighters run out. They're so interesting to read. They're bite-size morsels of wisdom and humor. And I'm so delighted today to introduce my guest, Regi Herzlinger. She could comfortably fill 52 weeks of this show if she wanted to because she is outstanding.

Ron Barshop:

So what is she? She is a teacher, she's at Harvard, she's in MBA school. She was the first female tenured professor there. She's been the first female in fact, on many Fortune 100 boards. and she teaches healthcare and she teaches just healthcare economics, and she has been in hundreds of closed meetings talking about the healthcare future for over the last 50 years. And that'd be 50 years she's been at Harvard next year. She sat on dozens of boards of the bigs we talk about all the time. And she's authored many books that are all outstanding and treasured. They're predicting the future very accurately. And she's coming out with another one this year about innovation in healthcare. So Regi, I am so excited to have you on the show. You have no idea.

Regi Herzlinger:

Ron I'm so excited to be here and I'd like to talk to you every day. Thank you.

Ron Barshop:

You're invited to be my guest host, if you just have the time. I know you don't. Well, so I have a million questions for you that we can't possibly achieve in one show, but we'll do our best. You have inoculated thousands of Harvard MBAs that are now probably working at a lot of these big systems with your brand wisdom and common sense. Do you think that there is some of that Herzlingerism out there working in the field?

Regi Herzlinger:

Well, it's interesting and very few of my students work in big systems. Very few of my students work with big companies. Most of my students work with startups, because the courses I teach are on innovating in healthcare. And the thesis of the courses is healthcare's terrific, terrific ducks science. Oh my God! Look at, what's gone on with COVID of the scale, great resources, but it submits. And that the answer is not big. The answer is small. The answer is innovative

companies, startups, or mid-cap companies. Whether for-profit or non-profit that have great ideas about how to innovate healthcare.

Ron Barshop:

So you have not only written books, but you probably serve on a lot of these boards and advise these young companies. Who are the companies you see that are really making a huge difference, innovating healthcare you know sort of on a macroeconomic level? Because you can patch work the fix, you can fix this problem or that issue, but to take care of really a holistic approach, who is out there really doing a great job in your opinion?

Regi Herzlinger:

Well, of course the technology companies are extraordinary. So the Pfizer mRNA drug came from a partnership with a startup German company and Moderna is really a start up even though it's worth 26 billion, it is a startup and many of the other great technology companies in the COVID fight. Whether they are diagnostic or therapeutic, or the vaccines that are just discussed they're really startups, but you don't want to hear about that. I think you want to hear about, tell me if I'm wrong, about companies that are doing well in the delivery system. And I think there are two of them. One is the movement toward a more consumer centered care. Whether it's retail medical centers or freestanding urgent care centers, or freestanding emergency care centers. Whether it's the hospital to home movement, all of that is a movement that puts more and more power in the hands of the patients and of the physicians who deliver that care.

Regi Herzlinger:

The second part that I think is very exciting is telemedicine. Now, as you know telemedicine has been around like forever and COVID takes a crisis. So COVID came along and they finally changed the very restrictive coverage and [behimen 00:05:04] that had strangled telemedicine. So I think that's very important, but as I'm part of it that maybe people don't pay that much attention to are the sensors that enable a lot of telemedicine. So those Fitbits that used to be kind of silly with the 10,000 steps, those have become much more powerful. Some of the smart watches can measure blood oxygen levels, which are very important for COVID. Can do, okay kind of EKG's which can be used to detect an EMI. The implantable centers sensors very important for diabetics.

Regi Herzlinger:

One of my students teamed up with a doc from MIT to invent a sensor for diabetics. And it's a mat that you step on and the mat measures [inaudible 00:06:15] of your feet. And this mat can predict whether an ulcer is coming up. As you know if you're diabetic and you get a foot ulcer that the likelihood is that foot will be amputated because the diabetic circulatory system is so weakened that it is very difficult for these wounds to heal. They become gangrenous and amputation occurs. Well, this mat signals when an ulcer is imminent and they can take steps to reduce the incidents of those ulcers. So it took 10 years to develop this mat and get it through the FDA. But I think it's fantastic. I think this whole movement, sensors, telemedicine bringing healthcare more in the hands of the consumer, more convenient to the consumer. I think it's great.

