

USER GUIDE

Aligning Forces for Quality Robert Wood Johnson Foundation May 2014 Joshua Rosenthal, PhD



*Health Care Start Ups fail at astounding, disproportionate rates



Alternatives



Better Odds (seriously)



Default



Noble, but hard & < 10 years left



Better Odds (w/ life insurance)



Not an Alternative (infra)



See "Default"



1x Rev

User Guide

Most 'Successes', Aren't



CENSORED Inc. agreed to acquire closely held health-care provider **CENSORED** Inc. for about \$790 million, noving the health insurer into a new business.

Texas-based **CENSORED** provides services such as occupational medicine, urgent care and physical therapy at more than 300 medical centers in 42 states. The company, with annual revenue of about \$800 million, also provides health advisory services and operates more than 240 work-site medical facilities.



Note: Payer buying Provider

User Guide

Engineers' Guide to Multiples







- Ja Ja Binks



- + Good fights
- Teddy Bears



+ Existential crises of free agency vs. determinism wrapped in a fairy tale



User Guide (ALT)





Professional Services, Providers

data / analytic platforms

Hey, what about Social / Public Good?

You're always better off if you create market value (even if you're a non-profit)

With finite budgets, non-profits will compete against each other; need market reinforcement/acceleration

Can go for-profit w/ public/social good for broader usage/greater impact*



MPH?

N A T I O N A L ENDOWMENT FOR THE ARTS



* KickStarter.com gave more \$ to the arts last year than the NEA. Cf. WarbyParker & eyeglasses for Africa

KICKSTARTER

Context



Health care has not done so well

In this race vs. other verticals





"Just wait 'till next year Financial Services & Energy!"

Lots of Bodies

Health Gare, Where Good Ideas Go to Die



A la fin cor Voleurs informer et perdur : Comme fruits malhoureux a coe arbre pendus

Monflorent ham que le coince (haverable et noire engenace) B/Pary methar inflorement de house et de vengennes ,

Et que cell le Delles der benner vicieux Delpremmer tijl en terd la suffice der Curue . 1]



Lots of failure (DTC*)

Healthcare Entrepreneurs' BootCamp



Track how fat you are! Only **\$1.99!**

*Direct-to-Consumer Note:

People don't like to pay out of pocket for something they don't like to do or don't want to know about



Lots of noise & fluff

"Health Care will move to performance-driven consumerism, following financial services & e-com"

Sounds good, makes sense

> (Nice hair, good "Blue Steel")

> > Problem: He's been saying this for 20 years



Speaking at a major health care conference near you



Noise

I have better engineering / architecture



Hmm, 'fixing the pipes' was not the answer





Fluff

Healthcare Entrepreneurs' BootCamp

I have better design & experience Hmm, the pretty colors on my social app didn't stop me







Lots of 'false indicators'

Healthcare Entrepreneurs' BootCamp

My data is bigger than yours



Hmm, this fixation indicates...





Lots of market perversities

Healthcare Entrepreneurs' BootCamp

Supply-driven markets:









* Source: Dartmouth Atlas for Unwarranted Variation



Old Paradigm – Fee for Service

Payers aggregate –

but some have not historically been "health care"



"Actually, I make more money off of bad drivers."* (Read w/ accent)

> * Note: Affordable Care Act changes this Cf. Medicare Advantage



Old Paradigm – Fee for Service

Some Hospitals/Providers may historically generated revenue by filling rooms*

Keep patients away?!?

I was trying to book you for an extra night!





* Note: Affordable Care Act changes this Cf. Medicare Advantage

Shift: Demographic –> Market





MBA test:

"To stay ahead of the game, the market I should look at is ____

Market Shift = New Profit Paradigm

P4P to incentivize market (including payers)

The New York Times

January 30, 2012, 9:00 PM

The End of Health Insurance Companies

By EZEKIEL J. EMANUEL and JEFFREY B. LIEBMAN



TAGS: HEALTH CARE REFORM HEALTH INSURANCE, MEDICINE AND HEALTH Here's a bold prediction for the new year. By 2020, the American health insurance industry will be extinct. Insurance companies will be replaced by accountable care organizations — groups of doctors, hospitals and other health care providers who come together to provide the full range of medical care for patients.

Already, most insurance companies barely function as insurers. Most non-elderly Americans — or 60 percent of Americans with employer-provided health insurance — work for companies that are self-insured. In these cases it is the employer, not the insurance company, that assumes most of the risk of paying for the medical care of employees and their families. All that insurance companies do is process billing claims.

