

- Nate: [00:00](#) Hello and welcome to illuminate HR. I'm your host, Nate Randall. On this episode we discuss managing healthcare costs through centers of excellence and avoiding inappropriate care and misdiagnosis. With my guest, former senior vice president of global benefits at Walmart, Sally Welborn. So sit back, relax and enjoy the show.
- Nate: [01:02](#) Thanks for joining me today, Sally. I really appreciate it.
- Sally: [01:06](#) Thanks for inviting me, Nate. Good to talk to you.
- Nate: [01:09](#) Yeah, so I thought maybe because you can't escape a conversation, I'm sure from your end without somebody wanting to talk about Walmart. So I thought we'd just start there and get that out of the way. Your role there as senior vice president of global benefits, you know, Walmart is an amazing organization. I had an opportunity to go down there and see your guys' facilities and talk to some folks there. And I know in Bentonville, Arkansas, you guys are doing some amazing things around health care and the impact that a company of the scale of Walmart can have really kind of gets you excited if you're at all involved in the healthcare space. So my question is, can you kind of tell us a little bit about Walmart and the scale, because I think that is just an amazing thing with that organization. And then I wonder if you might be able to jump in and, and talk to us a little bit about the creative work that has gone on there over the years around centers of excellence in healthcare.
- Sally: [02:12](#) Sure. Was a big question there. So the scale of Walmart is really hard for anybody to appreciate until you've actually been inside of it. And so my role there was senior vice president of benefits for globally and that meant it was a, we were providing benefits for about 2.2 million employees. We call them associates and of course benefits also apply to two family members. So multiply that times what, two, two and a half to get the full notion that the number of employees, people's lives that were impacted by the programs, products and services that we offered through the benefits group in the U S a Walmart has about 1.4 million employees, associates and almost that many covered under the health plan. Total number of lies. And I remember my first experience of really understanding and appreciating the size and scope of Walmart was when we were my team and I, my early, yeah.
- Sally: [03:25](#) First month or two, the team and I were talking about some challenge we were trying to solve for. And I sent in an offhand way well the chance of something, ha, this particular thing

happening is one in a million. And they looked at me with a straight face and said yes. And that was when I realized, Oh, we do have dissolved for the one in a million chance. And if we're talking about globally, it's gonna happen twice in our population. Right. So that's when it really hit me just how big this operation is. I'll tell you the other part about Walmart that underscores the scope of it. And that was in part of what intrigued me about originally the being recruited to, to join Walmart in 2009 is that not only is you know, are we providing benefits for, you know, over a million and a half, 2 million people, but we also have, you know, 100 million customers coming through our doors as well and they are purchasing health products, purchasing drugs and it's that con bind opportunity between the customers and the employees that really puts Walmart in a position of strength, if you will, in making a a strong point around what has to happen or what needs to happen in healthcare in America.

Nate: [05:02](#) Yeah. And from my very brief experience, sort of spending a day or two there and getting to talk to some of the leaders, it really does hit you in the impact that an organization like wall Walmart can and does have on the American healthcare system and the current crisis we're in.

Sally: [05:23](#) Yes, absolutely. I know that while I was there, it was a topic of conversation. And it's continuing to be, and the team is continuing to lead the market in improvements that will make a difference nationally.

Nate: [05:40](#) Yeah. So one of those is the, the great success and sort of the centers of excellence programs. Maybe you could describe just for some folks who, who don't know what that is, what it is, and then maybe a little bit about how Walmart is attacking this problem.

Sally: [05:57](#) Six or seven years ago, the team and I really became convicted around the fact that we could see many of our associates and their family members getting healthcare through the healthcare system. And it through anecdotes, we could see situations where they just were not getting the best quality care in their home marketplace. Now remember that a lot of Walmart exists in small town America. So that's part of the challenge for Walmart. The other part of the problem or the challenges, actually, it's, it's a national concern around the quality of, you know, across, across the whole nation. So as we saw that we said, you know, we, we wanted to, we knew that we were in a unique position to be able to do something different. And we

started with, with identifying what are the things that we could do that would potentially have the biggest impact on for our, our plan members.

Sally: [07:05](#) And we started by saying that we should focus on procedures where there is a huge variation in quality. Here's a very large variation in cost and it's very clear what the appropriate pathway for care should be. So that's how we started with spine and heart and our, our intent was to identify the very best in the country for those procedures. So that's finding the very best quality. So that was the first funnel. The second funnel that we applied was looking for providers who not only were going to provide excellent quality, but we're going to provide only care that was appropriate. And that's a much more a subjective assessment, especially in the beginning when you really don't know how to define appropriate care. You all know is that you've seen a lot of people potentially get services and procedures that it seemed like that they shouldn't get them, but there are no defined rules or pathways that identify it.

