



[Buy book or audiobook](#)

# Relocalizing Health

The Future of Health Care is Local, Open and Independent

Dave Chase • Health Rosetta Media © 2020 • 360 pages

---

Industries / Health Industry

---

## Take-Aways

- Out-of-control health care spending exacts an enormous and growing toll on Americans.
- The solution proves readily available and as obvious as the problem.
- Remain healthy by taking care of yourself in partnership with your primary care team, not through hospitals, operations and drugs.
- As millennials spearhead disruption of media, music, taxis and hotels, they will demand change in health care.
- The scale of the broken US health care system reveals itself in tragic ways.
- Fraud accounts for about \$300 billion of annual US health care spending.
- Many employers no longer try to contain health care spending, but many more are fighting back.
- Strive to establish a Health 3.0 system in your organization and community.
- Adopt a resistance mind-set. Refuse to remain part of one of America's most corrupt and ineffective systems.

## Recommendation

As in his previous work, *The CEO's Guide to Restoring the American Dream*, nonprofit founder Dave Chase describes the most egregious aspects of a badly broken US health care system. Few believe they can stop the giant health care system from crushing firms, bankrupting workers and sucking the soul out of communities. Chase, however, offers solutions that have already improved health care and life in the communities and the firms that have implemented them. Referencing numerous case studies, he describes challenging but fruitful alternatives to what is perhaps the developed world's worst health care system.

## Summary

### **Out-of-control health care spending exacts an enormous and growing toll on Americans.**

As of 2020, the health care system in the United States consumes a full fifth of the American economy. It has become a machine that does not improve health, but proves perfectly attuned to extracting money. Every year, more than any other factor, health care bankrupts Americans, even though 70% of them have insurance. It sucks so much money out of cities, towns and communities that public education, policing and social services have atrophied in many places across America.

Almost by accident, a system of employer-provided health insurance resides at the heart of US health care problems today. This uniquely US model blinds workers to the real costs of health care, and creates a perverse incentive that discourages preventive and chronic care while rewarding far more expensive acute and reactive care.

*“Our federal government spends 48% of its money on health care and still health care devastates state budgets all across this country, with serious consequences we’re already seeing in public health and education.”*

For workers, health care costs have caused wages to decline or remain stagnant in real terms for decades. Spiraling health spending consume funds employers might use to improve worker benefits and salaries, and to help fund community initiatives – as many once did. Nothing compromises the American Dream more today than the US health care system.

### **The solution proves readily available and as obvious as the problem.**

Some employers and communities realize that, more than ever, better health care options attract and keep top talent, and that investment and start-ups follow talent. IBM chose a new location for 4,000 employees on the basis of where it found the best health care: Dubuque, Iowa. Dubuque and other awakened communities don't seek construction of new hospitals, which encourage more hospital admissions. They strive to build a network of primary health care – local doctors, nurses and health coaches – that focuses on preventive care and patient-doctor co-accountability for wellness.

*“All of the structural models necessary to fix health care have already been invented, deployed, proven and modestly replicated.”*

Increasingly, communities, businesses and organizations nationwide are taking back health care. They walk away from big, conglomerate-run systems that take (and lose to rampant fraud) between half and three-quarters of every health care dollar out of the communities they purport to serve. They fire their mega carriers and put health care in the hands of the people who care about it most – patients.

### **Remain healthy by taking care of yourself in partnership with your primary care team, not through hospitals, operations and drugs.**

Hospital care, surgeries and pharmaceuticals account for only 20% of health outcomes, but consume the great majority of spending. To stay healthy, take care of yourself and avoid pharmaceuticals or hospitals.

*“We often limit shop local thinking to retail and food, but it is just as applicable in health care.”*

After self-care, the next step should involve your primary care physician, not a specialist, drugs or a hospital. Should hospitals and surgeries prove unavoidable, return to self-care as soon as possible afterward.