Ron Barshop:

Well, it's interesting. You touched on three issues that one of our guests spoke about that I think is one, the heroines of healthcare. In Austin, Texas there's a company called Wellsmith. And what they do is they give a variety of sensors that are paid for by employers to the patient, now the consumer, and may engage them with a very interesting technology platform that instead of saying, "Hey Regina, good that you walked 10,000 steps. Let's say here's what's going to happen with the neuroplasticity of your brain if you keep that up. Here's what's going to happen with your BMI. Here's what's going to happen with your muscle burn. Here's what's going to happen with your digestive system. Your sleep patterns are going to be better." So it's not atta girl. It's more like, here's your BMI, here's your SIP particular. It's a pattern. It's a personal pat on the back. And it's also... So the sensors give about 55 different data points and they're reducing diabetes by roughly a third for their, for clinical trials.

Regi Herzlinger:

That's fantastic. I didn't know about this company its just fantastic. Another woman that I think is great. So when I wrote to Quill Healthcare, I blamed the hospitals. I blamed the insurers. I blamed the academics. I blamed the government and people said to me, "Well what about the doctors? Aren't they at fault?" And I said, "No they're the victims. They're not the causative agents of all of this." So the decentralization of healthcare and the lines telemedicine puts more and more power into the hands of the doctors, which is where it should be. So I'm a firm believer that if you're running a pharmaceutical company, you want know a hell of a lot about pharmaceutical science, that it's not a job for a sales guy. Not that those people aren't great, but pharmaceutical, you really have to know the core science. Same thing with healthcare delivery. I think that the physicians should lead healthcare delivery. And I believe this movement will enable them to do it.

Ron Barshop:

There's a, on Yom Kippur, you have sins of commission and sins of omission. And I believe the doctors have sins of omission, but also I think the big villain that has the biggest sin of omission is the employers that could be funding direct contracting. So there's a new direct contracting movement. There's about 20 million patients that are part of this. Walmart has joined the bandwagon, all the big Silicon Valleys have joined the bandwagon. And they're now directly contracting with their local health systems, with their doctors, with their labs and by direct contracting and sidestepping the insurance companies and the PBMs, they're able to get the best prices for their, the consumer, the employer, employee. And so they're turning out to be heroes and they're finding hundreds of millions of dollars of buried treasure in there spend.

Regi Herzlinger:

Yeah, very good point. So the employers, I just published in HBO article about something else the employers can do. So we found they spend about a trillion dollars a year in the U.S. on healthcare, but the costs go up much faster than GDP. People's wages have been flattened because the employers are forcing more and more the costs of the increase the deductible. The employers have been non-starters in this whole movement. And it's really surprising they delegated it even though healthcare is one of the most important issues for employees. And it's such a huge cost driver. So direct contracting is one thing they can do. And it's a very good thing,

essentially cutting out middleman, just inter mediating or middle [inaudible 00:11:47] disintermediating somebody who doesn't add much value or in case of the BBNs~ who's value is totally unknown.

Regi Herzlinger:

So another thing they could do, and that's what this article was spouses is to give their employees much greater choice of insurance options than what they presently do. Most employees have a choice of one or maybe two insurance options give them the money that they can use tax free and have on the options should be Obamacare compatible. So no policy with the \$5 million deductible. And if they spend less than what the employer gives them they can keep the money.

Ron Barshop:

You know, I don't understand what we're talking about now are real solutions that are out in the marketplace for millions of people. But how do these big companies, these big systems allow you on their board when you're nothing but a troublemaker?