Sally: [08:23](#) So we had to find providers who we could just determine that culturally they were aligned through, we could see that the way they paid their provider, the doctors and surgeons for not fee for service, they paid their doctors on salaries. So they took away some of the inherent incentives in the fee for service arrangements that we have and should in today's healthcare system. So we started down this path of identifying this best, these best providers, highest and appropriate care. And then we made it extraordinarily affordable for our T our associates. We said if you use one of our centers of excellence, we will pay for the benefit 100% no deductible, no co-insurance will also pay for you to travel. We identified only about a half a dozen or so in the very first trench of COE. We'll pay for you to Trump or pay for someone to come with you or put you up in a nice hotel.

Sally: [09:22](#) We will meet you at the hotel, at the airport, pick you up, do the whole thing. And so we started in the past and we had some people agree to participate. It was totally optional. And with any employee benefit, getting the information out to the employees is always the biggest challenge. But we did get it out to a few people and the first few came back and said things like, this was an amazing experience. Why isn't health care like this in my home community? And that's when we knew we had really hit on something important. And the, the, the, the data is now out there. In fact there was an article recently published in the Harvard business review in March of this year, March, 2019 that gives all of the details on that program and the outcomes and

the results. And it turns out that for spine, almost half of the time, the patients that think they need surgery actually don't need surgery.

Sally: [10:30](#) They actually need a different course of treatment. And that is the difference between appropriate care and quality care. They may have gotten the surgery at home and it might have been a good surgery, but if you don't need the surgery, then that's completely avoidable. That's dollar spent, that shouldn't be spent. That's pain and suffering. That should not occur on any one person. So that to me it is unique. So the Walmart COE program and that is, it's not just a quote bundled, you know, that's the big buzzword, right? It's not, it is bundled, but that's not the point. Cause we, the amount that's paid is not that much different than paid on a fee for service. It's the fact that the, the, the arrangement with the center is such that we've number one identified centers, providers who were inclined to provide appropriate care to, that were paid for assessing whether or not the particular surgery was necessary and third who were going to provide it in the best quality that they possibly could.

Sally: [11:38](#) So that's unique with compass as compared to what you would find at some of the other, I'll call them air quotes, centers of excellence programs with some of the carriers. It's been now copied and promulgated through the Pacific business group on health has a centers of excellence program that is following the same methodology. And in fact, Walmart uses the specific business PBGH as a program for hips and knees, joints. And it's also followed in concept by at least one small innovator that applies the same process. Although not on a full travel program, it's Ana a regional approach for, for companies that don't want to send patients out of the area.

Nate: [12:29](#) Yeah, it's an amazing story and there's really a lot of layers to unpack there. So thinking through this, I think one place I'd like to start is it does sound like the way health care should be, right? I should, I should be able to go to a high quality doctor. It shouldn't be a bankrupting type experience and price point. Ideally it should be close to my home. But that's not always the case. So there's the centers of excellence, but that means there's a lot of centers of non excellence out there. How do we get to a place where this concept and, and, and what you guys were doing at Walmart gets layered over the entire healthcare system. What do you think are some of the solutions there?

Sally: [13:26](#) It means, and this is the hard part Nate, it means that it's not a zero sum game. It means that if a percentage of the care that's delivered is actually unnecessary, that means that we don't need as many of the people that are delivering that kind of care or the facilities in which that care is delivered. And the first part is that we have to be very clear eyed about the fact that this is not a zero sum game. That we can't continue to soft pedal around the fact that we have to potentially reduce the number of hospital beds. We have to, you know, reduce the number of surgeons or specialists. Now I will say the exact opposite is true with primary care. So I don't want to be misinterpreted here or misunderstood in that there are absolutely 100% categories of care where there is not enough, but in order to change healthcare in America, we have to be clear out about the fact that that there's too much care in certain areas. And so to be honest, I think that it will require employers who are the payers to become more competent and maybe more might be Boulder around helping their employees identify the, the better providers, the best providers and being bolder about saying and these are the providers that you should not be seeing because we are looking out for your best interests.

Nate: [15:11](#) Hi guys, this is Nate. This episode of Illuminate HR is supported by BenefitFocus. The BenefitFocus One Place conference is one of the rare gems in the HR conference schedule. If you haven't been or you're not aware of the great work these folks are doing and next generation consumer benefits, head over to [benefitfocus.com](http://benefitfocus.com) to learn more.

