Margaret Flinter: Welcome to Conversations on Healthcare with Mark Masselli and Margaret Flinter. A show where we speak to the top thought leaders in health innovation, health policy, health technology and the great minds who are shaping the healthcare of the future.

This week we speak with Dr. Bob Kocher, a partner at Venrock, a venture capital entity focused on health tech and health services startups. He is also a former economic advisor to the Obama Administration on health policy and talks about the importance of a public/private health system to foster real innovation in healthcare.

Lori Robertson also checks in, the Managing Editor of FactCheck.org looks at misstatements spoken about health policy in the public domain, separating the fake from the facts. We end with a bright idea, that's improving health and wellbeing in everyday lives.

If you have comments, please email us at www.chcradio@chc1.com or find us on Facebook or Twitter, we love hearing from you. You can find the show on www.chcradio.com or wherever you listen to podcast as well. And you can ask Alexa to play the program Conversations on Healthcare. Now stay tuned for our interview with Dr. Bob Kocher of Venrock, here on Conversations on Healthcare.

Mark Masselli: We are speaking today with Dr. Bob Kocher, partner at Venrock venture capital firm specializing in healthcare IT and health service startups. He is an adjunct Professor of Medicine at Stanford Medical School and a Senior Fellow at the Leonard Schaeffer Center for Health Policy & Economics at USC, Dr. Kocher served the National Economic Council as Special Assistant to the President for Healthcare and Economic Policy in the Obama Administration. He earned his medical degree from George Washington University and completed his residency in internal medicine at Beth Israel Deaconess and the Harvard Medical School. Dr. Kocher, welcome to Conversations on Healthcare.

Bob Kocher: Thank you so much for having me.

Mark Maselli: You have such a distinguish career, you helped guide the Obama Administration in the development of the Affordable Care Act and you and our good friend Donald Berwick also authored an article in HealthAffairs blog, on How to Improve the ACA. But you also recently stated that we should tread carefully in marching towards Medicare for All. And I am wondering if you could tell our listeners, why you believe the public/private partnership is so essential to the continued transformation of healthcare in America?

Bob Kocher: To me there is three central problems that we try to address simultaneously. But first is healthcare costs way too much. Patients when they go to the doctor at the hospital, you know are astonished by the price and nearly always it's the most expensive thing that they would do. We have to first be guardians of the money and do everything we can to make healthcare more

affordable for patients. Medicare for All is one way to do that, but there is other ways to do it too, which is redesigning benefits to have lower cost sharing, provide more subsidies, there are lots of ways we can tackle that problem.

(2) Is we need to make the experience [inaudible] [00:03:04] lot less. Being a patient is terrible, things get forgotten, you need a caregiver to make sure people wash their hands when they walk in your rooms, the bureaucratic paperwork has been infuriating. We have to make the system itself, we designed a lot more like everything else that we experience in life, which is enabled by tech and made much, much less friction filled.

(3) We need to make quality better; it's astonishing that medical errors are the leading cause of death. And so I believe the way to do that is to actually challenge America to do it, private sector, entrepreneurs, the experiments you get, I believe outweigh the complexity that we have by having lots of people playing as payers and providers. I am hopeful that we will actually by changing the incentives which the ACA did and MACRA push forward about how we pay for healthcare will enable a whole generation of innovators to come and just show us better approaches.

We also with electronic health records created a bunch of more information that might allow people to design better systems of care. My premise is it will happen faster, if we allow both the government and the market to do it together. I am psyched that we see Medicare actually being often the first curator of payment model and then we see them copy by the private sector. Conversely, I am super excited by what we are seeing in the private sector in Medicare advantage around buildings things like hospital and a home and care teams that really are capitated in ways that allow them to do a lot of social determinants. I think it's that combination that can work fastest and most effectively.

Margaret Flinter: Well, Bob you recently noted that many startup entities are seeking relationships with the large insurance companies, who you know would have the resources to fund some good ideas, new ideas. I wonder if you would elaborate on some of these sort of failing fast scenario of trying things out, seeing if they are work and moving on, is really characterizing kind of a new age in innovation in healthcare and can get it both the issues of cost, but also that customer experience.

