

Chris, I knew about the lack of correlation between price and quality early in 1991. My source was the Dartmouth Atlas Survey, to which I was introduced by a staff member who provided me with an audiotape of a lecture by the Atlas Survey founder Dr. John Wennberg. That single insight affected everything we did for the rest of my Pitney Bowes career and beyond. We sought out the high-quality, low-cost geographies, learned what they were doing, and incorporated their learnings into our health plans.

I did not know about the exact price gaps between employers and Medicare payers at the time. Clearly, self-insured employers are subsidizing Medicare through these differential rates. In some communities, like Ft. Wayne IN, with which I am familiar, since my brother-in-law represented the largest hospitals there for decades until he retired last year, the employers paid 5x as much as Medicare for the same services.

We might have been familiar with the gap, but our approach was to negotiate on big ticket cases with centers of excellence. It took our prices down significantly, but we were still paying far more than Medicare. The Health Transformation Alliance, the alliance among Amazon, JP Morgan and Berkshire Hathaway and other alliances have tried to create countervailing market power in negotiations, but I am convinced that the only way to address this imbalance is to identify alternative providers and steer employees there.

One advantage employers have today that they did not have in my time is that employees are paying far more in deductibles and co-pays and have higher out-of-pocket limits. As a result, they are more amenable to medical tourism, which reduces the power of the local large healthcare behemoth, like Yale New Haven in my CT geography. We have some ideas on healthcare access that could reduce the market power of healthcare systems that appear to have monopolies in certain geographies. The MakeUsWell Network has resources and people that provide solutions that were unavailable to me between 1990 and 2008.