Fixing Healthcare Podcast Transcript
John Delaney

Jeremy Corr: Hello and welcome to Season 3 of the Fixing Healthcare podcast. I'm one of your hosts, Jeremy Corr. I'm also the host of the popular New Books in Medicine podcast. With me is Dr. Robert Pearl. For 18 years Robert was the CEO of the Permanente Medical Group, the nation's largest physician group. He is currently a Forbes contributor, a professor at both the Stanford University School of Medicine and Business, and author of the bestselling book "Mistreated: Why We Think We're Getting Good Health Care—and Why We're Usually Wrong."

Robert Pearl: Hello everyone and welcome to our monthly podcast aimed at addressing the failures of the American healthcare system and finding solutions to make it once again the best in the world. In this, is our third season, we turn our attention to the world of politics.

Jeremy Corr: Our guest today is a candidate for the President of the United States. John Delaney is an attorney, businessman and politician. He was the U.S. Representative for Maryland's sixth congressional district from 2013 to 2019. Prior to that, he founded two companies that went public on the New York Stock Exchange, including a company that specialized in making loans to smaller sized healthcare providers. During the first democratic presidential debate, John distinguished himself as the only 2020 candidate with experience in the business of healthcare.

Robert Pearl: Welcome, John, we're thrilled to have you on our podcast. The show's format is simple. You'll have 10 minutes to present a road map for fixing American healthcare's biggest problems. After that, I'll pose questions to you based on my experience as a physician and healthcare CEO. Then Jeremy will dive in from the patient's perspective ensuring that you've addressed the concerns of American voters. With that John, let's turn it over to you. We can't wait to hear your plan.

John Delaney: Well, when I think about healthcare, and I think when everyone thinks about healthcare, I think we have to think of three things. That is access, quality and costs, because healthcare is really all of those things. When we think about reforming our healthcare system, which I do believe is broken, our goal should be to create a system of universal access so that everyone has access to healthcare. A system that gets costs under control because healthcare costs are the number one driver of the long-term fiscal health of our nation. Thirdly, reforming the system so that we have fewer disparities in quality. So when I think about healthcare reform, I think of it through those three goals. What I would do initially as

president in my first 100 days is what I call “fix the Affordable Care Act,” because I think the Affordable Care Act was a very important step forward and it was a good law. But there are some things that need to be fixed. Principally, a mechanism needs to be created to take some of the higher risk patients out of the various exchanges that have been established or could be established around the country, because some of these patients really do skew the economics of exchanges, particularly if they're small and they lead to distortions in pricing and they really affect the viability of the exchanges. That's really one of the unfortunate things that happened with the Affordable Care Act is that we didn't create a mechanism for patients that are particularly sick and in need of very expensive healthcare or, to some extent, individuals who are over 55 but under 65 and not yet eligible for Medicare. Those individuals really threw off the economics of these exchanges and there's some really good bipartisan ways of fixing the Affordable Care Act, strengthening it so that it would work better. That's what I'd want to do in my first 100 days. The second thing I would try to do with my first 100 days is put in place a public option, which I think would significantly improve the American people's ability to get healthcare. I would likely model the public option around something that uses the Medicare provider network, which I think is the most trusted provider network in the country, and creating a low-cost, very efficient public option that everyone would have the opportunity to buy into. I think it would significantly improve healthcare in this country. But then, thirdly, I'd want to work towards a form of universal healthcare because I think healthcare is a basic human right and I also think it's smart economic policy. I think if every American had a basic healthcare package as part of citizenship, they would be able to be more economically mobile either as entrepreneurs or just in pursuing economic opportunities, because unfortunately I think a lot of Americans are shackled to their job because it's the way they get their healthcare. The way I would create a universal healthcare system is along the lines of the proposal I rolled out, which is called BetterCare. Under BetterCare, we leave Medicare alone because it works. While it's not perfect, it's probably the best part of our healthcare system. So I wouldn’t make any changes to Medicare. But what I would do is I would create a new program that everyone gets from when they're born to they’re 65 and then when they're over 65 they go into Medicare. I would roll Medicaid into this new federal program because Medicaid is really a broken program around this country and you see it in a lot of different states. But the way the new federal healthcare plan would work under BetterCare is even though you get a basic government healthcare package as a right, you don't have to take it if you don't want to. So, I would give the American people choice, and the way that would work is everyone would get their basic healthcare, they could take it or not. If

