When it Mattered

Episode 10: Dr. Robert Pearl

Chitra Ragavan: Hello, and welcome to When it Mattered. I'm Chitra Ragavan. On this episode, we will be talking to Dr. Robert Pearl. He's the former CEO of the Kaiser Permanente Medical Group, the nation's largest medical group. He also serves as a clinical professor of plastic surgery at Stanford University School of Medicine, and is on the faculty of the Stanford Graduate School of Business.

Chitra Ragavan: Dr. Pearl is the author of the bestselling book, Mistreated: Why We Think We're Getting Good Healthcare – and Why We're Usually Wrong. Robert, welcome to the podcast.

Robert Pearl : Thank you very much for having me.

Chitra Ragavan: How did you enter the field of medicine? Did you always want to be a doctor?

Robert Pearl : I went to college to become a university professor. I expected to be a teacher of philosophy, but the professor that I thought was the best didn't get tenure, not because he wasn't excellent at the field, he ultimately became the chairman at Reed, but because of his political views. And I decided I didn't want to go into something that would be based on politics; and in the naivety of a 20-year-old, I thought it would be medicine.

Robert Pearl : When people learn about my career, the CEO of actually the nation's largest medical group, and thinking that I was going into it to avoid politics, they often laugh. But that's how I saw it; it was life and death, and why should politics come into the middle? And so I went to Yale Medical School to become a doctor.

Chitra Ragavan: And what was your specialty that you wanted to pursue?

Robert Pearl : That's also interesting, because not wanting to get caught in political crossfires, I thought that cardiovascular surgery would be the best. At the time, the mortality rate was moderately high, and

those surgeons who could get the best results, the lowest mortality, I was certain would be the ones to get the patient referrals.

Robert Pearl : And, of course, if the mortality was high you had to look in the mirror and accept that, but I was prepared for that risk. What I wasn't prepared for was the fact that the referrals didn't get sent to the best physicians, and this was when I was now a resident at Stanford University; but instead they were sent to the people who could entertain the most lavishly, who belonged to the right country clubs. And I became very, very disillusioned with all of medicine as I had previously with university professorship.

Chitra Ragavan: But you stuck to the path. You didn't quit. Well, what happened to keep you on the journey?

Robert Pearl : Well, I was very fortunate. The chairman of Plastic Surgery saw a potential in me, and he offered to send me to Mexico, where I had the chance to work on fixing children with cleft lip and cleft palate. And I fell in love with the specialty. I fell in love with the look on patients' faces, when after hiding their mouths for their entire life, they finally took the bandages off, looked in the mirror and looked out at the world with a new pride. This is why I wanted to pursue medicine, and it ultimately became my clinical career.

Chitra Ragavan: And how many surgeries did you do of cleft lip and cleft palates? And were there any particular cases that you remember in particular?

Robert Pearl : So I probably did close to 20,000 surgeries across my surgical career, of which at least 1,000 of them were children born with cleft lips and cleft palates. There are quite a number that I remember extremely well. One of them was actually in Mexico, when I went there to do volunteer surgery as part of Interplast.

Robert Pearl : And the patient we operated on first was a gentleman in his 60s. He had never taken a Bandana off his face since he was a young child. He had faced life in ways that I couldn't even imagine. And there he was coming in for surgery. We did the operation. It went extremely well. He took off the Bandana. And about a year later I heard that he had gotten married. It was a wonderful, wonderful story in the power that medicine can have to improve patients' lives.

Chitra Ragavan: So you loved being a surgeon. And yet at one point, you decided to become the CEO of Kaiser Permanente, the nation's largest medical group, which was essentially a management job. Were you able to continue to do surgery? And why did you decide to become the CEO of Kaiser Permanente?

Robert Pearl : So this was in the late 1990s. Kaiser Permanente was in major trouble. We had as a company, as an organization, lost a significant amount of money. We were down to two days of cash. And in the state of California where the corporate headquarters are, we had to have three days of cash, just to meet regulatory requirements. So we had to borrow a day of cash to stay in business. My predecessor left the job under pressure, and the position came open.

Robert Pearl : Now in our medical group, the process of selection is a year-long process actually, that involves multiple nominations, followed by a weaning down process down to a group of three, and then finally a selection in the end. And I didn't have any great interest actually becoming the CEO.

Robert Pearl : It wasn't the size of the challenge, I was up for that; it was just that I so enjoyed my surgical practice the idea of giving it up, as I would have to do, given that the corporate offices were 50 miles from my home, given the fact that you can't operate one day and then travel across the country to a different Kaiser Permanente to visit there and have a complication up with your patient without creating tremendous media disruption. Those were the things I didn't want to give up.

