

# Primary Care Cures

## Episode 114: Dr. Robert Pearl

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:

Primary care is seeing an unstoppable movement that is changing everything. And I mean, everything. It has no leader and no real name. There's no association, though it's right for one. And no one really knows the true size or velocity of this movement but its trajectory should put the fear of God into the bigs. And when I say the bigs, those of you who are regular listeners know I'm talking about the big carriers, the big biz, the big pharma, big hospitals, big devices and big middles like PBMs and brokers. And they're all masters of this universe, control it like no other, vertical and the American economy. Smart folks who have guested on the show estimate that around maybe 15 to 20 million patients and maybe 5,000 PCPs and mid-levels are in this movement. And here's the coolest part of the story, is it has achieved not only the tripling, but not even the quadrupling, but the quintupling. And by that I mean, happy patient, low cost of care, population health is getting better, doctor happy but let's add in here also, the payer is happy, employers as well same thing. So this achieves what I call the quintupling, way past the tripling.

Ron Barshop:

What is this game changer? Well, let's define it since it doesn't really have a name. It's simply any employer or individual who directly contracts with one of these five or all five of these elements: primary care, surgery centers, labs, diagnostics and imaging, and pharmacies. So we might call it the direct contracting movement but that's not right either because it's also a digital first movement, meaning that the consumer initially contacts their doctor by their handheld device to start this care episode.

Ron Barshop:

So today's guest has his own vision of what's changing in primary care and health care at large, thanks to the vast amount of consulting work that he does and a super cool show that he co-hosts with my producer, who puts this show together, Jeremy Corr, called Fixing Healthcare, which is exactly what I'm talking about. He's a regular Forbes contributor and he's the best-selling author, on faculty at the finest business school and medical school on the West coast, Stanford, and for 18 years, until a few years ago was CEO of the Permanente Medical Group, which at the time had 10,000 docs and I think is now over 23,000 and over 5 million members strong when he left. Welcome Dr. Robbie Pearl to our show.

Robert Pearl:

Good morning, Ron. And it's a pleasure to be with you today.

Ron Barshop:

But I got to tell you, I got so many questions for you that we're going to fill up this time very quickly. But when Jeremy called me Christmas two years ago and said, "You don't know me but you need a larger platform than this blogging and stuff you're doing." I said, "Well. What are you doing right now?" He said, "Well. I think you should do a podcaster." And I said, "Who are you doing with?" He goes, "Robbie Pearl." I said, "You had me at Robbie. You didn't have to finish Pearl." So you're sort of the Jesus Christ Messiah of primary care in my book.

Robert Pearl:

I'm definitely a big proponent of primary. And I love to tell people how adding 10 primary care physicians to community increases life expectancy two and a half times more than adding 10 specialists, even though my training is in specialty. And I fixed cleft lip and cleft palate in children with birth defects.

Ron Barshop:

So what are your thoughts on this direct contracting and digital first movement? I know you've interviewed some guests that have dabbled in this or are deeply involved in this. What are your thoughts on this potentially solving a lot of the problems that could actually fix healthcare?

Robert Pearl:

I'll be publishing my second book, *Uncaring*, how the culture of medicine kills doctors and patients, next month. Any of your listeners who would like to pre-order a copy can go to my website, Robert Pearl MD, and find it there. All profits, by the way, go to doctors without borders, as it did for my first book.

Robert Pearl:

And in that book I talk a lot about this movement and my belief that it has the potential to not only radically improve the system of medicine, but also the culture of medicine because what it does is the start to align incentives. I'm very familiar with quite a number of primary care groups, places like Iora and ChenMed. The ability to take responsibility as you point out new quintuple areas of focus of an entire population to be able to accept a payment and have it then be led by doctors, who then figure out how they can provide superior quality in a more convenient and technologically enabled way. And all of a sudden when you do that, you align the incentives, prevention becomes more important, avoidance of complications from chronic disease, patient safety, you start avoiding the 30% of things that doctors do, the interventions that add no value, you start to elevate the status and the esteem of primary care, you really reshape healthcare quickly. And the organizations that I spoke to are doing exceedingly well. They are booming. They're growing in size and there's a large probability. It will become a dominant form in healthcare.