Bob Kocher: We are seeing a lot more appetite by large health plans to try new things. We have also seen startups get more excited about the health plans because they actually have a couple of things at their disposal which is benefit design. If you are trying to build a new way to take care of diabetes or behavioral healthcare, what's interesting about a health plan is that they can make the health insurance benefit, reward or incentivize or enable somebody to do that. A giant problem if you have a better approach to diabetes treatment or mental healthcare etc. you know a large employer may only have a few people who have that problem; a health plan has thousands of people often

with a disease that you want to target. You have a chance to actually reach a lot more patients, more quickly through a health plan and then the health plan has more incentive than often employers do, because they keep all the savings.

Now historically health plans have not been great at this, many people don't have a login to health plan portal because the health plan portals on the internet were so bad you would leave them. One of the things that the ACA did was create free preventative care, for all Americans and yet people still don't get that. And part of that's an awareness problem that you think you are going to get a bill afterwards. Health plans need to improve on their marketing capabilities for sure, but I would also say we are seeing large employers get the teak by you know, historical you know behind all these things that they wraparound the health benefit of having employees that are not using them. So health plans I think are going to be the place that you see a lot of innovation.

Mark Maselli: You know I want to pull the thread a little on that, employers are shouldering a huge cost burden in healthcare system. We have had conversations with the folks who are doing the Amazon, Berkshire-Hathaway, J.P Morgan Chase Initiative forming alliances to bypass large payers and streamline their healthcare cost. I am wondering if you could talk to our listeners about the potential for these new alliances. What other entities are poised to have a similar impact?

Bob Kocher: Well, I think they already have an impact, well a lot of reason why payers are becoming more receptive and excited about partnering with startups is the fact that they are seeing employers question whether or not payers exists by asserting that we can make new better ones like what is happening with say Amazon, Berkshire-Hathaway, J.P Morgan Initiative. First, it is shaking things up which I think is really positive for patients and promising that well hope for bringing some better things to of us through our health plans.

(2) Pretty hard, I think on cost to make a big dent. But I think it will be easy on the experience. I am very bullish that innovators will make the user experience of accessing healthcare a lot better, because they will bring to bear awesome technologists, great engineers, and the mindset that kind of products company would have towards that to make healthcare work to. On the cost side, I think there is nobody more talented and thinking about cost than Dr. Atul Gawande. I think certainly, they will identify opportunities. The hard part is going to be in negotiating with the hospitals. When you are a large employer, you have a lot of people that you cover, but they are scattered all across the country. In any given hospital you might only have 1% to 2% of the patients who are in hospital and they are largely there for paper and delivery.

You don't really have that much market share that you can likely, I think get hospitals to change how they work. You are not going to attack a lot of the things that drive a lot of healthcare cost which are end-of-life care, cancer

care, in the very frail, vulnerable populations that we see in the Medicare population. I think it's easier to go after cost when you have a Medicare population than a commercial population.

Walmart has been a real leader for many years on offering healthcare benefits to their employees on lower cost, generic drugs, even store primary care. Now Comcast is another employers who has had a really interesting approach to offering health benefits to their employees, they actually offer much lower cost sharing of a large employers and have seen flat cost growth, because they are quite good at negating patients in primary care.

Then there are some notable health plans like what North Carolina Blue is doing, around bringing primary care to the market and changing the payment models, is really exciting. So I think Haimen and Park kicked off a way of innovation and creativity, in response to large employers signaling that they may actually not be willing to accept the status quo.

Margaret Flinter: Well, Bob, I wanted to talk about something near and dear to our model of healthcare delivery and something, it sounds like you have also identified as critical and that's really bringing behavioral health services or mental health services into the healthcare settings. It doesn't happen by waiving a magic wand. It takes a lot of redesign, maybe share with us a little bit about how you came to the conclusion that that was one of the essential things that needed to change if we are really going to improve healthcare.