Robert Pearl : And I asked a couple of friends, people I respected highly, whether they would want the job, and none of them thought that they were up for it. None of them really wanted that kind of responsibility, and so I had to make a choice. That was probably the most difficult choice I've had to make in my life, between something that I knew that I loved and something that I thought was an obligation, a responsibility.

Robert Pearl : In the end, I felt that if I didn't step forward, that the people who would probably get the job would not be ones that I'd want to follow, or ones that would be able to solve the very difficult problems that existed. And so I made the decision to step forward, to compete for the position, hopefully getting selected by my board and ratified by the physician shareholders.

Chitra Ragavan: So you began in your first career as a surgeon, and now you were in your second career as a chief executive of the largest medical group, and you began to understand the problems with the healthcare system at an incredible intellectual level that you probably didn't have as a surgeon. You had this macro lens into what's wrong with our healthcare system.

Chitra Ragavan: And in your book, you talk about how you understood that a lot of the conventional wisdom and perceptions that the public has, probably even enforced by the medical institutions and even our government, that we have one of the best healthcare systems in the world, we're wrong. What were your basic findings that surprised you the most?

Robert Pearl : So you're pointing out quite a number of very important issues. The first one is the issues about the American healthcare system. It most closely resembles a 19th century cottage industry. It's fragmented with physicians and hospitals scattered across the community. It's paid on a piecemeal basis as you'd call it in 19th century terminology. People are paid on volume, not value. The more you do, the more you get paid, whether it's a good result or a bad result.

Robert Pearl : The technology is left over from the last century. As you note, I teach at the Stanford Graduate School of Business, and at the first class each year, I asked the students, “What's the number one way that you believe that doctors communicate vital patient information between each other?” Now, of course, it's the first class of the semester, so they can't be certain what it is, and they look to me. And when I tell them it's the fax machine, do you know what they say? What's a fax machine?

Robert Pearl : They can't even imagine that it exists, and yet that is the basis for information exchange in modern medicine. And there's no really strong leadership. A lot of people have roles and titles, but no one has overall accountability. And the consequences of this fragmented, reimbursed on a fee-for-service basis, technologically left over from the last century leaderless system, is the results that we get.

Robert Pearl : We are in the lower half of the 13 most industrialized nations according to the Commonwealth Fund, on every measure of quality; last in life expectancy, last in childhood mortality, last in maternal mortality during childbirth. The only place we lead is in cost, 50% more than any other country, and last in quality

outcomes. And yet as you point out, we tell ourselves we are the best in the world.

Robert Pearl : In fact, that was why I started doing a lot of research, and ultimately wrote the book Mistreated: Why We Think We're Getting Good Healthcare - and Why We're Usually Wrong. It was this clash between 70% of people who think we're doing great, and not a shred of data showing that it's true, and asking why would that be?

Robert Pearl : And then the research that I did, I found looking at both studies, psychological studies from decades in the past, many of which could not be repeated anymore because they would not get through human experimentation committees, and the most modern brain scanning technology; that contrary to what people think, that context shapes perception and changes behavior, not data, not information.

Robert Pearl : As an example, we know that one-third of the time doctors don't wash their hands when they go from one patient room to another. Give them a written examination, they all score 100. They all know that the most common cause of death from hospital-acquired infection is from a bacterium called the Clostridium difficile, C. difficile, that's carried only on human hands. This doesn't go through the air. And yet they don't wash the hands.

Robert Pearl : Then the context of being late for the office, or late to see another patient, or in some other way being rushed, the perception changes and they see themselves as sterile, not able to carry bacteria, and so the action is they don't have to wash their hands.

Robert Pearl : And so the question then became to me, how do we make these changes? And that's where I felt that we had to address the structure, the reimbursement, the technology, the leadership. In my book, Mistreated, I call it the four pillars. We have to integrate care, both horizontally within departments and vertically between departments.

Robert Pearl : When care is integrated, collaboration goes up, cooperation goes up. We've to change reimbursement, so we pay people based upon clinical outcomes, not volume. When you do that, you start to focus on prevention, you start to focus on avoiding complications of chronic disease. You start doing the things that get the patient better most quickly, with the best quality outcomes.

Robert Pearl : We had to put in place technology. We became the leader in the country in implementing, first, the electronic health record, which is comprehensive with information available at every point that patients go, video and digital, and secure email. By the time I left, we were doing almost as many virtual visits as in-person visits, and the results were impressive.