Robert Pearl:

But if I have one word of caution, Ron, for your listeners, is to look at what Amazon is doing today. And that is the three years ago when Haven was formed, the organization that bought together Amazon and Berkshire Hathaway, JPMorgan Chase, I pointed out to the readers in a Forbes article that anyone who believes that Jeff Bezos is doing this for his employees as a not-for-profit probably thinks that Amazon only sells books. No, this is going to be a major new force in healthcare led by industry and by hope. And while like yourself I spend so much time writing and speaking on podcasts and consulting and talking to organizations, right now virtually obviously, is because I'm a strong believer that it should be led by physicians. And I think primary care doctors are just the right ones to do it.

Ron Barshop:

Are there any studies that show that physician led groups like the one you led... and by the way, Permanente is still being led by doctors. Do they do better? Do they outperform? Because I certainly know that during the pandemic hospitals in Houston that are physician-led did much better in every metric than the ones that are run by the suits.

Robert Pearl:

So understand that Kaiser Permanente is really two sets of organizations. It's the Kaiser Foundation Health Plan and they actually run the, I'd call the nursing side of the hospitals. And then there's the Permanente Medical Group, the group that I was the CEO of, that runs the care delivery side. And when the organization works well, it's a mutually exclusive relationship, all these pieces come together as one.

Robert Pearl:

When I became CEO in 1999, Kaiser Permanente was in big trouble. It actually was down to two days of cash with a borrow-a-day of cash to stay in business. It was good in quality but not outstanding. It lagged in service. It was having trouble recruiting physicians. And through that process, I will say physicians stepping up, stepping forward and providing a new strategy, a strategy focused around quality and service differentiation, we were able to move from being, as I said, good in quality to number one on the NCQA, from being a lagger in service to leading by 20 points on the J.D. Power to associates, to, by the way, lowering costs about 15% below the competition. And by the time I left as CEO, we had 10 physician applicants for every opening and we'd moved out market share from 34% to 46%. It's a huge amount of data about why that model works.

Robert Pearl:

But I will also say it's hard to do, which is why Kaiser Permanente was in trouble prior to my becoming CEO. It had done very well decades before but it had made some major mistakes. And that's the risk that has to be taken. But I believe that physicians leading it well along with health plan and hospital partners, not overlords but partners have this opportunity to be increasingly successful, particularly, Ron, in the post-Corona virus era.

Robert Pearl:

Because I believe that coming out of this pandemic, our nation is going to have major economic challenges. The federal government will have borrowed \$8 trillion as to payback with interest.

The States, as you know, by law have to have balanced budgets and going to have more unemployment, more people on Medicaid and less tax revenue. And the small businesses, that's really the engine of employment, not the Amazon's, the Apple and the Netflix that are very profitable, but the ones that run the restaurants, run the retail shops and the communities in which people live and employ the people in those communities, they've run out of their savings. And everyone's going to look to lower costs. And where else would you start besides healthcare? As we well know, the United States spends nearly double any other nation on a per capita basis. And our outcomes right now have lagged the other 12 industrialized nations.

Ron Barshop:

I want to get your take on the Walmart model, also the CVS model. But Walmart actually contracted a lot of physicians. Think I'm excited about it because it's not United adding another doctor. It's a retail offering that reaches directly to the consumer and gives them a real interesting consumer experience that makes it super easy to shop there. What is your take on the Walmart model? And have you been in any of their stores?

Robert Pearl:

I know a moderate amount about the Walmart model and it's, as you say, it's multiple different providers of that care. It's not that I think that the model is problematic. It takes care of, I'll call it more routine type issues. Ones, by the way, that in Kaiser Permanente we often took care of on the phone and then increasingly through video avoiding the entire need for the patient to come in at all. And part of why a retail store would offer this model is to bring someone to the store so that they can shop for other items while they're there.

Robert Pearl:

But I don't believe that it's the solution for several reasons. First of all, I'm a firm believer we need to have comprehensive electronic health information without knowing all the details about patients, who increasingly have multiple chronic diseases, who increasingly have more complex medical histories. I don't think that anyone can provide the best care without having all of the details. I think there has to be a continuity of care. And particularly with chronic disease, there has to not be an episodic but there has to be a continuous management of the problems. I'm a big believer in integrated medical organizations, medical groups, particularly ones that are going to be going to be physician led. I think they often can start in a primary care only model, but ultimately are going to do better when they are branched out and have a broader integration with specialists and primary care.

