

# Ethical Currents:

## A Revolution That is Kinder, Smarter, and More Affordable

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*Editor's Note: This is a summary of a presentation Mr. Johnson made at the 2019 Catholic Health Association Ethics Colloquium. His new book reflects many of the ethical concerns our ministries face every day as they attempt to balance finance and market concerns with high quality, patient-centered care.*

### CAN PATIENT NEED, ECONOMIC INCENTIVE, AND REGULATORY OVERSIGHT FIX HEALTH CARE?

America's broken, fragmented practices for delivering health care need revolutionary overhaul. The U.S. health care system ("the System") is wasteful and unresponsive to the people's needs. It serves entrenched interests. It places an untenable burden on individual Americans, their communities and the U.S. economy. It's time to use the people's purchasing power to create health care that serves and sustains Americans rather than thwarting and bankrupting them.

Health care principals execute transactions without customers. Patients visit doctors, doctors prescribe care, patients receive care, and third-parties pay for that care. In normal markets, buyers and sellers exchange powerful signals regarding quality, price and service. Health care transactions sever this buyer-seller

communication, fueling fragmentation and failure.

Absent market signals from customers, health companies optimize perverse incentives imbedded within American health care's peculiar and complex payment formularies. The System's Fee-For-Service (FFS) payments reward activity, not outcomes. Consequently, the System's payers and providers neglect consumers, misallocate resources and generate enormous waste. The result is bloated, error-prone health care service delivery with out-of-control costs.

Many suggest that rationing care services is the only way to control health care expenditures. This logic represents a false choice between unrestricted care access with unrestrained cost growth versus restricted care access with controlled cost growth. There is a better way.

Money is not the issue. America devotes 18% of national GDP to health care. That is more than enough money to provide superior care services for all Americans. The solution is smarter distribution. U.S. health care must allocate resources more effectively and efficiently to improve care outcomes and advance health while reducing overall costs.

This requires a customer-led revolution. It begins when buyers (governments, companies and individuals) demand more value for their health care purchases. Pro-market reforms, enlightened governmental regulation and empowered consumerism are propelling this revolution. Full-risk payment models that reward quality outcomes, service excellence and efficient operations are its disruptive catalyst.

The revolution gains momentum as health care consumers become customers (buyers) of health care services. The secret ingredient fueling Medicare Advantage's market success is that individual consumers select the health plan that meets their needs. In response, MA plans tailor their service offerings to consumer/customer demands.

High-cost, inefficient and impersonal health care is not our destiny. As demand-driven reforms take hold, the System's inherent weakness and vulnerabilities reveal themselves. Enlightened health companies thrive under fair and transparent market conditions. They adapt to consumer needs by reconfiguring business models to kinder, smarter, affordable care. They are creating a new American health care to serve all Americans.

A modern-day customer revolution is remaking one-fifth of the U.S. economy. It is disrupting the System by delivering better, more affordable services to growing numbers of Americans. Revolutionary Health care already has achieved critical mass in select markets. It's spreading quickly. As it progresses, Revolutionary Health care will improve the well-being, productivity and life-quality of all Americans and all communities.

In *The Customer Revolution in Health care: Delivering Kinder, Smarter, Affordable Care for All* (Wiley, Fall 2019) I explain how aligning economic incentives and regulatory oversight with patient needs will deliver better health care outcomes at lower costs with superior customer service.

As the revolution unfolds, the following beneficial behaviors will evolve naturally:

- Consumers will make informed health care decisions on their own terms with the support of doctors, nurses and care organizations incentivized to do right and do good;
- Payers will reward innovative health companies that deliver great outcomes at competitive prices;
- Health plans will strive to keep their members as healthy and "satisfied" as possible;
- Investors will fund the companies whose products and services delight customers and have the most impact on meeting market needs;
- Health companies will leverage consumer-friendly technologies that enhance access, safety, compassion and affordability.

The road to revolution is never easy. Revolutionizing health care is not for the faint of heart. It inspires disruptive, bottom-up, market-driven and customer-centric competitors who capture marketshare by conquering inefficient and entrenched business practices. Health care revolutionaries win by delivering customers the services they want

with great service and transparent, competitive prices.

The revolution will turn many sacred cows into hamburger. Powerful incumbents will adapt or disappear. New companies will emerge, change lives and thrive. When the dust settles, revolutionized American health care will serve the people, not the other way around. +

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