they decide not to take it, they would get a credit from the government because they're effectively not using a benefit that's available to them and they could use that credit to purchase private health insurance, either directly or they could give it to their employer to help cover the employer-sponsored plan they may provide or they can give it to their labor union to help cover the cost of the healthcare that the labor union provides. That would lead to a mixed model where everyone had a basic kind of backbone federal healthcare plan. Then what would float on top of that is a combination of supplementals or a private market where people would opt out of the federal system and buy their own health insurance. That's somewhat similar to what Germany and France offer, and I think that's the best way to create universal healthcare. That's how I think about it. Those are the three phases. In terms of how I would reform healthcare, I'd fix the ACA right away. I'd try to get a public option done right away. Then I'd try to lead us towards a point where we actually have a universal healthcare system. I think those efforts would create a healthcare system that not only has better access but improved quality and lower costs. That's my overview of how I think about healthcare.

Robert Pearl: Let me ask you, John, a first question, which is, how did you become so knowledgeable and interested in healthcare?

John Delaney: Well, as you referenced, my first business was focused on healthcare. Actually my first two businesses. So my background is I grew up in a blue-collar family. My dad was an electrician. After college and law school, I became an entrepreneur. My first business with two partners was a home healthcare business where we provided healthcare into people's homes. Fairly traditional home care services, but this was in the late '80s, early '90s. It was somewhat of a new service at the time. Then I started a business that focused on financing small to midsize healthcare companies. Very similar to the companies that I ran, this home care company which we ultimately sold. The second company of mine was called Health Care Financial Partners and what it did is it focused on financing small to midsize healthcare companies all over the country. Things like rural hospitals, long-term care providers, home health care, large physician practices, diagnostic companies. During the time I ran the business, we made loans to a thousand healthcare companies all around the country. I spent a lot of time traveling around the United States, sitting down with the administrators of healthcare businesses and trying to understand their business models so I could help them finance their growth. That gave me a lot of insight to how the healthcare business works. I think I'd be the only president who ever has any experience in

the healthcare business, which is maybe one of the reasons why we've had such a broken healthcare system, historically.

Robert Pearl: Let me ask you, specific to two of the plans you've discussed, the public option and the basic coverage plan, how would you price them and how would you determine how much coverage to provide through them?

John Delaney: Well, in terms of the universal healthcare plan, let me answer your second question first. I would model the benefit package around the minimum benefits that are part of the Affordable Care Act. So, that would be the minimum set of benefits that I would offer. I think as it relates to a public option, I think you could offer a variety of options. From a pricing perspective, what a public option really is, is a government nonprofit that is functionally an insurance company, but it's national in its scale. It has a built-in provider network to start, which is the Medicare provider network. It could offer a variety of plans, which would probably be slightly different depending upon your age and things like that. I would price them so that the government plan, again, which would have a very low-cost operating platform, and would be able to spread risk across a large population because it would be a national plan, I would price it so that the nonprofit government insurance company would basically break even.

Robert Pearl: Why would you not just use the current exchanges and have the government have to compete against the current plans that exist?

John Delaney: Well, I think they would compete because a public option is effectively a government-launched insurance company. So, it would effectively compete with the exchanges, I think.

Robert Pearl: I guess what I'm getting at, and I'm a physician, is that quite a number of doctors really feel they have no choice but to participate in Medicare, which is why the choice of doctors is so broad. But if they didn't find themselves having to do that, they very likely might decide not to take Medicare patients as, today, they don't take Medicaid patients.

John Delaney: Yeah. Again, this is the part of the healthcare reform conversation that I think I'm the only one who's really comfortable or probably has enough courage, or maybe enough stupidity, to engage it, which is reimbursement rates. I think the reason you're saying a lot of physicians don't take Medicare or don't want to take Medicare, but they feel like they have to, is because the reimbursement rates aren't what they can get from other payers. That's the fundamental problem with the single-payer proposal that a lot of politicians put forth, which is, as I said, we

have no evidence to suggest that the government ever pays the cost of healthcare. I think Medicare is a great example of that because Medicare only covers about 90 percent of healthcare costs. Medicaid I think covers 80 percent and commercial insurance pays 120 percent. So I'd like to get Medicare rates up to more-approximate the cost of healthcare because I think that would create a healthier healthcare marketplace. But the problem is we have a lot of cost constraints, obviously.

Robert Pearl: I want to applaud your courage in the first presidential debates when you were the only candidate to take on the question of the cost, and what it pays, and the implications that it would have for patients, because that should be, from my perspective, like yours, central to the debate going forward as we figure out how to provide universal coverage and, as you say, a right of all Americans.

