The Powers Report Podcast

Episode 20

What Health Care Can Learn from the Iowa Caucus Debacle

- Cancer rates in the U.S.: Centers for Disease Control and Prevention
- Health care dollars are spent on administrative costs: Annals of Internal Medicine

Welcome to The Powers Report Podcast. I am your host, Janis Powers. The show brings you candid, unique and data-driven perspectives on the health care industry. I believe that any solution that is going to positively impact the American health care system has to satisfy two major criteria: financial viability and behavioral incentive alignment. In other words, access to high quality care can only be achieved if we can afford it, and if we behave in ways that optimize our health. Please subscribe to our show on iTunes or on your preferred podcasting platform and connect with us on social media. Again, this is Janis Powers, and welcome to The Powers Report Podcast.

The most notable event of the 2020 presidential election season has already happened. The Debacle of Des Moines, the Meltdown in the Midwest, call it what you want. It took the Democratic Party in Iowa days, not hours, to identify a winner of the Iowa Caucuses. Given the scale of reported mismanagement, from precincts reporting more votes than they had been allotted to, of course, the massive technology glitch, results are being reviewed. It doesn't matter. The damage has been done.

The 2020 Iowa Caucuses have given us plenty of opportunity to reflect on how to better run campaigns and elections. Interestingly, I think a lot of those lessons apply to what's going on in health care. We can all agree that the industry is in dire need of help. Maybe looking at some of its problems through the lens of the political apparatus will make us think a little differently about what needs to change in health care and why.

First let's talk about the importance of being first. Millions of dollars were invested by the candidates and their parties to make a big splash in Iowa for a reason. On the night of the Caucuses, theoretically, all the polling that went on beforehand becomes irrelevant. Someone's going to win. Winners get delegates. Candidates need delegates to earn the party's nomination.

Polling influences voters. Let's say I can't decide between Bernie Sanders and Tom Steyer. I hear repeatedly that Steyer is polling near the bottom while Sanders is at the top. Why throw away my vote on someone who's not going to win? Those polling numbers are going to influence my choice to vote for Sanders.

Polling is a numbers game. Results depend on who's asking the question; how questions are asked; who's being polled; where the polling is conducted; how many people are in the poll; when the poll takes place, etc.

For example, taking a national poll on a subset of voters pitting two candidates against each other for president – like Hillary Clinton versus Donald Trump – is pointless. That kind of poll adds up the number of people who want one candidate or the other. Presidents don't win elections based on the popular vote. Clinton regularly beat Trump in these voter accumulation contests, but it didn't matter when the election came around. Trump lost the popular vote but won the election because he secured 304 electoral votes – well above the 270 he needed to win the presidency.

We simply don't know what's going to happen until people vote in an election and in this case, until they caucus. Joe Biden has been the frontrunner for the Democratic ticket, but it was Pete Buttigieg who won the Iowa Caucuses.

So what does this have to do with health care? Well, the caucus is like a primary care visit. Before we see the doctor, we may think we know what's going on with our health. Some things we can monitor on our own, like our weight, or even our blood pressure. We might be feeling sluggish, or we may be having a reaction to certain foods. If so, we're probably using Dr. Google, i.e. searching the internet, in an attempt to self-diagnose.

We're basically doing what pollsters do. We're collecting information about ourselves, but we may not be collecting the right info and odds are, we're not interpreting it in the right way. We need to see a professional, have the necessary, proper tests done and get the hard facts. That's what the first caucus does for candidates and that's what our primary care visit does for us.

Unfortunately, too many Americans do not see their primary care doctor regularly. So they're operating with potentially erroneous information. Worse yet, they may have detectable conditions – like high cholesterol or outlier hormonal readings – that could be addressed, but aren't being addressed because they don't know there's a problem. Preventive colonoscopies are recommended for a reason. To detect colon cancer and other GI issues so they can be managed before it's too late.