Robert Pearl:

But I am a strong, strong proponent of telemedicine. A decade ago I wrote a piece for health affairs when I predicted that 30% of what we do at the doctor's office would get replaced by telemedicine. At the time I exited as CEO, we were doing 14 million virtual visits a year. And what people tend to think of, and this is why I wrote the book on caring how the culture of medicine kills doctors and patients, they think of it as a poor substitute for making the patient come to the doctor's office. That's the culture of medicine. But to me a cure is with the doctor in the office, it's not. There are some problems for which it's necessary. But so often care can be provided that is better. It's immediate. It can be continuous. You don't need to take a half day off

from work. You can provide care multiple times in a month to a patient with an ongoing problem. And you can build inside of that various monitoring tools. Someone has a chronic disease, they have a disease every day of the year. We're not going to catch it for them every day of the year but we can do better than every quarter, every six months. And I think that that's the combination that happens.

Robert Pearl:

And as you pointed out, once doctors take a capitated payment for a population of patients, they start to put the systems in place... I wrote a piece for the Harvard Business Review about how primary care physicians can leverage support staff in the office. And I'm not talking about nurses. Nurses have a powerful role when it requires independent judgment, taking care of uncertain and complex problems. But much of what we do actually can either be accomplished by a medical assistant or a medical assistant assembling all the data and presenting it to the doctor in the right way so that physicians can maximize the impact that they have.

Robert Pearl:

I see all of this coming out as a future of medicine. It will have some resemblance to Kaiser Permanente. It'll have resemblance to other models of care. It'll create virtual models of integration. And I have a confidence that physicians, as they look to the future to say how can we accomplish your five-part goal or the nationally recognized multiple part goal of the quality and the convenience and the lower cost and the patient satisfaction and the physician satisfaction and the provider satisfaction, all those pieces coming together, I think that there's solutions that are close by. That if we can start focusing as care delivers, take the risks, take the payments, figure out the way to do it, measure our performance, I think we can accomplish things that have never been done before. And as Jeremy and I often talk about in the show that we host, once again make American healthcare the best the world.

Ron Barshop:

So Walgreens has partnered with a former guest of ours. VillageMD Clive Fields is a friend of mine from Houston, did a billion dollar deal. They're going to be expanding his primary care model in the back of the Walgreens. How do you feel about that?

Robert Pearl:

To me, it's not a question again of where you put your model. I think there are people or organizations like a Kaiser Permanente that are going to put into a bricks and mortar structure. You're describing a retail store that can put it inside that building, which as I say has advantageous aspects for the retailer. There are other people who are going to say, "Look, we already have offices stretched across the community but how do we use a telemedicine, a video, a single electronic health record to virtually integrate?" The key to me is continuity, integration, technology and leadership. And the exact site, the exact way you accomplish those goals, I think is less important than having the vision of what's possible and in creating that set of circumstances, where you're receiving a single payment for a population, where you're integrating with other care providers, where you have your eyes on higher quality and better service at lower cost. When you do all those things, as I say, the culture of medicine shifts.

Robert Pearl:

And right now I think that the systemic issues, how care is reimbursed and how care is bureaucratically limited and the computer issues that exist are all very real. And doctors are very well aware of them. The piece we're not aware of is this invisible part of the culture when we often trip over our own feet.

Robert Pearl:

I'll go back to the same question of why is primary care in the United States today, struggling so much. And part of that struggle is the added weight that's constantly being put on the doctor's shoulders. So we put on the doctor's shoulders because primary care takes care of every disease. They have this accountability and they've yet to have the resources. I think they can be able to accomplish so much more with an additional infusion of dollars.

Robert Pearl:

But if that happens without moving the culture, if we don't get the respect that primary care deserves... in a hierarchy of medicine, allocate the esteem to which primary care is entitled, I think what we're going to find is that we underachieve all that's possible and that the problems of today, the burnout, the moral injury, the failures of prevention... I mean, we only prevent or we only adequately control hypertension as an example, 55% to 60% of the time. When I was the CEO of Kaiser Permanente, we did it in 90% of the time. Now, why was that? How can we do 90% when the nation has the holes doing 55 to 60%? we had excellent doctors but so to most communities. We had the same drugs. We had the same knowledge. Because when you put that need inside an organization that is capitated, one that is integrated, one that has the computer systems and all of that is under physician control, now every time the patient comes in and in between coming in, you have opportunities to better manage that elevated blood pressure, which as you well know and you're listening well know, is the number one cause of strokes and kidney failure and a major contributor to heart disease.