John Delaney: Yeah, because people think of commercial insurance in kind of a skewed way, which is, I'm not a big fan of commercial insurance companies, of course, I don't think anyone really is. But commercial insurance companies play a role and the role they play is they're an organized mechanism for the American people to invest in the healthcare system to some extent. That's what they really do. They provide a way for you to get coverage. But by doing that, they actually provide very important reimbursement levels to the healthcare system that allow for the healthcare system, in my opinion, to have pretty high quality and continue to innovate and invest and build new facilities and these kinds of things. So, they're kind of a necessary evil for lack of a better term because no one really likes health insurance companies, but they play a role, in addition to just insuring people, but they create a way for people to effectively invest in the healthcare system because the American people are really investing in making sure the healthcare system is as good as it is today. They do that largely through commercial insurance, which they either pay for or they get from their company. But in a way, they're paying for that because they're not getting higher wages as a result. That's something that people, I think, naively think you can just get rid of and have the government step in. I always tell them to just go to any rural hospital in this country. Ask them how it would be if, in the prior year, all their bills were paid at the Medicare rate. Pretty much everyone I've ever walked into told me they would close. Well, Medicare, as you say, reimburses at 90 percent and the margins for the average hospital in United States is under 5 percent. So, anyone who's only making 5 percent of the 10 percent revenue cut, as you pointed out very clearly, would be out of business very quickly. Yeah, in the hospitals it's even more profound because your average hospital admission, for the same reason, is paid at about twice the rate of Medicare than commercial insurance.

So it's really about 200 percent of Medicare rates is what hospitals receive. So Bernie Sanders made that point in the second debate. He says, well, the hospitals have a lot of bad debt and, if you had Medicare for all, then all that uncompensated care would get paid, and he's right about that. That would add revenues to hospitals, there's no question about it. But if you look at the 30 to 40 percent of their business that's commercial insurance, and you were to cut that in half, the additional revenues from uncompensated care would not cover the lost revenues from everyone getting paid at Medicare rates.

Robert Pearl: Absolutely, let me ask you, as a presidential candidate, why has the delivery system not really been discussed except peripherally, because ultimately any insurance plan has to reflect the costs of delivering care. Right now, as we know, the United States system is relatively inefficient. Thirty percent of what doctors do has been shown to be unnecessary and, sometimes, even harmful. Yet, outside of the drug industry, I've not heard people talk about the inefficiencies of hospitals or some of the problems with physician specialists.

John Delaney: It's funny. I was with someone the other night who's a researcher in anesthesiology and she's doing a lot of work around just errors that are made during surgery. Human error is not made from malice, just basic human errors that are made during surgical procedures and the effect it has, not only in terms of hurting patients, but the effect it has on cost. It was really staggering when you listen to the number. The fact that we haven't had more innovation, and using more technology to try to eliminate some of these human errors, I think the reason is, this is what no one likes to talk about. Trump made this kind of dumb statement at one point, but he was right when he said healthcare is complicated. It's such an incredibly complicated system. I mean it's almost a fifth of our economy. It's really thousands of systems layered upon themselves that the delivery system is really hard to reform and unpack. There's just a lot of inefficiencies in it. There's a lot of inefficiencies from a documentation and paperwork perspective. There's a lot of inefficiencies in terms of the things that people think they're doing to save money in healthcare. A situation where it's very hard in this country is to tell people that certain procedures really aren't, when you think about the likelihood of them being successful and the cost associated with them, we don't have a society where we can make rational decisions, particularly towards the end of people's lives. We have a lot of litigation expenses. We have really a very unworkable system. The only way to fix that is, it's very hard for politicians to go in and rewire the healthcare system, but what we can try to do is create incentives for people to change their behavior. I think there's things we can do. More people should be using hospice at the end

of their life. A lot of data has suggested that it not only makes your life better but, in many ways, it extends your life relative to other courses of treatment you might try at the end of your life to keep your family member alive. And do we have enough incentives for people to do that? Are we supporting the hospice industry enough so that they can actually be out there telling their story? It's a simple example, but it's one, until you've had a first-hand experience with it, you don't realize how incredibly impactful it can be. And (it) also saves an enormous amount of money, by the way. So there's just stuff like that. We don't do enough around prevention. We don't do enough about encouraging people to live a healthy lifestyle. The list is so incredibly long.