WRONG – This isn't the end, it's just the beginning!*

* Cf. Bloomberg Our Company | Professional | Anywhere | Insurers Face \$1 Trillion Revenue At Stake In Health Law



Government is releasing lots of data*





* Expertly captained by



Need market to adopt – use to create value

Cf. Weather & Geo-Location data



Thanks, government!





So?



Do Good...

It's easy to do good ...

... but you are probably not profitable

If P < EHC x DWS, then 501c3





P: Profit; EHC: Employee Head Count; DWS: Dog Walker's Salary; 501c3: Non-profit

... and Create Value

It's easy to make money...

... but you are probably doing bad things

"I'll bill you."





It's tough to do good & create value in Health Care

So let's practice



together





Practice : Generalism

... Psst, not just business, but entrepreneurialism

The startup world is beating academics at their own game.

WIRED

Let's Bring The Polymath – and the Dabblers – Back

Where are all the generalists, anyway? They're not really thriving in academia; for the most part, they've gone elsewhere to find their place, and one of these places is business. In the realm of data science at least, the startup world is beating academics at their own game when we consider examples such as Google and Facebook or Bit.ly and Misfit Wearables.



Practice : Un-sexxxy-ness

Find the least glamorous pain point...

... and eventually, you'll be trendy with deep expertise ahead of the herd





Why B2B Startups Are Suddenly So Sexy BY JILL KRASNY

They may be boring, but B2B start-ups are proving that there's nothing more alluring than profits.

891 SHARES | SHARE THIS ARTICLE



Practice : Doing the wrong thing

Use the mechanisms of another system to advance your own



The decision to admit and fund non-profits was made with the hypothesis that these groups will benefit from the tutelage and resources YC provides more traditional startups. Obviously it worked with Watsi and that organization went on to raise a \$1.2 million philanthropic round to help its medical crowdfunding platform. It even led Graham to accept a seat on its board — his first.



Practice : Discriminating

Turning down even 'good' offers to find false indicators





Practice : Starting, then failing

90% of the time – it's about conquering the blank page and just getting something out Before Steve Albini produced Nirvana's In Utero, he wrote them a letter outlining his vision. and calling it good for now

10% it's letting it percolate – and readiness to trash the first version of what ever you have

Steve Albini Post Office Box 442 Evanston, Illinois USA 60204 Telephone USA (312) 539-2555 Fax USA (312) 539-4495 Kurt, Dave and Chris: First let me apologize for taking a couple of days to put this outline together. When I spoke to Kurt I was in the middle of making a Fugazi album, but I thought I would have a day or so between records to sort everything out. My schedule changed unexpectedly, and this is the first moment I've had to go through it all. Apology Apology. I think the very best thing you could do at this point is exactly what you are talking about doing : bang a record out in a couple of days, with high quality but minimal "production" and no interference from the front office bulletheads. If that is indeed what you want to do, I would love to be involved. If, instead, you might find yourselves in the position of being temporarily indulged by the record company, only to have them yank the chain at some point (hassling you to rework songs/sequences/production, calling-in hired guns to "sweeten" your record, turning the whole thing over to some remix jockey, whatever...) then you're in for a bummer and I want no part of it. I'm only interested in working on records that legitimately reflect the band's own perception of their music and existance. If you will commit yourselves to that as a tenet of the recording methodology, then I will bust my ass for you. I'll work circles around you. I'll rap your head in with a ratchet... I have worked on hundreds of records (some great, some good, some horrible, a lot in the courtyard), and I have seen a direct correlation between the quality of the end result and the mood of the band throughout the process. If the record takes a long time, and everyone gets burned and acrutinizes every step, then the recordings bear little resemblance to the live band, and the end result is seldom flattering. Making punk rock records is definitely a case where more "work" does not imply a better end result. Clearly you have learned this yourselves and appreciate the logic. About my recording methodology and philosophy: #1: Most contemporary engineers and producers see a record as a "project," and the band as only one element of the project. Further, they consider the the band as only one suspent or use project, survey, they consider the recordings to be a controlled layering of spoif to sounds, each of which is under complete control from the moment the note is conceived through the final under of the band general much around in the process of making a record, so be mix. If the band general methan with the sporeval of the fellow in control. it; as long as the "project" meets with the sporeval of the fellow in control. My approch is exactly the opposite.

AND PRESS



Practice : Then getting a bit further

Designing for scale means, failing until you get it right, but getting it right

Broadly speaking, I think this means startups need two skill sets as they grow: the ability to design processes and the ability to maintain/improve/destroy processes as the business evolves.

TOMASZ TUNGUZ venture capitalist at redpoint

THE TWO KEY SKILL SETS STARTUPS MUST DEVELOP TO GROW



Seriously... Practice!

THE existential question... who would you rather be