Nate: [15:33](#) It's interesting because there's, there's a lot of misinformation out there amongst the general public. So one point is that people think we have the highest quality healthcare providers in the world and we simply, I do not. We, we don't have the highest quality. The other thing is we hear a lot of scare tactics around, well, if you put in this type of national solution or whatever it is, it always comes back to the point you touched on of rationing care or we're going to have to close hospitals or we're going to have to do this and do that. And it sounds to me like, you know, to some extent, that's not the worst thing in the world. If some hack surgeon can't get a job,

Sally: [16:24](#) You said it better than I did. I agree. It's not, it's, it's, it's not about rationing care. It's about helping people not be, and you use the word hacked when they shouldn't be. It's, it's very difficult. Right? So if you ask any person, is your doctor the doctor? The answer is always, yes, I have a great doctor. The reality is it's really difficult even for someone like me who is a

sophisticated purchaser, as an as, as an individual, if I am a, and now that I'm on my own, I'm not on a corporate plan it's really difficult for me to be able to identify who is the, who was a good, if I'd be just searching who is a good surgeon out there or who is a good specialist if I needed a specialist. So, you know, it was better when I had an employer who could do that heavy lifting for me and I could look to the employer as being a source of you know, leverage for me as having experts who, who are able to do that for me as opposed to an individual.

Nate: [17:40](#)

Yeah. And it's, I want to dive into inappropriate care and misdiagnosis and some of those issues because I certainly have had my share of inappropriate care. An example that's pretty common I think is somebody has a major medical issue. They spend all of their own out-of-pocket dollars. They're still going through the major medical issue or they believe they are. So as a healthcare consumer, I'm likely to go, yeah, brain scan of course. Let's see if that's the problem. You know, it's not costing me anything. So so I guess that's kind of the question I have and, and I'd love to hear your thoughts around inappropriate care and misdiagnosis in general. But you know, when you've got consumers that are hell bent on getting every test in the book to try to figure out what they perceive to be wrong with them, that's a difficult situation to handle.

Sally: [18:41](#)

It is. But I will tell you that we're often than not a patient. So I noticed that I'm using the word patient and not consumer, but a patient is so often swayed by the person in the white coat. And if the person in the white coat has with authority is why is enough to make the right recommendations, then the patient is more willing to accept that. So I think there is now, so now let's, let's put it on the other side of the equation now. If it's a prescription drug that has an advertisement on TV, that's a little harder. Right? And that's a whole nother conversation about inappropriate use. Where there are drugs that are, you know, only one in 10 patients who are taking drugs, certain particular the, the specialty drugs, one in 10 times is it actually going to be helpful for them but they still keep taking it. And that's a harder one because of the perniciousness of the advertising that the pharmaceutical industry has embarked on. But other than that, I really think that the, the, the trusted wise person in a white coat, the doctor that can advise the patient on the what's really going to be helpful and it's not one more, you know well more tests. It's not one more procedure. I think that that you having the doctor that has that wisdom is the place for that has to change.

Nate: [20:31](#) Yeah, it's a great point. And earlier this year I had a couple of different conversations on this podcast around just that and that we really love to vilify the insurance companies as an employer working in HR. Of course, we're used to being vilified for all of the things you talked about. So that trusted advisor is the, the white coat. But they're also in some cases, and I'm not going to say all of course there are good doctors and facilities out there, but in, in many cases they are a major source of the problem. So it's a [inaudible] it's a complex issue when you have the trusted advisor being the person who's also overcharging for certain things.

Sally: [21:17](#) Well that's exactly, exactly, which is why the employer then has to identify the providers, the right doctors and hospitals that are going to be the ones that are not inclined to yeah. Prescribed additional tests, additional services or whatever. So it's connected, right. It's, it's the, the provider, the doctor who can tell to the patient who's saying, isn't there anything that else it could be done. Being knowledgeable and rational and understanding what is, it isn't the right thing to be deaf for that patient. And not having, allowing the patients who are your employees, your plan members, having access to those providers who are inclined to practice medicine in that inappropriate way.

Nate: [22:10](#) Yeah. And I think there's a growing, maybe, maybe you could tell me if you see this as well, but I think in the general population, there's a growing acknowledgement around the fact that doctors and facilities and, and, and all of these things, they have varying degrees of quality just like mechanics do. Or just like a handyman does. There's, there's some people who are really good and some people who are mediocre and some people who are just not that good. So do you see that there's a, a little bit of more of a growing recognition and a little more desire from the patient's perspective to have some tools to understand who's that right person to, to cut my knee open or, or what have you.

Sally: [22:57](#) You know, Nate, I, I'm not really I, yeah, I'm a little bit some, the, the reality is that it's, it sort of pains me to say this honestly because I, 15 years ago would have said the exact opposite. 15 years ago I would've said 100% that consumerism was going to change the way healthcare is delivered in America. And that when people understand those differences, they're going to demand to only get care from the best quality. They're going to look for it. We're going to have tools and resources 15 years later as I have over the course of these 15 years delivered

programs to employees, to people that would give them access to information about differences in quality. I don't see them used widely. And what I've come to realize is that people can be a consumer when they're choosing between plans. At the point of enrollment, you should pretty, can make some pretty wise consumer choices.