Many times in this podcast I've talked about the importance of seeing a primary care doctor. Policy makers, economists, insurers and industry savants have decided that people will go to their primary care doctor if the visits are covered under their insurance plans. Alas, this just hasn't happened.

By my estimate, about three in ten people have a preventive care visit every year. I came up with my figure using data from the Centers for Disease Control (the CDC) for rates of primary care utilization, and then the reasons that people have these visits (1).

According to the data, only about a quarter of the primary care visits for people aged 18 – 64 were for preventive care. People are seeing their primary care doctor for lots of other things

besides preventive care, like treating chronic conditions or new issues or seeing the doc pre or post-surgery.

What's interesting is how the CDC defines preventive care. According to them, preventive care includes, "General medical examinations and routine periodic examinations. Includes prenatal care, annual physicals, well-child exams, screening, and insurance examinations."

I don't know what a insurance examination is but I could guess. And it has nothing to do with taking your vitals. Unless you're getting a consult about what your insurance is going to cover. In that case, it might be beneficial to be in the presence of a medical professional just in case you go into cardiac arrest.

Prenatal visits are also characterized as preventive. I've had kids and I know prenatal visits are important. But they're not the same thing as an annual physical. According to the Mayo Clinic, a woman has 12 to 14 prenatal check-ups for every birth (2). To be conservative, I multiplied 10 by the 4 million or so births that occurred during the study period and then removed those preventive visits from the tally.

Anyway, the point is that way too few of us get the preventive care we need. We need these visits to know where we stand, just like the Iowa Caucuses tell the candidates where they stand. Caucus results dictate an action plan for candidates. Some are surprise winners and gain momentum, like Pete Buttigieg. Some fail to live up to national expectations (Biden) and have to re-trench. Some drop out (probably Steyer by the time you listen to this). We need our preventive care visits so we can have an action plan to be well. Maybe we need to lose weight, change our diet, switch or eliminate medications. We must modulate our health with the help of a professional.

Next. The Iowa Caucuses, like many of the primaries, awards delegates on a prorated scale. In other words, just because Pete Buttigieg "won" the caucuses, he didn't get all the delegates. It's not like the electoral college where winning a state gives the candidate all the electoral votes. Buttigieg got only a few more delegates than Sanders. Elizabeth Warren, Joe Biden and Amy Klobuchar all received delegates.

I think there's a way to take this pro-rated logic and use it to help people access health insurance. I think we all know that the cost of health insurance has gotten out of control. For years, premiums were on the rise. That's levelled off and the cost shifting to consumers is now in the form of very high deductibles. There's considerable variability in plans, based on whether you get your plan through the marketplace, from a big employer or a small one.

For low income people, there is a big disincentive to get a full-time job because the plan that's offered by the employer may have extremely high costs. For such a person, who may have qualified for Medicaid, they'll lose whatever salary bump they got from the full-time job because the cost of health insurance is ridiculous. This keeps more people on Medicaid than there should be.

Further, a lot of low-income people work part-time jobs. They may have multiple jobs, but they can't get insurance because they don't have full-time status with any one employer.

My view is that employers should not offer employees health insurance at all. I think they should give employees the money to buy the plans they want. Half of Americans get their insurance through their employer (3). If all these people flooded the market, the risk pool would be much larger and should be less risky. That should drive down the cost of insurance.

The prorated thing comes into play because I think part-time employees should be offered a prorated payment from the employer to put towards health care. Say I am working multiple part-time jobs. I could then cobble together the money from multiple employers to buy the insurance I wanted. It would be like getting a percentage of the delegates in the Iowa Caucuses. Every little bit counts.

Here's another issue with the Iowa Caucuses and the issue applies to New Hampshire too. These states are comprised of citizens who are mostly white. As the pacemakers (ha ha) for the presidential campaign process, holding events in states that are not reflective of the American populace will potentially lead to nominees who are not reflective of the American populace. Iowa's whiteness was one reason that candidates like Cory Booker, Kamala Harris and Julian Castro dropped out of the race before the caucuses were held. They were polling badly, and they were going to kick off a campaign in two states where they felt they were set up to lose, in part, because they were candidates of color.