Regi Herzlinger:

Well I yeah, I try not to be. I try to be a member of the team. And I think the companies that I was lucky enough to serve on wanted to have genuinely diverse, not just that I'm a woman, but diverse intellectual points of view. So one of them was a company called Cardinal, which grew from a hundred million to 250 billion while I was on the board. I had very little to do with that growth other than to cheer the strategy that brought it on. But the CEO of that board was a real fan of my ideas of diversity in health insurance. I think that's one of the reasons he asked me to join.

Ron Barshop:

Do you, are there some boards stents that you just couldn't believe they asked you because your thinking is so different from theirs?

Regi Herzlinger:

I, believe it or not, I said no more than I said yes. There were some companies that for a number of reasons, I just didn't feel that I would be a useful asset to them.

Ron Barshop:

Do you get disappointed when you see for example, President Biden or elect President Biden, he's brought to the VA, somebody with zero experience in health care, zero experience in the military, he's brought to the head of HNHS, which is the largest spend in the federal government by far, somebody who has zero experience running companies, zero in healthcare, zero experience. I mean these are people are going to be leading a gi... Basically a third of our economy, and they're not, they don't know what they're talking about. They're completely out of their a swimming lane.

Regi Herzlinger:

It's another way to look at those choices. So the AG, the attorney general was say from California was a real advocate for Obamacare and a strong advocate for Burton and Obama. So another way and yeah there's you say the experience, the footsteps as I call them are a little lacking. So another way to look at that is who's going to be running that show. It seems like it's going to be the White House that a narrow or administrations like that, where you know they tell you when it is that you can go and take a coffee break everything comes from the White House. The way I interpret those very strongly Partisan appointments. And I'm sure there are great people but as you say, the resume is kind of baffling from running on Stuart Agencies. I assume they've been appointed for their loyalty and their public acceptability, but that the script is going to come out of the White House.

Ron Barshop:

And here we're supposed to trust the federal government to run healthcare as a single payer system. We have the VA to thank for a lousy system there. And we're now counting on the government to expand that to all Americans, just beyond belief.

Regi Herzlinger:

Yeah. So I think... So what do I know I'm tenured so I can make predictions and be wrong and that's the way it's going to be. I don't think the American public wants Medicare for all. I do think they want universal coverage. And one way to do it is this public option. The problem with the public option run.

Regi Herzlinger:

And tell me if I'm getting too monkey here is it's Medicare. And the problem with Medicare is Medicare's been under-priced for decades and the Congress loves it because they set the price low. People love Medicare, they love Congress but it has a net present value unfunded liability of at least \$36 trillion, so who's going to pay that? Well yeah, exactly. In the Congress they're fine with it. So we don't want more Medicare I think what we want is to expand insurance perhaps by using Medicare's pricing power, but let the private insurers run this extended system. Not that I'm in love with the private insurance but unlike Medicare they cannot under-price their offerings. They have to price it so that they need some sort of bottom line, which means that our grandchildren are going to be saved from another tens of trillions of dollars coming down from under funding Medicare.

Ron Barshop:

That we simply don't have?

Regi Herzlinger:

We don't have [inaudible 00:18:44] and that really is hurting us competitively. It's a tremendous burden on our debt, on our interest rates on the attractiveness of the dollar. It's a very serious issue.

Ron Barshop:

You know there's a saying that you get the elected politicians that you deserve. We have elected in our three biggest cities, mayors that happened no, never made a payroll. They've never owned

a Kool-Aid Stand as much less of business. They are yet indefinitely closing businesses by the hundreds in their cities. And the ironic thing is they'll probably get reelected again. How do you feel about these large closures and these giant blunt instruments, where there were closing entire cities, you know with these blocked programs, as opposed to surgical programs?