### **As millennials spearhead disruption of media, music, taxis and hotels, they will demand change in health care.**

Today, younger employees tend to question the health care they find, at work and elsewhere. Millennials understand they will spend half their lifetime income on a system that advocates unnecessary treatments and surgeries, and that harms or kills patients at a shocking rate. Fatalities from preventable medical mistakes constitute one of the leading US causes of death.

*“If we can’t slay the health care beast, millennials will see their future stolen from them.”*

Millennials use online tools and apps to choose better health care services. They tend to seek second opinions, eschewing the system’s default to clinical care, operations and drugs. Millennials may drive change that benefits everyone.

### **The scale of the broken US health care system reveals itself in tragic ways.**

The decades-long opioid crisis has claimed at least half a million lives and half a trillion dollars. It has eroded the blue-collar workforce to the breaking point. The workforce involved in physical labor suffers from expensive and inadequate health coverage. When physical work results in injury, the system doles out opioids for the pain. Because many people don’t receive paychecks unless they work, they neither rest nor recover. This exacerbates injuries, making workers more dependent on painkillers resulting in rampant addiction. More US workers under 50 die today from opioid overdoses than anything else.

*“I have seen enough to conclude that no incident of failure in American medicine should be dismissed as an aberration. Failure is the system.” (Dr. Otis Brawley)*

The incidence of opioid-related death and disability has created a smaller workforce. Candidates often can't qualify to work because of their drug use, and workers perform poorly due to drugs and to injury. Whenever the system prescribes an employee opioids, it costs, on average, more than \$100,000 per year in treatment and lost wages. The US health care system's design encourages crises like the opioid epidemic.

### **Fraud accounts for about \$300 billion of annual US health care spending.**

Fraud drives up the cost of insurance, but insurance companies don't pursue it as banks do credit card fraud. When, for example, claims show the same person receiving multiple hysterectomies or circumcisions, the system usually fails to catch the perpetrators and recover the money. The system floods the streets with drugs from fraudulent prescriptions. Incentives allow carriers to keep 30%-40% of the money they get back from fraud. The true losers are businesses, communities and Americans.

*"The cost of health care fraud is 14,285% higher than credit card fraud."*

Few employers realize that health care costs them more than almost anything else in their business. For some, however, annual double-digit increases have driven change because employers can't afford them.

### **Many employers no longer try to contain health care spending, but many more are fighting back.**

The Health Rosetta is a nonprofit firm that encourages organizations to adopt an approach to health care costs and quality that reduces expenses, aligns incentives and improves outcomes. It argues that organizations must apply financial standards to health care plans equivalent to the standards they apply to managing employee retirement plans.

*"There is no well-functioning health care system in the world not built on proper primary care. The same can be said about health plans."*

The Health Rosetta aims to focus employers and communities on primary care and prevention. Local primary care does a better job of managing problems that most affect employees, including substance abuse. The Health Rosetta affirms the need for employers to push for a local primary care system, one in which physicians have sufficient time to develop relationships with patients. Employers should enlist mayors and local government in the effort to rally firms and citizens around developing a local, primary-care-based health ecosystem.

Organizations that successfully manage health care spending often opt for self-insurance, and combine it with stop-loss insurance to cover catastrophic claims. Employers who self-insure (pay their employees' health claims directly) reduce their exposure to insurance-carrier-enabled predatory pricing, and reduce their spending by half or more. By providing incentives for employees to visit only approved, value-based doctors and specialists – whom they choose for their excellent results and fair price – firms control spending.

By following the Health Rosetta's principles, firms create captive self-insurance consortiums so that even small employers can obtain local coverage. Employers should consider how Rosen Hotels & Resorts and

the Pittsburgh Schools system address this problem. The Pittsburgh consortium negotiated per-teacher coverage of \$4,661 per year in comparison with \$8,815 in nearby Philadelphia – saving \$199 million per year. Teachers thus earn more money, with better benefits. It accomplished better health outcomes at lower costs by educating employees about the importance of primary care, and by teaching them to prefer high-quality, evidence-based providers.