Ron Barshop:

It's interesting. We've probably had half a dozen to a dozen DPC thought leaders, direct primary care, virtual primary care, we've had thought leaders there and we've had the digital first leaders of the largest organizations on our show and they all say the same thing about burnout, which you've addressed, is that it doesn't exist in the direct primary. They have as much smaller panels of like Gen Med, it's not in DPC, but they have 400. That's pretty typical, 4 to 600 for a DPC doctor or a premise health doctor or crossover health doctor. They don't have, certainly not more than a thousand whereas the typical PCP will have 2,500 or more. So burnout is not an issue. And then patient satisfaction goes up because now they're getting a longer visit. They're typically 30 to minutes to an hour. They have full access to their doc by their phone.

Ron Barshop:

And so all of these issues really seem to melt away and population health. We know that ER visits drop, pharmaceutical need drops, surgeries drop, stays length drops, outcomes improve dramatically when they have that quality time and access to the PCP. So I think I read very carefully what the current CEO of the Permanente group talks about. And he says that deep attention, a lot of strong attention to primary care and having a good relationship with that

patient is going to reduce all the downstream costs that I just mentioned dramatically by a small investment upfront.

Robert Pearl:

It's more than that, I believe, Ron. Because I think for the listeners, it's not just having more money. These organizations actually spend less money on care delivery than they do in the community around them. It's having a focus on how you're going to use your integration and your other tools to raise quality and lower costs. So what do I mean by that? Well, what happens in a typical community in the United States at 5 o'clock? You call the doctor's office with a problem. They tell you to go to the local emergency department. What a waste. The ED is only trying to figure out are you dying or not? They're not going to actually provide the breadth of care that you need. They don't know who you are. They have no information from before and they have no connection following. Some problems, obviously, need to be seen in ED. They need to be hospitalized, operated upon. But as an example, in the mid Atlantic, we had a physician sitting in our telephone center, 24/7. So when a parent called, the child had a fever. He or she in the call center could see the baby, see the young child, see the kid and make a determination and 70% of the time they could solve the problem without the patient having to go to the ED. Now think about that care. It's immediate. It's accurate. It's high quality and it's far lower in costs.

Robert Pearl:

So these organizations do it because they're able to then take, I'll call it inefficient, wasted care out of the system and replace it with higher quality, focused care. And that's how they generate the resource. And again, part of why I wrote this book *Uncaring* is we have to understand that in our minds, as doctors, we see the lack of resources but what we say is someone needs to give it to us rather than understanding how can we find the ways to generate it and why?

Robert Pearl:

Again, I think that's so important is we've been talking about burnout now for what? 5 years, 10 years, nothing has changed. Do doctors believe that if we yell louder, if we give people statistics on how it harms patients, when doctors are burned out, if we start talking about moral injury alone, that that's going to make them now suddenly provide the resources? I don't think so. I think what we need to offer is an alternative solution of care. As you say, Kaiser Permanente has been able to accomplish it. As I said, by the time that I stepped out as CEO three years ago, it was number one in the nation in quality and service.

Robert Pearl:

I like to call 20% higher quality, 20% better service and 20% lower costs with 20% higher physician satisfaction. That's a pretty good equation, but it doesn't happen until we change the system of medicine and evolve the physician culture. The things that are under our control, things that we often don't want to admit to, things that when we do we start to see that we have a role in ways that we can improve and I think that that's the future of medicine and it has a high possibility of being led by primary care groups. The ones that listen into your show.

Ron Barshop:

I know how you're going to answer this question so I'm leading the witness. But how do you feel about UnitedHealthcare? Basically, they're number one in primary care now. There's nobody even close to over 46,000 PCPs that they own. How do you feel? Is that a movement that's good or bad for primary care?