Bob Kocher: It's just so obvious. In America's healthcare system, we over utilize virtually everything in healthcare except for a mental healthcare. And that's just a disaster, because if a patient is depressed or anxious, I can't imagine how that cost were going to comply with my advice for how to better treat the diabetes and heart disease. The only way we are going to bend the healthcare cost is to actually spend more on behavioral healthcare so that we can really treat these conditions well. What's wonderful is that, for behavioral healthcare conditions the treatments that we can offer patients are, every bit as effective as the pills we offer people for their other conditions, like we have treatments that work. It's just not been a priority of the [inaudible] [00:10:13] healthcare system because investing in behavioral healthcare, lowers healthcare cost and lowers revenue to hospital.

We need to actually create more access and train more people to do these things and takeaway the barriers, to streaming the barriers to treat, because the ROI is enormous on this, not to mention the quality of life that would get people. I am shocked by the fact that in behavioral healthcare, insurance companies get away with having people in the network that don't practice, evidence-based techniques, in the sort of credential that they trying to go see them, so that's frustrating, and we need to fix that. We need to pay the providers enough. Now that's (2) and then (3) We need to actually do a better job at screening.

Mark Masselli: We are speaking today with Dr. Bob Kocher, partner at Venrock, venture

capital firm specializing in healthcare IT and healthcare startups. Dr. Kocher served on the National Economic Council as Special Assistant to President Obama for healthcare in an economic policy. You know I want to go back to that article that you wrote. You and Don were both sort of saying, it would be too much of a shock to our system, to try to get Medicare for All through, that it obviously doesn't seem possible with the Republican Senate. But you were really looking tactically at how we can improve the Affordable Care Act. Just on the tactical side you really think, this Congress who have not been able to improve the legislation of Affordable Care Act can really get some of these low hanging fruits accomplished.

Bob Kocher: I think it's amazing how well the Affordable Care Act has work despite every effort by --; undermined the way it is administered, I mean to chip away by either incompetence or aggressive desires to undermine the law. We see actually more people enrolled in healthcare today than we did 8 years ago. And so, A) I have to say the imperfect vehicle is working more perfectly that one would expect given the leadership that's being delivered to it today.

I don't think that current Congress is going to do anything because the presidential election that's looming on horizon, maybe politically too scary for the --; anything that actually makes healthcare better. I think you will see the Democratic candidates continue to campaign vigorously and in the fact that they will be much better stewards of our healthcare than Republicans they are the law and --; support a lawsuit that actually would eliminate the law immediately and make people other insured.

I was pleased to see Joe Biden's campaign, actually pick up on many of the ideas that Dr. Burroughs connected forward. We suggested that one of the most important things we can do today is to make the subsidies more affordable, maybe more generous for people so the cost sharing, once you get insurance, doesn't keep you from going to the doctor. And the Biden proposal also eliminated the phase-out point of 400% of federal poverty. So many more people will get subsidies with their plan. Now the third thing they do which I think is clever is for states that chose not to send Medicaid, they will offer private insurance, a 100% subsidize. I think that's a great way to show, how often the foundation of the ACA, you can do a bunch, make healthcare more accessible, more affordable.

The most important thing to keep doing is to then start working on fundamentally the cost problem and that's pushing forward more payment models that will work doctors for more productive, higher quality, lower cost care, it's the prices that are a problem and hospital prices are super high as are [inaudible] [00:13:23] prices. We have to look at both of those things and I hope that you will see Democratic candidates come up with more proposals on those topics.

Margaret Flinter: Well, Bob, one area we haven't touched on that you identified decade ago, as something that really had to change if we are going to have major systemic reform and how we organize and deliver care in the outcomes that

we get was medical education. Tell us, what you see change and what you think really remains out there as major, not yet delivered upon needs in terms of the way we recruit, we educate, we train the next generation?

Bob Kocher: Well, first, I continued to be inspired by medical students that I get to work with and residents that I meet. They were drawn to healthcare because it's a privilege to get to help people with illnesses live better. I think we need to do more to actually expand the opportunity to people who can choose to become a doctor or a physician's assistant or nurse practitioner or across healthcare professions to make sure that cost is not a problem. I proposed about a decade ago that we should have medical school free, if you choose to go into a primary care profession, because we need more primary care providers and we need more diversity in that population. I would like to make debt not an issue for people who choose that path.