Robert Pearl : Well, the last piece we put in place is leadership programs to train and develop. 2,000 of our 10,000 physicians went through major leadership training, and the results were impressive. We went from being average in quality to being number one amongst over 1,000 programs, according to the National Committee for Quality Assurance.

Robert Pearl : We went from being a laggard to being number one in California in patient satisfaction and patient access, according to J.D. Powers and Associates. And rather than having only two days of cash, we became very economically secure, with more than a couple of months of cash on hand to make the necessary capital investments and to provide superior quality, better access, more convenience to patients.

Chitra Ragavan: Now, even as you were putting all these changes in place, even as even early in your tenure, in particular as you were trying to absorb what was wrong with the medical system and you were understanding it at an intellectual level, you also had an incident in connection with your father's health, that brought this home to you in a personal way that no data, no medical studies, no experiments could ever do. Could you talk about what happened?

Robert Pearl : My father, Jack Pearl, was an amazing man. He was the son of two immigrant parents, worked his way through college and then dental school. When World War II broke out, he could have stayed safely behind American lines, but instead he volunteered for the 101st Airborne, parachuted on D-Day. He and some fellow troops were captured by the Germans. He led a daring escape through the darkened forest two nights in a row, brought everyone back safely. He was what Tom Brokaw would call the greatest generation.

Robert Pearl : My dad was a man of tremendous energy, rarely slept more than four hours a night, until one day he became tired. He never felt tired in his life, went to the physician. My brother is chairman of Anesthesia at Stanford. I'm a physician, obviously leading a medical group at the time. We handpicked his doctors, both those

in New York where my dad spent half of the year, and those in Florida where he spent half of the year.

Robert Pearl : They were excellent physicians. And, of course, they made the right diagnosis. He had a hemolytic anemia. His spleen, an organ in the left upper part of the abdomen, was breaking down his red blood cells. And they took out his spleen, which made his low blood count, his anemia better. But the spleen has another function; it's a filter. It filters out certain bacteria, particularly one called the pneumococcus. The pneumococcus has a hard shell around that typical antibodies can't get to it, but the spleen is effective in filtering it out. So when your spleen is taken out by the surgeon, you're at higher risk for developing an infection.

Robert Pearl : Both the doctors in New York and the ones who Florida all knew he needed to have a vaccine to prevent this type of infection, but the ones in New York were certain that the ones in Florida had given it to him, and Florida was sure New York had given it to him, primary care thought specialty care, specialty care thought primary care. In the end, he never got it.

Robert Pearl : A couple of years later, but I'm still in that CEO role, he comes out to California to visit my brother and me, goes to my brother's house in Palo Alto. Five o'clock the next morning, my brother gets up for ICU rounds, and there's my dad on the floor, unresponsive. He stays that way in the ICU for four days, two more weeks in the hospital. He doesn't die during that admission, but he actually continues to suffer from complications of it, particularly some ulcerations of his feet.

Robert Pearl : Now a couple of years later, he's in Florida, he needs to have a procedure done. He's on anticoagulation for atrial fibrillation, a problem that often happens to people as they get older. And as doctors have to change his anticoagulation, and as a consequence of all of that, he ends up having a bleed inside of his brain.

Robert Pearl : My brother and I get the phone call, “Your dad's in critical shape.” We fly out overnight, and there he is. There he is on a bed, strapped down, tied down, a breathing tube out his mouth, a feeding tube through his nose, a line of doctors out the door. The ENT doctor wants to put in a tracheostomy, do a tracheostomy. The GI doctor wants to put in a feeding tube through his stomach. The neurosurgeon wants to take out more of his skull to allow his brain to expand.

Robert Pearl : My brother and I look at the scans, we come to the conclusion, “He's not going to get better. This is not how he would want to live.” And so we thank his doctors for the care they've provided, but we say, no, thank you, to any more intervention. My dad spends two-and-a-half more days in that hospital, and we never see another physician.

Robert Pearl : You see in the American healthcare system, there is no code. No billing code, no CPT code, no ICD-9 code; no code for compassion. There's no way physicians get paid to be with families in the time of greatest need. That's why I concluded the American healthcare system is broken. And my belief is that not only are patients but doctors too are mistreated as a consequence.

Robert Pearl : And so, much of what drove me in my years as CEO was that very personal experience, recognizing the problems that happen for patients. My dad's problem could have been avoided with electronic health record.

Robert Pearl : Medical errors kill 200,000 people every year. I was committed to making Kaiser Permanente the safest organization, the safest medical group in the United States. And one of the areas that I focus on very much, is this idea that many people have that somehow quality, and cost and access are contradictory.

