Nate: Denny, welcome to Illuminate HR. It's great to have you here.

Denny: Good to talk again.

Denny: Absolutely. So I'm going to come right out of the gates swinging for over 19 years. You were executive vice president and founding member of Wellpoint. Now Anthem we met when you were a CEO of Hixme, you were on several boards in the healthcare space. So I'm curious, after a career leading free enterprise health benefits companies, why in the world have you been so active? Some might say controversial in public policy, politics, a sort of government regulation that impacts those same industries.

Denny: You know, this is a, it's a frustrating industry because it has become a subject that every single American believes they have expertise in because if they've never been a patient, they know other people that have been a patient. And so we tend to equate our expectations related to our own health with a solution even if it's even if it's difficult to get there. And I can't think of another industry where we we come to terms with in almost every other industry all come to terms with what is an appropriate level of spending and what we're going to get for our spending when it comes to our own health. We have unrealistic expectations and because we can't find everything we want for free, we as a country have learned to turn to the government thinking the government can deliver that to us.

Denny: And so what you end up with is politics generating unrealistic expectations on the industry of healthcare delivery, healthcare financing, employee benefits retirement. And having spent, as you said, so many years in that industry, I feel like I've got to Bridgette somehow. You'd think that after 20 or 30 years of building successful companies in all parts of healthcare, that there would be some inherent value in that. And there's not, the public view of the entire healthcare system is the whole thing stinks. So I find myself wondering whether or not that's the result of failures of the industry or unrealistic expectations being set by third parties.

Nate: Yeah, and it's really fascinating because as you know, we're, you know, kicking into a much higher gear with presidential elections coming. The Democratic presidential debates have started and sort of that, you know, circus of that we went through with the Republicans as well of a million people on stage. And so I, I find myself frustrated as well. You know, in the language they use and also the fact that we appear to be attacking, in many cases the wrong folks. So I want to dive in a little bit to this. If you're willing to to sort of go there politically. Ah, you've been authorizing a series that's just fascinating and I can't wait for it to play out called Medicare for all 10 truths that no one will tell you. Now that we've Ben into a couple of debates here, I don't know how much you've been able to watch of it. People are really starting to pay attention to the issue. We hear a lot about the evil pharmaceutical companies and the evil insurance companies. What, can you sort of summarize for the listeners about what we've heard so far and maybe what truths are missing from this discussion or do we even have enough time?

Denny: Yeah, well look, what I look for in all of these discussions is somebody to speak to fundamental you know, driving forces and that's not what the conversation is about. The conversation is about you know, power phrases and trying to attract people into an idea that sounds simple and, and is, it is intended to bring about the notion that there's a simple answer, right? If I can just say, hey, you know, if everyone was covered, then the cost of healthcare would go down. Now there's no reason. There's no factual reason to believe there's any correlation between availability and access to care and the cost of, of, of a medical services. There's none. And yet when it's phrased just right, it sounds believable. Or if somebody were to say, the problem is that poor people, America can't afford to get care. Now it turns out that poor people in America have the best care in the world.

Denny: They have the freest, let me just put it this way. They have the freest care in the world. They pay nothing for it. And yet that idea of, Gee, poor people in America can't afford healthcare resonates. And so it, it's a, it's an attractive tagline and attractive slogan. So I look for things that are not that because those are not truths about the system. Those are oftentimes they're, they're not just false, but they're intended to direct the conversation in another way. We do have a problem in America with the cost of healthcare and some of that is of our own doing. I'll give you just one example. And, and if you, you the initial resonate with your listeners because we hear this conversation too, we all are following the fact that there's a there's a caravan up to Canada right now of people to try and buy insulin from Canadians pharmacies because it's 10 times cheaper than it is in the United States.