Secondly I proposed that we should have tax if you choose to become a specialists, because specialists today make disproportionately more than primary care providers and that doesn't seem like the right incentive if we want to have primary care providers be the stewards of value-based care, and care coordination. I think we need to do a lot to actually kind of change the way, different medical professions are characterized to young student to take the stigma away from choosing things like psychiatry, homecare and physiatry, and hospice, and geriatrics. Because in many medical schools you know the neurosurgeons, CT surgeons and the surgical specialists are sort of viewed as like the most important faculty and the most important professions in this, we need to reset that, because that’s simply not true in real life.

The payment models that we have, shared savings payment models and capitation models, you are seeing many primary care doctors actually earn as much as specialist when they are successful, and I think that will also help sort of draw more people towards those professions. But I think first we should take away the cost barrier.

Mark Masselli: Well that’s great, and I think we could not agree, we do more about expanding the capacity of the primary care provider. One of our startups here is called Confirm Med where we do e-consults all over the country, in 41 specialty areas. We published in the December HealthAffairs, showing the economic model that we worked with our Medicaid department on 60% of the referrals going from primary care providers to specialist can be managed locally. But I do want to shift to the work that you are doing at Venrock, and really try and maybe share with our listeners about of the opportunities that you are given there. You are able to work with some of our friends Farzad Mostashari, Todd Park. But walk us through the lens that you have put on, about healthcare startups. What sort of makes them successful and what's on the horizon as you look at opportunities that might be a force multiplier?

Bob Kocher: Well, the most important thing is inspirational leaders and so I am blessed to work, some wonderful folks like Dr. Mostashari and Todd Park that you

mentioned. You wake up every day and try to make healthcare better. It's a pleasure to get to help them think ahead to figure out how do we work our way through barriers and how do we create scalable businesses. Second thing that's really important is to blend healthcare expertise with non-healthcare expertise. What makes many startups really go, is that we are able to hire some product designers and engineers who can bring kind of a clean sheet of paper, to help us think through how to redesign things to actually work a lot better and you compliment that with people who know all the rules and sort of which patients are going to be affected in which ways, and that's how, that's the magic, it's that combination. I think a lot about how do we create that environment for learning and for creation of products and companies that will be hard for incumbents to make because they live everyday sort of mired in the spaghetti which is healthcare, simple one.

As of where opportunity exists, healthcare has been such a giant jobs program in America and been the largest source of job in the recovery. It also means that we are not getting as efficient as we might expect and so there is a whole lot of people doing administrative things in healthcare, whether that's coding or collections or revenue recycle or marketing. There is a lot of ways one could have streamlined the administrative bureaucracies here, I think --; how can I make it work better and faster and cheaper. (2) We do a whole lot of care in these giant buildings that had a fusing layouts, called hospitals and health systems. It's much better to do care in the home or in the primary care doctor's office and so I think we will see a lot of innovation on how we can do hospital level care in your home, if you come and see at PCP in their office and you need to be given heavy medication than sending to an ER hospitals they can send it to your home and have a nurse and general medicine help set these things up for you. I think we will see home used a lot more often, there is a lot less infections that happen in your home, the food is a lot better, you bed is more comfortable you know people say all the time. Patients do better. I think we will see a lot more innovation in your home, we will see a lot more done through asynchronous engagement with your primary care doctor over text. You will see Medicaid [inaudible] [00:18:39] more quickly.

Unfortunately most patients start a medicine and then don't see the doctor for several weeks then start, you know until it takes a year, to get you fully effectively dosed. You see a lot of innovation in the medicine space. And I think you are going to see some really great things done with Artificial Intelligence, helping us be much better at identifying patients who are at great risk and intervening sooner toward complications.

Margaret Flinter: We have speaking today with Dr. Bob Kocher, a partner at Venrock and Senior Fellow at the Leonard Schaeffer Center for Health Policy and Economics at USC. You can learn more about his work by going to www.venrock.com or follow him on Twitter @venrock or @bobkocher. Bob, we really want to thank you, for all your contributions to healthcare, for your contributions to transforming healthcare and for joining us today on

Conversations on Healthcare.

Bob Kocher: Thank you very much.

Mark Masselli: At Conversations on Healthcare, we want our audience to be truly in the know, when it comes to the facts about healthcare reform and policy, Lori Robertson is an award-winning journalist and Managing Editor of FactCheck.org, a non-partisan, nonprofit consumer advocate for voters that aim to reduce the level of deception in U.S. politics. Lori, what have you got for us this week?