Of course Iowa's demographic composition didn't stop Barack Obama from winning the Iowa Caucuses in 2008 (4*). He got over 37% of the vote. That's better than how Buttigieg and Sanders did; each got a little over 26% of the vote. The question is, would Obama have fared even better in a state that had a high African American population, like South Carolina, had it been the first contest? Well, Obama won over 55% of the voting in South Carolina during 2008. He won in all but two of the counties. 55 is better than 37. That's just math.

We've got a similar representation problem in health care. I'm talking about the research that is used as a basis for clinical practice. Historically, studies about the effectiveness of medications or data trends about population health have analyzed trends on white people. Oftentimes, white males.

We now know that different sexes and different races are susceptible to different diseases. A good portion of the work I am doing with my company, Longitudinal Health Care, relates to understanding these differences. Take cancer (5). Colon cancer has a higher incidence in blacks than other races. Liver cancer is highest among Hispanics. Bladder cancer is highest among whites. And there are differences in sexes. Lung cancer is highest among women who are white, and highest in men who are black. We should seek fair access to health care, but because we're so different, care can't be the same for everyone.

A classic example of the racial skew in health care is the Framingham Heart Study (6). This is a longitudinal study, starting in 1948, that looked at what factors contributed to the development of cardiovascular disease. The study has had a substantial impact on developing risk factors and scoring for whether an individual might develop heart disease (7). The problem is that almost all the people in Framingham, which is in Massachusetts, were white when the study started. It's still pretty white now. No doubt the major correlative factors identified in the Framingham Study are accurate. But the weighting and relative importance of these factors should vary based on the race and sex of the patient. Subsequent to Framingham, other, more comprehensive analyses have been done and Framingham itself has expanded, which is good. We need more of this.

More recently, this is a major concern about the genetic data being collected by companies like 23andMe. 23andMe shares its data with other companies, like the pharmaceutical giant GlaxoSmithKline (8). Glaxo is using the data to help them develop drugs. The problem? The 23andMe customer base is not reflective of the American population. That means drugs are being developed that will optimally treat people who are 23andMe customers. Those people are predominantly white (9).

We can only get personalized medicine in America is we develop protocols that match the composition of the patient. And we can only get representative nominees for political positions if the primary process starts in places that aren't mostly white.

Now let's move on to how the Iowa Caucuses are conducted. It is a messy, unnecessarily bureaucratic process that limits participation based on behaviors that were the norm in the 20th century.

The Iowa Caucuses are basically a massive coffee klatch. These meetings are held in schools, places of worship and other public facilities. So you'd be in, like, a high school gymnasium. Registered voters gather together, pontificate, and debate issues in each of the precincts around the state. After much ponderance – because, prior to the actual day of the caucus, nobody has put any thought into who they're going to vote for – after the hours of chatting and negotiating, people go stand in different sections of a room to indicate who their choice is. Imagine someone with a megaphone standing on a folding chair shouting, "All ye for Joe Biden, go stand in the corner over there." This is how we show our love for candidates in 2020.

This process takes hours. People with jobs and responsibilities can't take this time out to go caucus. This is why the rest of the country thinks that everyone in Iowa is a grandparent. Grandparents are the only people who have time to caucus. The rest of the electorate does not.

Another problem? There's no early voting. You can't go stand in a corner two weeks before the caucus and stand up for Joe Biden. You have to take at least a half a day off of work and forfeit your dinner to do it.

All of this rigmarole is tolerated despite the fact that there's a simpler, more inclusive process available. It's called voting.

The obvious parallel to the health care system is that we have epically convoluted delivery and payment systems that favor the elderly. I don't need to explain how bureaucratic health care is. We're all living this nightmare. But I will remind you that by some estimates, a third of the dollars spent on health care in the U.S. go towards administration (10). That's over a trillion dollars.