Denny: Now that's not something about the Canadian system versus the American system. What that's all about is something we in the business called cost shifting and the most recent installment of cost shifting is drug manufacturers who will give a discount, a massive discount to most drugs, to people who live out anywhere except the United States of America. And those people are all subsidized by higher prices for people who live in the United States of it's just price shifting. Nate, the reason I'm bringing this up is for 30 years we have had cost shifting. It began with the advent of Medicaid and Medicare. It got supercharged during the 1980s with the implementation of managed care. It went even further as large employers started self-insuring. It went even further with HIPAA being implemented in the late nineties and it went even further with the implementation of the affordable care act. So one thing we know for sure is every time government gets involved in trying to dictate how pricing will be for one segment of the population, then everybody else is going to pay more.

Denny: And I'm, so this cost shift is a big part of what's responsible for the craziness in the system. And and yet nobody was talking about that. Nobody was, you know, when you listen to the dialogue, nobody saying, Hey, if government, we're going to do something, Mike Government's actions be to require the same price for every medical service regardless of how you get to that medical service. Is that part of the solution is government says like the Japanese system, there's a cap on each and every service and it's up to the providers and hospitals and a drug companies to figure out how to make that profit under, under the CAP, which they've put. So, so Americans have strong feelings on both sides of the government. Setting wage or price controls. And so, so

there is the, there is a very, very healthy political argument in that it is, I think is absolutely true that if, if there was a set price for medical services, there would be more transparency.

Denny: It would be very difficult for somebody to find a way to a discounted price at the expense of their neighbor who doesn't have the same avenue. Right? So our older Americans and poorer Americans are receiving care at a far lower cost and all the rest of us. And we have decided as a country that's a good idea that as taxpayers we're going to force providers to accept less money for those people. And then we who are not poor or are not elderly, we'll pay more. But it feels to me like Americans are tired of that. Nobody wants to say, I want to pay more because somebody else is paying less. So there is a, there's a clearly a social question here and even a political question for us as a society, is it fair for us to have this, this be these differences hidden inside the reimbursement structures that pervade everything in medicine?

Denny: You know, there's a, there's a belief that there should be transparency that a hospital should publish its rates. It will help, it will not help us one bit because those rates that a hospital might publish, first of all, there's hundreds of them. Nobody will be able to make any sense out of any of them. And it won't help anybody understand the fact that by design, older Americans are buying medical services for far less than employed people are. So, so it's quite possible that the answer is to set a national set of rates that everybody has to operate within as possible.

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Nate: Currently paying less than those of us who who might have the means and are paying more. We're theoretically paying more for less because we all know that our, our quality is not quite where it should be. So we've got sort of that option or option B, the one we just talked about, there are a lot of folks that then believe if you set a max price, that's a reasonable level to bring down the cost of health care for all of us. You're then going to end up with aside a sort of business which is selling higher quality health care to those of us who can afford it. So you're, you're in kind of a weird catch 22 here where your choices either sort of mediocre healthcare for everybody and people who have money pay for it, or a potentially worse health, health care and harder access for many people, but people can pay who can afford it for superior health care.

Denny: So, so what you just said is the kind of dialogue that should be taking place. So I, I watched the second night of debate of the democratic primary debates and one of the candidates, I can't remember which made a comment. Now these are, these are Liberal Democrats who are debating in a way they're debating around the fringe of what we're talking about here. One of them said, I have talked to hospitals and providers and what they've told me is if I'm forced to receive Medicare rates for all my patients, which is what we're saying, right? The lowest reimbursement rates are those that are paid on

behalf of Medicare and Medicaid. Our oldest and our least affluent neighbors. If I was forced to receive only that, I would have to shut down my hospital. And boot Booz came from the audience boos and because there's an unwillingness for those who are, who really should be the heroes of those that are poor and those that are elderly, those should be the ones who would be saying, you know, you're right.