Lori Robertson: Were detainees in border patrol facilities told by guard to drink water from toilets, that's what at least four democratic law makers claimed after visiting Customs and Border Protection Detention Facilities in Texas for migrants apprehended trying to cross the border. But it's unclear whether the reference to toilets was to a sink-toilet combination unit and the tap water from the sink part. From a fact-checking perspective, this claim is akin to hearsay in court, we can't say what unidentified guards told unidentified detainees or what those detainees then told lawmakers. But we can lay out what we do know.

On July 1st after the visit to detention facilities Representative Alexandria Ocasio-Cortez said on Twitter, "Officers were keeping women in cells with no water, and had told them to drink out of the toilet." Two lawmakers from Texas and another from California also made that claim. The U.S. political editor with the DailyMail questioned on Twitter, whether the toilet had sinks with faucets on top of them as he showed in a picture from a different facility. Ocasio-Cortez responded to that tweet saying "It was indeed a toilet like that, but there was "just one and the sink portion was not functioning." She said, so the women were told they could drink out of the bowl.

Clara Long, the Deputy Washington Director of Human Rights Watch told MSNBC that asking people to drink from the tap that sits on top of the toilet is common practice across the border, but it's not drinking out of the bowl. Customs and Border Protection issued a statement that said it "Takes allegations of mistreatment of individuals in our facilities seriously. Anyone violating the CBP standards would be held accountable" it said. BuzzFeed News noted that there have been complaints about detainees being told to drink from toilet tanks before, a 2014 complaint filed by immigrant legal groups on behalf of a 116 children held in custody, included a complaint from a child who said her only drinking water came from a toilet tank. And that's my factcheck for this week. I am Lori Robertson, Managing Editor of FactCheck.org.

Margarent Flinter: FactCheck.org is committed to factual accuracy from the country's major political players and is a project of the Annenberg Public Policy Center at the University of Pennsylvania. If you have a fact that you would like checked, email us at www.chcradio.com, we will have FactCheck.org's, Lori Robertson, check it out for you, here on Conversations on Healthcare.

[Music]

Mark Masselli: Each week Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives. Tinnitus is vaccine condition that afflicts millions of Americans, a condition for which there is really no viable treatment to date. But a University of Michigan researcher may have found a solution. Lead researcher Dr. Susan Shore says, Tinnitus marked by a constant ringing in the ears, is really the results of misfiring brain signals. Her team has developed a device aimed at getting to the root cause of Tinnitus neurons in the region of the brain stem called the cochlear nucleus. When those cells become hyperactive, they create a signal that is transmitted to the part of the brain where hearing perception occurs and the constant ringing can wreck havoc on sufferers lives.

Susan Shore: What you are doing as you are tricking the brain into altering it's circuitry to go back to normal.

Mark Masselli: The device and works on two fronts, it uses both weak electrical impulses target to the brain stem and also sends time, sound to interrupt the auditory sensation.

Susan Shore: We developed this treatment for a particular class of Tinnitus, in which the person who has the Tinnitus is able to modulate, either the pitch or the loudness of their Tinnitus by pushing on their face or pushing on their forehead or clinching their jaw.

Mark Masselli: The study group has been relatively small so far, but the results have been quite promising. Dr. Shore says that the severity of the Tinnitus was greatly reduced in most of the participants and some got to the point where it no longer interfered with their daily lives.

Susan Shore: We need a good solution for Tinnitus as its affecting millions of people.

Mark Masselli: And relatively simple, targeted device that could potentially help millions of Tinnitus sufferers, allowing them to diminish or even ignore what is often a debilitating condition now that's a bright idea.

[Music]

Mark Masselli: You have been listening to Conversations on Healthcare, I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Peace and health.

Moderator: Conversations on Healthcare is recorded at WESU at Wesleyan University, streaming live at www.chcradio.com, iTunes or whatever you listen to podcast. If you have comments please email us at www.chcradio@chc1.com or find us on Facebook or Twitter. We love hearing from you. The show is brought to you by the Community Health Center.