Obviously, we need to simplify the system. My approach is to eliminate traditional health insurance. As you've heard on this show, I think we need to decentralize as much of the payment system as possible. We are learning so much about the importance of genetics and we can incorporate the external determinants of health – behaviors, socio-economic background, etc., into determining outcomes. In fact, we should be using predictive analytics to identify the diseases and conditions we're going to develop. Once we do that, there's no reason for insurance, in its current form, because we'll already know what's going to happen.

In my view, we'd use money from employers (as I described earlier) to contribute to savings accounts that we'd use to procure most health care services directly. This would be for doctor visits, outpatient surgery, x-rays, things like that. Anything major, catastrophic, needs would fall under some sort of abbreviated insurance model.

This approach puts the emphasis on prevention, where it should be. When we have an idea of what we might develop, we will be incented to engage in behaviors that prevent or forestall the development of these diseases and conditions. We live healthier lives. We save money. The health care system gets smaller, which is more manageable for any government-run program.

As for the fact that the health care system today favors the elderly…just look at how Medicare spending is exploding. Medicare enrollees are the beneficiaries of much more health care than they have funded in the decades prior to their enrollment in the program. The rest of us are stuck paying for it. Medicare spending is one of the reasons our federal debt keeps climbing. The program is unaffordable in its current incarnation.

The only way around this is to ration Medicare spending. But since a massive chunk of voters are elderly Americans, that can never happen. There's no way someone on Medicare would vote to cut Medicare. It is a train wreck. What we need are more young people to vote. And while Medicare for All sounds great, young voters must get an appreciation of how the growth in this program – and in other areas of government spending – will impact their futures.

Finally, I have to talk about the technological screw-up that has forever tarnished the legacy of the Iowa Caucuses. The Democratic Party decided to use an app to streamline the intake process for results reporting. It was terribly flawed. Many compared it to the healthcare.gov website crashing when Obamacare rolled out. I think that's a generous comparison.

The problem wasn't that the Democratic leadership wanted to use technology. The problem is the mis-appropriation of funds. According to NBC, the candidates spent $68 million on TV ads prior to the Iowa Caucuses (11). Now think about all the money spent on staffing up and collateral and infrastructure and everything else. For all the campaigns. Collective spending to win in Iowa should easily top $100 million.

Here's how much was spent on the app. About a tenth of a percent of the $100 million. The company that developed the app, aptly named "Shadow", was paid $63,000 by the Iowa Democratic Party and another $58,000 by the Nevada Democratic Party (12).

Now, I'm running a start-up and I can assure you that you can't get very far with $121,000. Anyone with a shred of tech savvy would know that the Iowa app was set up to fail with its mini budget and its absurd development timetable. But the powers that be had the arrogance to do it anyway.

We in the health care industry know all too well about spending lots of money in all the wrong places. The U.S. spends more on health care, per capita, that other industrialized nations and we've got subpar results. I already mentioned that about a third of the money is spent on administrative activities. We know pricing for health care goods and services is nonsensical. There's overtreatment (just ask anyone with an elderly parent and they'll tell you all about that). Insurance isn't affordable for too many people. Insurance companies rake in billions of dollars.

The government spends trillions and has no effective rationing mechanism. Basically, voters just approve to expand public health options without effective means to pay for the care. This has been happening for decades, by the way. This isn't a Sanders/Warren phenomenon. Yet the cheapest, most beneficial care, primary care, is massively under-utilized. Our priorities are in all the wrong places.

With so much that's not right, there is only room to improve. I suspect we'll see a new approach to the primaries for the 2024 season. And I'm all about new approaches that improve spending, lower costs and improve outcomes in the American health care system.

This is The Powers Report Podcast. Please subscribe to our show and please follow me, Janis Powers, on social media. Please see our website at powersreportpodcast.com to submit questions and ideas on the Contact page. I look forward to hearing from you. Thanks so much for listening!

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*Note: Figures for primaries quoted in the podcast differ slightly from the source data due to rounding.