Robert Pearl: I agree. I love your drug plan. Can you tell listeners some of the details that you've written about in your various whitepapers?

John Delaney: Yeah, I think there's two issues with pharmaceutical prices in this country, which are really out of control. There's the easy issue that all the Democrats running for president talk about, which is that the government should negotiate Medicare rates, which of course we should. The government can use its purchasing power to negotiate rates for VA drugs and they're much lower than Medicare rates, so clearly we should do that. But the deeper problem in many ways and the problem that's a little harder to get your head around is the fact that the U.S. is really subsidizing the whole industry. What I mean by that is if you break the world down into two types of countries, poor countries and wealthy countries, I think we all agree that poor countries ought to be able to buy drugs really inexpensively, because if we don't provide them drugs at a low cost, they won't have access to them. Just from a humanitarian perspective, we need to do that. But I think we should also all agree that the wealthy countries should largely pay about the same for drugs. What I mean by that is folks in Germany should pay the same as U.S. citizens for their drugs. That's not what's happening. Folks in Germany may be paying a third of what we're paying and the reason for that is they have one person who negotiates the prices no matter where you buy the drugs. In many ways, those people negotiate the prices down below costs. To some extent, pharmaceutical companies don't even care that much because they can just keep raising the prices here. So in reality, the entire profit of the pharmaceutical industry is made in the United States of America. That's just not fair. So what I've proposed is mechanisms to actually create marketing incentives for that to change, including effectively taxing pharmaceutical companies; a tax on the difference of where they sell drugs in the G20 and where they sell them here, so that we create an incentive for them to lower prices here and probably have

to raise prices in other countries, so that there's no difference between where they sell the drugs here and overseas.

Robert Pearl: I concur with you. I wrote a book called "Mistreated: Why We Think We're Getting Good Health Care--and Why We're Usually Wrong." It's a Washington Post bestseller and, in it, I talked about the legacy players like the drug industry, like the hospital associations. I made the point of how much power they have. You had experience in Congress. What's the likelihood that significant legislation, the kinds you're talking about imposing, a pretty significant tax on the drug industry, could get through Congress, and signed by you, the president, but get through Congress to get to your desk.

John Delaney: Well, I think the biggest opportunity is with pharmaceutical pricing because that's where the American people are just like out-of-control mad. I would describe the American people's attitudes towards the pharmaceutical companies is they're really close to grabbing their pitchforks. I think other issues, with the hospitals, it's much more complicated and it's so directly in their face. Even my wife, she carries around one of those EpiPens and its gone up 10 times in price since 2000. So you're a physician, I'm not, and you can probably give me a much better of analysis of what's in an EpiPen, but I suspect not a damn thing has changed about an EpiPen in the last 20 years. Yet the price of it is up tenfold. So it's stuff like that, that's just outrageous.

Robert Pearl: What's actually interesting about the EpiPen is that the product in it actually can't be protected, it's the delivery system, and that system was actually developed by the U.S. government through the NIH, and so the developer also—

John Delaney: Will you tell me, has anything really changed about EpiPen in 20 years?

Robert Pearl: Nothing. No.

John Delaney: It's gone up tenfold. So it's stuff like that, just like everyone's got these stories and so it's just outrageous.

Robert Pearl: Your book, "The Right Answer: How We Can Unify Our Divided Nation," focuses on bipartisanship. Again, I want to ask you about what's going on in the world of politics, particularly within the congressional level. Is bipartisanship possible in your view?

John Delaney: I think it is. I think the best way to get bipartisanship is to give each side a win. You know what I mean by that. A lot of things that Democrats are

fighting for are good ideas. There's a lot of things that Republicans are fighting for that are good ideas and, quite frankly, there's things Democrats are fighting for that are bad ideas and those things Republicans are fighting for that are bad ideas. What we really need to be doing is figuring out the things Democrats want that are good ideas, the things that Republicans want that are good ideas, and tearing them up. If you can give members of Congress a reason to go back to their district and tell them the thing they did that (are) good, you create the opportunity for a political deal. Switching from healthcare for a second, like trade, we really should be entering into trade agreements like Obama was trying to do with the Trans-Pacific Partnership. But the thing was a lot of communities have been left behind by trade. So there's [inaudible] of trade agreements, even if they're good agreements. So the best way to get a trade agreement done is to pair it with an infrastructure program. Because if you go to the American people and talk about how you're building infrastructure, they're much more tolerant of you entering into trade agreements. They feel like you're not forgetting about them.