Sally: [24:11](#) But when it comes to the point of care, patients, rarely are consumers, patients, our patients, and this comes right back to what I was saying a while ago around that white coat. I'm a trusted advisor. That's where they want to go for that advice and counsel as to that. You know that someone who is actually a clinician who they trust for that advice. And so while I would love to say yes, consumers want to know who was the very best. I think they, yeah, they want to know. They don't know how to know. And in order to find out, they're going to ask their doctor,

Nate: [24:51](#) I hear exactly what you're saying. And really we shouldn't stand for sub par providers and processes and hospitals, especially for the amount of money we pay for healthcare. It should be the best in the world. Almost what you're saying is, is we shouldn't stand for it. And these people shouldn't be able to, to get their contracts and to have a job unless they're going to prove that they can do the job extremely well for the patient's benefit.

Sally: [25:21](#) So here's an example. Recently the the physician organizations decided to create a list of services that should never be delivered and they promulgated it through consumer reports in something called choosing wisely. It's great. Start right there saying, Hey, we realize that we're doing some things we shouldn't do, such as, here's a great example, automatically prescribing antibiotics, Ford air infection sciences. You shouldn't do that because you create the resistance to the antibiotics and it should only be reserved for the very, very last resort. They agreed to that. All right. So that's just one example of I think each medical society came up with 10 or 12 different things. Lovely. So what did they do with it? They promulgate it through consumer reports and expect the patient to have a conversation with the doctor about what should be done as opposed to, in my opinion, what should be done is those are operating procedures that no doctor should be allowed to operate outside [inaudible] but the, but the doctors won't police it themselves.

Sally: [26:33](#) So, you know, it's like, shit. Why is it that we allow that to continue? Why is it that the employers are not demanding that the providers that are covered under their health plans aren't or

should be following and choosing wisely? It's not like, it's not like we came up with the rules. It's their rules. Why can't we just simply say, you can't be in my network unless you follow the rules of choosing wisely. And I'm not seeing that happen. I need to get a few more employers be a little Boulder. And they told us requirements or before we're going to see a change in the healthcare system.

Nate: [27:19](#) Yeah. It's a incredibly complex problem. So on to one more thing I wanted to talk about is some work that you're doing in relation to the employer health innovation Roundtable or EHIR, I know that there's a lot of really great things going on here. Tell me a little bit about what this organization is and what you guys are trying to do.

Sally: [27:44](#) So EHIR employer health innovation Roundtable is a collaboration of about 70 or so now members, all of whom are employers who are already engaged in action that will impact the, the improvement of health and wellbeing of their employees. And they're doing it very intentionally through typically partnering with some of the innovative point solutions that have come to be recently. So we meet a couple of times a year. It's a, an efficient and effective process week collaborate in vetting these new points solutions. And then after implementing the, the members come back and share what worked, what didn't work, what the outcomes were. And it sets make you difference. It's it's helping those set those employers who are inclined to be action oriented be more efficient around finding solutions that are pertinent to their particular strategies. And it's also allowing these innovative solutions that need feedback and input from the early adopters to continue to evolve and deliver programs and services that will improve health care.

Nate: [29:09](#) That's awesome. Yeah, and the big part of the equation is that feedback loop. And I know I had talked to a lot of entrepreneurs who have ideas in the [inaudible] let's just say general HR space. And one of the most difficult problems they have, and I'm sure you hear this as well, is getting that honest feedback loop created with, with HR.

Sally: [29:31](#) Exactly. And that's, that is a key part of the EHR problem.

Nate: [29:36](#) Great. So I'll make sure that we get a link to EHIR on there. I know you guys do some events and, and there's some ways that entrepreneurs that want to get involved or want to be

considered can, can link up. Is that right? You guys have some, some different ways that people can be a part of the program.

Sally: [29:54](#) That's right. So twice a year we re ask anyone who would like to, any entrepreneur that would like to be in front of the employers to submit an application and then in between if they would like support for maybe a little bit of consulting or advice on does this work with employers. We also do that sort of on, on ad hoc basis to then, you know, for employers it's a, it's a membership organization and so for, if an employer is interested in joining, it's an application process as well.

Nate: [30:25](#) I'm really happy you're still engaged and, and doing all of the great work you're doing. I appreciate our friendship over the years and I appreciate what you're up to today.

Sally: [30:36](#) Well, thanks so much Nate. I thanks for allowing me a few minutes to to share my perspectives. And yes, I'm still very active because I think there is still so much to be done in health care and ways to make it a better system for all, all of us in United States. And so I'm, I'm not quitting yet. I'm, I'm going to keep working on it.

Nate: [30:58](#) Well, that's it. Thanks for listening to Illuminate HR. Don't forget, you can browse recommended reading from all of our guests and support the show on our website [illuminatehrpodcast.com](http://illuminatehrpodcast.com). Until next time.