Regi Herzlinger:

It's heartless. There is a restaurant near where I live and it says French Bistro, which needless to say was never that popular, but it was okay. The owner and manager had just got married before COVID, I called him, he closed the place. I called him I said, "I think I can mobilize customers". He said no, he can't open it. So these are tragedies that are repeat over and over again for a solution that at least to me is not clear at these restrictions on businesses running themselves. Clearly social distancing is where the shot wearing a mask is with the [Chuck 00:20:36]. But restrictions on things like restaurants, having indoor dining in a place like Massachusetts, where it's not exactly Hawaii or Texas it's called [inaudible 00:20:52], it's pretty heartless.

Ron Barshop:

And my son works in one of the Harvard hospitals. He said they're at about 20% occupancy for their ICU beds right now, Boston is not trouble. But the headlines are screaming as if it's a Peyton Place. It's very dramatic, very exciting, very, very nerve wracking. You do not want to be eating at a French Bistro in Boston, or you can get yourself killed even though the rate of infection is at the fatality ridiculous.

Regi Herzlinger:

So we happened to have a governor Charlie Baker who rescued Harvard manga, or one of the health insurers here from bankruptcy and who was a VC, very smart. And I think he has the kind of resume that you're talking about real businessmen, very astute businessmen. I think that, I don't know what he thinks, but I would guess that he's very dubious about all these draconian measures, but because the media is so high on the [inaudible 00:22:06] he has to go along with them.

Ron Barshop:

So Regi, I'm going to spend that you have pretty wise genes in your gene pool, but I read in your history that your father was a Rabbi who fled Russia to land in Nazi Germany just before the Third Reich was created. What happened there?

Regi Herzlinger:

No, he had fled Russia awhile before then, and Jews in Russia he became a Rabbi because of family for a long time were Rabbi's at a time when Rabbi's were not ministerial, but they were scholars and he was a scholar. He was a biblical scholar, but he wasn't particularly religious. And the reason he became a Rabbi is in Russia at that time, that was the only education a Jewish person could get. And so he left Russia as soon as he could and he went to Germany and he became a successful businessman there. But his whole family, my mother's whole family they were all killed. My father was as honest and he bought land in Palestine very early on and that enabled them to escape from Germany in 1939 just in a difficult time.

Ron Barshop:

So Regi, do you speak three languages? You speak Hebrew and speak German and speak English

Regi Herzlinger:

I do. My mother, it's very ironic about the German Jews in Israel. There are communities where the street signs are in German. They were, even though their whole life was destroyed they had a great loyalty to German culture. And my mother never learned Hebrew. She just detested Israel. So actually first language I learned was German.

Ron Barshop:

Now your mother was somewhat of a card sharp, wasn't she?

Regi Herzlinger:

Yes she was tremendous. She was very pretty and laughed a lot. And people thought she was kind of a dizzy blonde. Of course she was a tremendous card player. So I soon learned that don't judge a book by it's cover.

Ron Barshop:

Yeah. I suspect you do some of those guiles yourself in your lifetime?

Regi Herzlinger:

Not at all. Never around.

Ron Barshop:

Well Regi, I got to tell you I got admit, I'm in love with you. You can tell your husband, my wife doesn't listen to these podcasts, so she'll be okay with that. I'm so delighted to have you on the show. And anytime you want to co-host the show or join the show, you've got an open golden [inaudible 00:00:25:19].

Regi Herzlinger:

Just ask me. I'd love to do it. And I'd love to talk more about primary care providers and their plight and now I think they're getting out of it. So just ask me around. It's been delightful.

Ron Barshop:

You've got it. If people want to find you, how do they identify you on social media?

Regi Herzlinger:

Well, I'm on LinkedIn and I'm reluctantly on Twitter, but I'm mostly LinkedIn.

Ron Barshop:

And then if you could fly a banner over America with one important message, what would that be?

Regi Herzlinger:
Love this country.

Ron Barshop:
Yeah, I love it. Regi, thank you again. We'll have you as soon as we can and I'm just wish you a good Shabbat and a happy Hanukkah

Regi Herzlinger:
Same to you, all the best.

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 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 podcast and subscribing and leave us a review. It helps our megaphone more than you know. Until next episode.