*“The best way to slash health care costs is to improve health benefits.”*

Rosen Hotels in Florida has applied these approaches for 20 years and has cumulatively saved over \$300 million [Editor’s note: this figure went up to \$425 million by early 2021]. In comparison with benchmarked competitors, it spends a full 50% less per employee while offering much better care. Rosen provides on-site health services with health coaches, nutritionists and nurses. These in-house services helped Rosen and companies like it manage the COVID-19 crisis and reopen sooner. Rosen employees have no co-pays for almost all drugs, and pay only \$5 for a doctor visit. Rosen uses its savings to pay employees more, to cover college education for full-time employees and their children, and – as a shining model for the rest of the country – to donate to community causes. Rosen’s community sponsorship has helped reduce crime in its community – Tangelo Park – by two-thirds and increased high school graduation from unacceptably low rates to 100% in many of the following years. As a result of Rosen’s efforts, more than three-quarters of Tangelo Park’s high school graduates earn college degrees in comparison with just 9% of kids in similarly disadvantaged communities nationwide. Scholars have estimated the ROI on Rosen’s \$13 million in donations to the community over the past quarter-century at over \$90 million. At the same time, Rosen’s business has grown rapidly and succeeded enormously.

### **Strive to establish a Health 3.0 system in your organization and community.**

Health Rosetta offers a framework for Health 3.0. Before the current system of evidence-based, centrally managed, big-business health care (2.0), Americans benefited from small, locally centered, intuition-based health care revolving around a personal relationship with a primary care physician (1.0).

The 3.0 version of health care combines the personal and local care of 1.0 with the data and technology-driven health care of 2.0, to capture the best of both. By keeping money local, employing modern best practices, and leveraging supportive local, state and federal government, health care can prove twice as effective at half the price.

*“Since taking over their health care system, Alaska Native people are becoming the healthiest people on the planet.”*

In Alaska, for example, the Nuka system of community health care services for the Native population has dramatically improved life and health in villages across the state. Nuka has reduced hospital admissions by half and specialist visits by almost two-thirds, while significantly improving health care quality. By blending the best of modern health care with local, traditional values and a community-controlled, patient-centered and primary-care-oriented approach, the Nuka system has created one of the world’s most effective health care systems in just 10 years.

## **Adopt a resistance mind-set. Refuse to remain part of one of America's most corrupt and ineffective systems.**

Employees worry about risks to their benefits. Address their concerns with care. Educate them on the state of the US health care system, its perverse incentives, and how it puts them at risk even if they have insurance.

*“Employers should remind workers that the US is the undisputed world leader in medical-bill-driven bankruptcy – the No. 1 cause of bankruptcy for Americans. What is worse, 70% of those people had health insurance.”*

Illustrate the consequences of the system's shortcomings using the opioid and COVID-19 crises. Help them envision what true patient-centered health care can look like. Build support from the grass roots, communicate often, address naysayer concerns respectfully and openly, and highlight quick wins. Listen to employees, and change methodically – don't try to implement everything overnight. Do it in stages, building on and solidifying your successes.

Seek out local providers of primary care who bundle physicians, health coaches, nutrition experts and wellness advice into per-patient subscriptions, covering visits and preventive care. They should offer same-day appointments, modern technology and transparent, portable electronic health records.

Discourage employee use of providers – including pharmacies – other than those you screen and approve for excellence and low costs. Build your relationships directly, and work with your benefits adviser – not through a preferred provider organization (PPO).

Hire or contract with professionals who align with your new direction and who demonstrate the right mind-set. Ensure they possess financial and statistical skills similar to those of your retirement plan administrator. Give them the authority and support to negotiate and manage your health care costs. If you self-insure, hire a properly aligned benefits consultant to help you build your plan with the safeguards you need to manage risk.

## **About the Author**

**Dave Chase** wrote *The Opioid Crisis Wake-Up Call* and *The CEO's Guide to Restoring the American Dream*. He co-founded and helps lead the Health Rosetta, a nonprofit firm and public benefit corporation that focuses on transforming the US health care system.