Robert Pearl : I once saw a sign that had it on the top, “Quality, service, cost,” and down below it said in big letters, “Take any two”.

Robert Pearl : And my belief was as CEO, and my belief still is as I go around the country speaking to groups, is that actually, the only way to really address the cost issue is through quality and access, that would the American public deserves. And what we can do is to provide superior quality, and in doing so, better access and service, and in doing so, lower cost.

Robert Pearl : I mean, just think about it, how much less expensive it is to prevent a heart attack or a stroke, than to take care of it. And yet in the United States today, what we know is that high blood pressure, the number one cause is only controlled 55% to 60% of the time. By the time I left Kaiser Permanente, we were doing 90%.

Robert Pearl : What we know is, that as much as half of colon cancer could be avoided by proper testing. And I don't mean a colonoscopy. For most people, it can be what's called a FIT test, in the privacy of your bathroom, once a year, five minutes, no bowel prep, no risk;

you can avoid half of the colon cancer deaths. The opportunities that we have are massive, but they will require disruption and change to how healthcare is structured, reimbursed, technologically-supported and led.

Chitra Ragavan: Now, just as your father's experience taught you that there is no billing code for compassion, you also studied how the medical community handles an infection called Sepsis. And that showed you some remarkable things about how the system is broken. Can you talk a little bit about sepsis, what it is; you call it orphan disease, and what you learned about the ownership of diseases, and what the outcomes are in terms of how those diseases or infections are handled?

Robert Pearl : Sepsis is a great example of where we can know what to do and still not do it. What sepsis means… it's actually what my dad died from, or at least what led to the problems that ultimately led to his death, that the sepsis is the spread of an infection throughout the human body. In my dad's case, pneumococcus, for which he could have had the vaccine.

Robert Pearl : When patients come to the emergency room and they are very sick with sepsis, which is by the way, it's about half of them, blood pressure is low, fever is high. Every doctor knows what's going on, and it immediately initiates intense therapy. But half of the time when the patients come, who are going to die from sepsis, because we did a study. We looked at all the sepsis deaths, which by the way at the time in the United States killed one in six Americans.

Robert Pearl : When we looked at the deaths that we had, half of the time the patients who came in were not that sick. They were sick. They had a fever, but their blood pressure wasn't down. In fact, often these really are young people rather than the old people.

Robert Pearl : And at the time, there was a very… in fact, it still is a very good test, called the blood lactate, that provides insights into whether this patient is actually experiencing sepsis, by which I mean bacteria throughout the body as opposed to just the localized type of infection; whether it's their leg, or their arm, or their lung, or their kidney.

Robert Pearl : When the test is done, if the results are less than two, the patient doesn't have sepsis. If they're over four, the patient has sepsis. But these patients I'm describing, who don't look quite that sick

but will die, were in this so-called intermediate range. And if you order the test as a physician and you get back an intermediate result, you're not quite sure what to do. If the test is normal, of course, you're fine. You can maybe admit the patient in the hospital with some regular IV antibiotics. And obviously if it's very abnormal, you're going to implement this very aggressive approach, but what are you going to do if it's in the middle?

Robert Pearl : The result we saw is that most of the time, in the face of this risk and uncertainty, what doctors did is they didn't order the test at all. They just admitted the patient to the hospital and passed it on to someone else. And, of course, by the next day or the day after that, then they became very sick, the ones who had sepsis but weren't going to die from it, but by that time it was way too late to intervene.

Robert Pearl : Doctors were afraid that if they intervened early, even though the data said they would save far more lives, that some patients would get harmed. And that risk of being the one responsible for harming the patient, led them to do the wrong thing, which was to not test for it and not treat it; because as strange as it may sound to listeners, in the minds of doctors, not all deaths are the same. The ones that I cause are far more significant and serious than the ones that I might have intervened around, but by inaction, took their own natural course.

Robert Pearl : So this was the opportunity, number one, to point out the problem and what could get done, to educate people, to create teams to respond when the patient had sepsis, so the high intense care could be provided immediately, and to build into the computer systems the necessity to order this test. Because once a test came back, now physicians had the obligation to respond to it, and they would do so. And this to me is how our brains work.

Robert Pearl : There's a piece I published, actually this week in Vox about the science of regrettable decisions, about how our minds in the face of risk and sometimes reward, distort what we see. And that's what was happening in sepsis; that the risk of having to intervene, the possibility of harming a patient would change perception in ways that physicians would see the patient as not being as sick as they actually were.

Robert Pearl : And when we forced them to confront it by the availability of data, by built-in algorithmic requirements, now all of a sudden, we cut out death rate in half. We became, once again, from being good to

being the best in the nation with a sepsis death rate that was now half of the US average.