Robert Pearl: Next question I have for you, John, is I read this week that the employment in the healthcare sector continues to go up. Medicine (spending) is more than half people. It seems to me that if we're really going to rein in costs through greater efficiency, not just by price control, if we're going rein it in through greater efficiency, we're going to have to deliver the same or more care, higher quality with fewer people and yet every time something is done that might lead to that, as an example, closure of hospitals, consolidation of volume for better outcomes, the communities get up in arms and it's almost impossible to accomplish. How are we going to make the move towards a system that is more efficient given that someone is bound to lose with every change that happens?

John Delaney: Yeah, this is the hard thing about healthcare in many ways, which is that, and I'm not an economist by training, although I could give you the arguments they make, but healthcare is a huge percentage of our national spending. It's growing at a fast rate, but it employs a lot of people, and so everyone talks about controlling healthcare costs, but that always correlates at some level into fewer people working, and it makes you often think, I'll be of two minds about the healthcare industry. Yeah sure, the costs are growing, but it's also employing a lot. What's really the right thing to do? I generally believe it's always good to try to be efficient. That's the best way to be in a free-market economy and to encourage as much efficiency as possible. There's a lot of inefficiencies in our healthcare system. But as you know, people really value having healthcare around them. In rural America, this is a real problem. What's

happened to rural America, I don't know how, where are you located by the way?

Robert Pearl: I'm actually located both on the east and west coasts, but not in the middle, where rural America is.

John Delaney: So you don't spend a lot of time in rural America. But if you travel to rural America, like I do all the time, you see town after town has shrunk, and town after town has gotten older. And there aren't a lot of young people because there aren't a lot of jobs. So what that creates is a very, very bad dynamic for the healthcare system because, going back to what we said before, which is let's say your average hospital is a third commercial insurance and a third Medicaid and Medicare, and that allows it to stay open. Well, what's happened to rural hospitals is that it's no longer a third, a third, a third. It's like 15 percent commercial insurance and 85 percent Medicare and Medicaid. That puts a huge strain on the operating dynamics of a hospital. You can imagine, and it's caused a lot of rural hospitals to close. You go to rural communities and people have to often travel a great distance to get access to healthcare. It's a huge problem and people are really upset about it, which is your point about hospital consolidation. I mean some hospital consolidation is positive, but hospital closures because of the demographics in a community, and it puts people in a position where they have to travel great distances to get healthcare, is a real problem. I tend to think we've got to be more creative about telemedicine. We got to be more creative about getting flexible, high-quality healthcare delivered into these communities.

Robert Pearl: But it wouldn't solve the jobs issue that you raised and the communities are going to have difficulty seeing those jobs elsewhere even if the care's going to be available to its citizens. I read a fascinating study or survey that 70 percent of citizens in the United States today had great difficulty with the out-of-pocket payments and we know that's true. It's a leading cause of bankruptcy and half of the people could not afford to make their full deductibles if they got very sick without borrowing money. But in the same survey, 70 percent of people said they wanted more healthcare than they're receiving today. What's going on with the American individual, do they understand what's really happening? I'll say most significantly, what should be the role of the patient in improving quality and lowering costs?

John Delaney: Well, ultimately the only way out of our healthcare situation is to have a more empowered patient. Our healthcare system has really taken the patient out of it. There are very few rewards for patients to be healthier in our healthcare system right now because the bulk of healthcare that

they receive is paid for by someone else. Even though they have in some ways crushing co-payments and out-of-pockets, they don't see how those things go up or down based on how healthy they are. It's a situation where the consumer is really disconnected from the cost of healthcare and they don't shop for healthcare the way they shop for other things. So, there hasn't been the ability to rein in cost that I think we really need to do.

Jeremy Corr: It's no secret, the lobbying and power that the healthcare industry has in Washington, I think a lot of that makes the average voter or makes the average person think that when it comes to healthcare, the government really doesn't have the best interests of the patients in mind, what are your thoughts around that?

John Delaney: Well, I think the example of where that happens is the pharmaceutical industry. But I think it's also a too-simplistic way of thinking about healthcare generally. A lot of things has happened in healthcare in this country, some good, some bad, and often the good and the bad are interrelated. We could have 1950s-cost healthcare, but we'd have 1950s quality. And so there has clearly been a massive increase in the cost of healthcare, but it's come with a lot of amazing innovations that allow people to live with diseases that used to be terminal are now chronic; kids that were born with situations where they really didn't have any hope of living, now they can live full, healthy lives, and all these kinds of things are remarkable, but they come with a huge cost. So I think people tend to say, all that cost stuff is just because of corrupt healthcare lobbyists. But that's an over-simplification of the problem. I think in the pharmaceutical industry, we have a pretty stark example of why there's too much money in politics because the pharmaceutical industry has basically bought members of Congress off and the government doesn't do what it should do, which is negotiate drug prices. But I think in other industries, it's physicians or hospitals or long-term care providers or any of those kinds of things, I think it's much more complicated than just saying it's corruption in Washington.