Denny: We have to be careful. Let's protect those and not run the risk that the fat cats who are really paying, you know, all of this don't cease to subsidize this market. And instead you'd expect free market conservative Republicans to be the ones that would be bellyaching about a, a, a lower fee schedule for everyone. So I, what ends up happening is we sort back to something like Medicare for all. Now Medicare for all has one really powerful idea in it. And that is it implements a fee schedule for all providers for all care that's set by federal law. And you can bet it's going to be set based on managing federal budgets. That's what Canada does. That's what the United States would do. But instead of us saying honestly to constituents and to those who are, who are looking at pro or con Medicare for all this is a mechanism to forced your doctor and your hospital and your imaging center and your drug company to accept a price set by federal law and though that's the same price they get for every patient. Instead of saying that, which would be very understandable to Americans instead of saying that we start, we make the point about, you know there's, it's, there's for profit intermediaries and the big bad insurance companies and everybody has to be in and if everyone's in it'll work a bunch of complicated arguments that are much harder to get, then we're going to force a lower price by paying people less.

Nate: Yeah. That's one of my big frustrations is watching this discussion and hearing people that the insurance companies are vilified and there's they're, they're vilified for all the wrong reasons. I certainly do not enjoy the claims processing system of many of the insurance companies I've had the good fortune to deal with. I don't enjoy a lot of the things that, that insurance companies do in represent, but we're vilifying them for making exorbitant profits, which is not the case. I mean [inaudible] they should make profits their, their business, but their profits are kept by the ACA. You know, there's, there's already laws out there that prohibit them from spending more than a, a pretty high percentage, 80 or 85% on anything but the cost of medical care. So it just seems misguided to me. And nobody's talking about this fact that the way insurance work is works is to protect a risk, right? So if you lower the actual cost of healthcare and you have a limit on what kind of profits the insurance company makes, wouldn't the entire cost of healthcare go down? But that doesn't seem to be a discussion people want to have. So I'm interested to know why, from your perspective, I have some theories about how much money is spent on lobbying by various groups. But what are your thoughts around this?

Denny: Well, you're right, there are already profit controls over the insurance industry for insurance. Now is you and I both know most people in the United States are not covered under insurance. They're covered under employer funded programs, which are not insurance. They're employers actually acting as their insurance company in most cases for most Americans. So insurance now is left for people who are poorer, who are older and who are having and who are consumers purchasing on their own or maybe

employed by very, very, very small employers. So the lion's share, people are not buying insurance, but for those who are buying insurance from insurance companies, the are absolutely controlled. But the losses are unlimited. So for the last four years since or five years since the affordable care act, more money has been lost by insurance companies in those lines of business, in the affordable care act lines of business than has been made.

Denny: And so this has not been a profit you know, maker for insurance companies. But so that, so that's the fallacy of the big bad insurance companies. And it doesn't matter whether they're nonprofit, for-profit, they have all struggled with how to exist with the tiny the tiny margins that are allowed under federal law since 2014. What's more interesting is, and again, we get to these political comments that are made that it's, it should be, there should not be a profit motive, but you see in the United States, well, let's go to Canada for a second. The reason single payer works in Canada is because the entire medical delivery system are employed by the Canadian government. These are government employees that provide you care. They decide whether or not you're gonna. You know, if you go see a doctor, you're seeing a government employee.

Denny: If you go to get an MRI, that MRI belongs to the provincial government. And so your payer is your provider and that's your government. We're not talking about that in the United States. We're not talking about making all doctors work for the federal gut become federal employees. We're not talking about all hospitals, a, B, you know, a, you know, moving into the DMV. And if we were, it would be a different conversation in the United States. Doctors are still in almost every specialty and primary care still paid multiples of what they're paid in any other country. And so I you know, I don't know a single surgeon that is a nonprofit entity. I don't know a single obstetrician that is a nonprofit entity. In the United States. We still allow and we are okay with our doctors making as much money as they can possibly make. And so why are we surprised that the cost of healthcare is going up when doctors incomes are where they are and, and are going up at the rate they're going up. It has nothing to do with WHO's paying their bills, whether it's the federal government, the state governor government, your, your large employer or some insurance company, they still have to pay the doctor with that doctor requires to see you as a patient. Otherwise they don't see when you call to make an appointment, they say they're full.