Robert Pearl:

Well, I'm not sure that the answer we give is the one you expected because I'm going to say I don't yet know. And I don't yet know because as you've pointed out that any organization in which physicians see themselves solely as employees and under the bidding of someone else starts out negative in my mind and in your mind. But I think that what United is going to find is that a insurance-led model doesn't succeed. That they're going to need that physician leadership and the question's going to be, will they then be capable of generating it, creating it, trusting it and seeding enough power to it, to make it effective? And if they do that, they're going to do I think exceedingly well. But if they don't, then another organization will displace them.

Robert Pearl:

One of the things I often tell insurance companies, I have a chance to speak to broad audiences. I said, any of you believe that Amazon is going to ask itself, "Who's the best insurer?" Is deceiving yourself. They see insurance as being simply added cost, and they're going to figure out to the best that they can, how to get rid of insurance the same way that they've gotten rid of a lot of retail stores that in their mind was redundancy. That's the challenge that exists. So if I thought that there was a better model that existed currently that could easily replace the American healthcare system, I would say the United health model is a bad model. But it also could be the transition and the stepping stone. And I don't mean United per se. I think we're using it as a symbol of all of the ways in which various organizations are hiring doctors initially as employees. But again, I'm offering at least the possibility that over time, they're going to recognize the futility of that model and move towards a true partnership, which could be a Renaissance for primary care.

Ron Barshop:

So I'm going to go through some rapid round questions. Just actually we're out of time. So I'll just do one of them. So the adoption of virtual care virtual primary care was 1%. So digital was 1% until COVID hit. And now it's closer to 40 to 50% of all visits are happening digitally. Do you believe we're still going to have a shortage of doctors or that we always just had an efficiency problem?

Robert Pearl:

I believe we have a shortage of primary care and a redundancy of specialty care. I believe that we spend something like 6% of our dollars on primary care. And it probably needs to be, I'll say, 10 to 12% somewhere in that range. But I think that the physicians in that model will not be practicing the way they used to practice in the past or maybe even at the present. But what they're going to be doing is linking together with specialists.

Robert Pearl:



So when I was the CEO in Kaiser Permanente, if a primary care physician was seeing a patient and the physician felt that he or she needed a specialty consultation rather than sending the patient home and telling them to call the specialist's office or sending a consult, we immediately, while the patient was there, we'd link primary care and specialty care. And as a consequence of that 40% of the time we could solve the patient's problems overall in dermatology using a digital image. Remember, these are when the primary care physician needs the console. This is not all rashes. These are rashes that the primary care physician needs help on. We were able to solve 70% of them in six minutes. I don't know what it's like in the community you are. Across the United States, that's six days, six weeks or six months. And think about how much better quality the problem is solved right now. Satisfaction, no need to miss a visit again, no delay in care and far lower costs.

Robert Pearl:

That's the kind of innovation that I believe that primary care needs to do. And when that happens, we'll have a very different specialty care model with probably, I don't know, 30% fewer specialists, but we'll have probably 30, 40% more primary care doctors.

Ron Barshop:

All right. So Uncaring, how the culture of medicine kills doctors and patients, it's coming out next month, guys. I'm going to get it as soon as it's manufactured, pre-ordered it and encourage you to do the same-

Robert Pearl:

All profits to Doctors Without Borders, a 501(c)(3) charity. A wonderful one providing medical relief around the globe.

Ron Barshop:

Wonderful. Thank you. And if there is a banner, you can fly overhead to give a message to people. What would that message be?

Robert Pearl:

We must make the world healthier and to do that we must all work together as well.

Ron Barshop:

Very nice. And if people want to reach you, Robbie, what is the best way to hook up with you?

Robert Pearl:

The best place to go is to my website, which is [robertpearlmd.com](http://robertpearlmd.com), where they can find a wealth of information, multiple different ways of reaching me. And I look forward to getting people's thoughts, ideas. My belief still Ron, is that we're all in this together. We all have ideas. They're all good ideas. We need to figure out together how to accomplish this. This is not one person with a me or you or any of our listeners. This is all of us together. And together we can once again, make American healthcare the best in the world.

Ron Barshop:

Thank you, Robbie, for your time. And I'll look forward to our next interview.

Robert Pearl:

Thank you, Ron. It's been a pleasure and thank you so much for the work that you're doing and for the vision you've provided for our nation and for physicians in primary care.

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