Jeremy Corr: I know, and I agree with you on that. I think one of the issues though is I think a lot of people, even with the Affordable Care Act and promises made on both the right and the left, that deductibles keep rising, out-of-pocket cost keeps rising, premiums keep rising. I think the lower-middle-class families are the ones that feel, yes, there's all this innovation in healthcare, but it's not realistically affordable to them.

John Delaney: Again, some of that is true, and some of it's not. Costs have clearly gone up, a lot, but the question is, what's the reason for that and what do we

do to get them under control? Again, some of it is, again, people talk so much about money in politics and trust me, no one has seen it more firsthand than I have, whether it's on gun safety or on pharmaceutical prices. You see an example where an industry has bought members of Congress and effectively has bought their vote, so they don't do what's good for the American people. But on other issues, for example, on immigration reform, which had incredible support from all the big businesses in this country, and every major business group in the United States of America was lobbying hard for immigration reform. It didn't get done for other reasons. There's an assault on women's reproductive freedom, in my opinion, going on around this country that has nothing to do with money in politics. So there are things going on in our political system that are deeper than just problems with money and politics. I think it's always important to make that point. So a lot of things happening in this country around divisiveness and general dysfunction in government. I think healthcare's an example of it. Some of it is because of too much money in lobbyists' hands, but some of it is just the healthcare system has changed a lot and we haven't done reforms. Some of the reasons we haven't done reforms is because people are just a bunch of raging ideologues and they walk around with these ridiculous positions that are not rooted in reality and it prevents the situation that you can't even do common sense reforms. Look at the Affordable Care Act. You got every Democrat saying it's perfect and every Republican saying it's the worst thing to ever happen. Well, in truth, it was a really good law but it had some deep flaws in it. One of the flaws was what they did with, if you think about how the Affordable Care Act was structured, we had a provision in the Affordable Care Act that said, if you're over 55 but under 65, and you're in an exchange, that the insurance company can only charge you three times the cost of the cheapest plan. I'm 56 years old. If I were to go into an exchange, by law that exchange could only charge me three times what it costs or what it charges say a 21-year-old healthy young man. Well, from an actuarial perspective, my costs are six times that person's cost. The law says that the insurance companies can only charge us three times then what the insurance companies have to do is effectively make up for losing money on all the people over 55 but under 65 and the way they did that is by charging higher premiums to the younger people. The very young people who think they're invincible basically said, well, I don't want to get this insurance, too expensive, so I'm just going to pay this fee. They opted out of the exchanges and that left a lot of people in these exchanges who are in their 30s and 40s and young families that had no choice but to be in the exchanges and their costs went through the roof. Now, why was that provision put in for the over 55? It was put in because the AARP starts representing people at 55 not at 65, and they had a very big hand in the crafting of the Affordable

Care Act. They put that provision in there. So there's an example of a provision that really hurt the Affordable Care Act that has nothing to do with traditional big money in politics. It has to do with a terrific group that has worked as a fabulous advocate for seniors for a long time. You see what I mean? These things are often a little more complicated than they seem.

Jeremy Corr: I really liked how you talked about rural health. Robbie, as he mentioned, lives on both coasts. But for me, I actually live in Iowa. I grew up in rural Iowa. I'm in Iowa right now.

John Delaney: Where in Iowa?

Jeremy Corr: Iowa city.

John Delaney: Oh, cool.

Jeremy Corr: But can you talk a little bit about something that I think a lot of the country doesn't realize, and that's in a lot of these rural areas, there's no local gym. There's no access to healthy food, even, people just assume farmers are going to be eaten fresh food all day, but that's not the case. There's not a lot of access to healthy food. Can you talk about how you would help rural health, especially when it comes to preventative care and in even expanding that access piece?

John Delaney: Well, the most broken part of our healthcare system is Medicaid. It's just a terribly broken system and obviously, in Iowa, you know first-hand.

Jeremy Corr: It's super broken out here, yeah.

John Delaney: Yeah, super broken. I think what happened with that is just terrible. It's pretty clear to me what they did, which is they basically brought in a private operator who effectively just made a margin to push down prices, just to cut reimbursement for all the providers and made it worse. The problem with Medicaid is really simple, which is Medicaid is a state-funded program. The federal government contributes to it, but the state puts money in, as you know, and a big part of the money. Healthcare costs have grown faster than inflation in this country, and the way the government has financed that is by borrowing money and running up deficits. So, the reason the federal government loses so much money is largely because of healthcare, and it funds those deficits by borrowing money, which the federal government can do. The problem is most states have these balanced budget laws. They can't run deficits. So when your tax revenues grow with the rate of inflation in healthcare, which is your

biggest cost, grows at two to three times inflation, and you cannot run deficits, what you have to do is basically just keep cutting reimbursement rates. That's the only way you keep the program going. The state of New Hampshire, for example, they have a mental health Medicaid benefit. Do you know what the reimbursement rate is? It's $18 a visit. What I tell people in New Hampshire is you technically have a Medicaid mental health benefit because, if you go on the website of New Hampshire Medicaid, it says that there's a mental health benefit, but good luck finding a provider who will take it. We basically don't have a mental health benefit. The same is true in Iowa in lots of ways. They've cut reimbursement rates for a lot of these providers, and it's really created a situation where it's hard to get people to practice or to build new facilities or to do any of that stuff. So I think we have a crisis of rural health in this country, and I think it's based on Medicaid because Medicaid has become a much bigger part of rural health, because rural health's populations are shrinking, they're aging, and they're getting more poor. It's just at a crisis level, and I think it's got to be at the top of healthcare reform in supporting rural health through supporting these Medicaid programs.

Robert Pearl: So if I can jump back in then, John. If the federal government, in essence, takes over responsibility for these underfunded state programs, the implication would be that the total dollars expended would rise significantly at the federal level, not the state level. How do you see our nation funding that added cost?

John Delaney: So that's one of the reasons of having universal system that you can start changing some of the incentives that we talked about earlier. There were some good things in the Affordable Care Act like these penalties for re-admissions and stuff like that. That stuff actually works. I think we just need more of that, but it's hard to have those things when you don't have a universal system. So that's why I would be in favor of it. But the other thing we got to do, which we haven't talked at all about and we should probably touch on briefly, is innovation. We have to cure a bunch of these diseases. We have to cure Alzheimer's, for example, I don't know how we ever [inaudible]. That's one of the things that's most discouraging in my opinion about what's going on right now. Because I think we're at the threshold of some extraordinary breakthroughs in basic research, in life sciences and medicine, generally, largely powered by computing power and big data, which has allowed scientists and investigators to do work that is transformative, that would have taken years and years and years to do it, and now they can do it very quickly. I think we got to be doubling and tripling down on trying to cure some of

these things. Because unless we cure these things, we're never going to get healthcare costs under control.

Jeremy Corr: You have this big anti-vaccine movement of that, on both the right and the left. That is essentially...

John Delaney: It's dangerous.

Jeremy Corr: I'm curious as to, this health misinformation spreads like wildfire on Facebook and Twitter, and at what point do you think it's the government's role to step in and say, this goes beyond the boundaries of free speech. Essentially it's the equivalent of yelling fire in a crowded theater. At what point does that become dangerous and at what point is that the government's role to step in and prevent that? Or should it just continue to be free speech? How would you regulate that or kind of what are your thoughts on that?

John Delaney: Well, I think it's hard to rein in people's opinions on this stuff. I think the government's role as it relates to vaccines is requiring vaccines. That doesn't mean we should require a vaccine for everything. If certain diseases can be vaccinated against, but they can only be transmitted based on certain behavior that people [inaudible], I don't think those should be mandated vaccines. But for diseases that are readily transferable and can lead to public health outcomes and your behavior doesn't really change whether you would get them or not, then I think the government should require vaccinations.

Jeremy Corr: What about like religious exemptions and things like that?

John Delaney: I'm not in favor of exemptions that lead to public-health crises.

Jeremy Corr: One of the hottest topics in politics right now, I would say, is the discussion of Medicare for all. Is it realistic? How soon is it realistic? How soon would it be realistic? What would your message to voters be about what is the most realistic and best, or what's the most realistic step forward in terms of improving American healthcare and is Medicare for all something that can realistically come in and essentially wave a magic wand and fix things?

John Delaney: I believe we should have universal healthcare. Meaning, every American should have healthcare coverage as a basic human right, which is why I have a plan to do that, which is BetterCare. But I don't think Medicare for all is the best way to achieve it. As I said in the beginning of the show, I think healthcare is three things. It's access, quality and cost. Medicare for

all absolutely achieves universal access, just like my plan BetterCare does. But it will undoubtedly lead to a reduction in quality and increasing cost, in my opinion. I think the reduction of quality could get so significant that it actually starts leading to limited access. So, I don't think there's any chance Medicare for all ever becomes law in this country because it's fundamentally bad healthcare policy. If you reimburse the U.S. healthcare system at Medicare rates, hospitals all this country would close. That's never going to happen politically. I also think this notion that we're going to make private insurance illegal, I don't think anyone who's actually serious thinks that's ever going to happen. I think what's really disingenuous about Medicare for all and, to some extent I think its people who are pushing it are being incredibly dishonest with the American people. It's taking the good name of Medicare, which has a really good brand name that it's earned and deserved because it's a good program, and it's in many ways misappropriating it to something that Medicare is not, because Medicare is not a single-payer program. You get basic Medicare when you're over 65, but then you have choices. You can get a supplemental plan, but you can opt-out and buy Medicare Advantage. Under Medicare for all, you can't do either of those things. So I just think it's bad healthcare policy, it's terrible politics, it's never going to happen. But we should have universal healthcare. We just need a smarter plan than that.

Robert Pearl: Thank you again, John. I want to applaud your courage, your vision, and your willingness to, in an honest and open way, tackle healthcare, the most difficult challenge our nation faces today. I can't promise you that the listeners, the voters of this nation, will choose your plan over the others, but I do believe they will give it deep and serious consideration, and look to you to be a voice to help this nation solve the challenges of medicine today and, once again, make us the best at healthcare in this world. Before we go, let's take a few minutes to hear what our listeners had to say about the role of government in healthcare. The following comments came to us courtesy of the new Fixing Healthcare survey, which is available on my website, RobertPearlMD.com. Polling is still going on, so please don't forget to send us your thoughts.

Jeremy Corr: Many of our listeners wrote us about how the government should pay for healthcare. Several of them sided with John Delaney. Like Christopher Phillips, who says, quote, No socialized healthcare! He thinks the government should allow people to choose the best healthcare coverage that they can afford. He also says each state should allow for a safety net to protect our nation's unemployed, homeless or those who have simply lost their coverage. Daniel F. McCarter, MD, says that the government needs to make sure that doctors are paid based on their outcomes rather

than simply paying doctors to do more. Daniel believes one way to do this is to increase reimbursement for high-quality primary care. Robbie, our guest today has been a vocal critic of single-payer coverage. What do you think is the right way to finance American healthcare?

Robert Pearl: Jeremy, this is one of the most complex issues our nation faces. One way to view it is that the costs of healthcare, are born by people, by the American populace, regardless of who writes the check. They pay either through premiums, if they're individually insured, through lower wages, if it's employer-based, and through higher taxes, if the government provides the coverage. What's often missed, particularly in the current political debate, is that regardless of who pays, if the cost of healthcare is rising faster than overall inflation and GDP, healthcare coverage will become unaffordable.

Robert Pearl: When that happens, whoever the payer is will try to transfer the costs to someone else, and when that's no longer possible, rationing in some form is inevitable. What's missing in the conversation is a focus on the delivery system that is overpriced and under-performing. Any industry that is too expensive, particularly for the quality provided, ends up being disrupted. Healthcare will be no different. Unfortunately, given the political clout of the major healthcare players, tackling this issue has become medicine's third rail. It has become a political issue that everyone talks about but actually rarely engages in the type of deep and honest conversation that will be necessary going forward.

Jeremy Corr: Once again, thanks to Christopher Phillips, Daniel McCarter and everyone who has participated in the new Fixing Healthcare survey so far on RobertPearlMD.com.

Robert Pearl: Please subscribe to 'Fixing Healthcare' on iTunes or other podcast software. If you liked the show, please rate it five stars and leave a review. Visit our website at fixinghealthcarepodcast.com, follow us on LinkedIn, Facebook, and Twitter @FixingHCPodcast. We hope you enjoyed this podcast and will tell your friends and colleagues about it. Together we can make American healthcare once again the best in the world.

Jeremy Corr: Thank you for listening to fixing healthcare with Dr. Robert Pearl and Jeremy Corr. Have a great day.