Chitra Ragavan: And there are some astonishing statistics in your book, and I want to mention a couple of them. One that has to do with sepsis, that sepsis alone costs the US healthcare system more than $20 billion a year, through insurance payments to doctors and hospitals. And then you go on to say that in general, beyond sepsis, complications from procedures or hospital visits result in 4% of patients returning to the hospital for things like ulcers, or pneumonia, or hospital infections. And then you say that doctors, not only get paid once for treating the original problem, they also then get treated again for fixing the problems that originated from these initial treatments, or side effects, or not washing your hands or whatever it is. And you give this great analogy of how it's like paying twice for a botched kitchen renovation.

Chitra Ragavan: But the biggest, most stunning statistic was that you're saying that privately insured surgical patients with one or more complications, provided hospitals with a 330% higher profit margins than those who had none. And you conclude that without the revenue from patients' complications, many hospitals would teeter on bankruptcy. And I'm thinking, “What kind of reverse incentive does that provide, and what does that say to us as a nation about our healthcare system?”

Robert Pearl : Our nation's healthcare system is broken. And what's really broken inside of it are how the incentives, as you pointed out, misalign people. I speak a lot to major businesses, major purchasers of bad healthcare. These are the CEOs of the nation's largest 50 businesses in the United States.

Robert Pearl : And when I spoke there a couple of months ago, I asked them, “How many of you have done a house or a kitchen remodel sometime in the past five or 10 years?” Of course, almost all the hands went up. I said, “How many of you just said to the contractor, ‘You do whatever you think best to make it look as good as possible, and just bill me time and materials?'” And of course, no hands went up.

Robert Pearl : Then I said, “Do you think that somehow contractors are dishonest and doctors are honest?” No. This is how incentives work. I teach this at the Stanford Graduate School of Business, and we focus on how incentives drive behavior. Doctors are not aware of it. It's that

same study I was talking about before. All this happen subconsciously.

Robert Pearl : But in a world that is fee for service, we simply do more, and we pay less attention than we should to those things that reward us economically, and I hate to say this because I'm a physician, even if they're not the best for patients. Patient safety. Medical error is a great example. What we know is that it actually raises the profit of hospitals. And it's not that any hospital administrator wants to see something go badly, it's that they don't give it the attention that they need. What we know is that hundreds of thousands of people die every year in United States because they don't get their prevention, and physicians just don't value it enough.

Robert Pearl : A great such study that I often speak, about how this context shapes perception and changes behavior ties into a pathologist named Gregory Marshall. Gregory Marshall was a pathologist in a hospital that did a lot of surgery, this is 1990s, for patients with stomach ulcers. At the time, the assumption was that stomach ulcers were caused by stress or spicy food. And there was some reason to believe that because those things did aggravate it because they produced higher acid, and therefore the treatment was trying to reduce stress and to avoid spicy food.

Robert Pearl : But he looked at these specimens, every time someone came in with an ulcer, the surgeon would take out two-thirds of the stomach with long-term negative consequences for the patient, and he'd see bacteria around the edges. He found that in 90% of the cases, there was this bacterium that we now know is called H. pylori, at the time it was unrecognized, and he published the results. And what do you think happened? Nothing. No one paid any attention to a 90% association rate.

Robert Pearl : So he then did what I consider to be the greatest experiment ever done in the history of medicine. First, he took an endoscope and passed it through his mouth into his stomach and demonstrated he had no ulcer. Then he went to the bacteriology laboratory. He took an entire Petri dish of bacteria and drank it, re-scoped himself, found that he had produced an ulcer. Then took antibiotics, scoped himself for a third time to prove that he had cured himself.

Robert Pearl : This is the classic way we show an association between bacterium and infectious disease, so-called Koch's postulates. He published the data, and still nothing changed. Why is that? Because when a

surgeon gets paid $3,000 for doing a gastrectomy, and maybe $30 for prescribing antibiotics, the idea that bacteria cause ulcers can't be accepted. It's not for 15 more years till he wins the Nobel Prize for medicine, almost never given to a physician, almost always do a PhD scientist, that finally practice starts to change.

Robert Pearl : What you're describing are all of the different ways the subconscious forces that lead us to mistreating patients. Not intentionally. Not out of a bad desire to see them hurt, but simply that's because it works. And it's why in my book Mistreated, I talk about the four pillars upon which we have to build this roadmap for the future; integration, capitation, technology, and leadership.

Robert Pearl : Because in changing those, we change the context. We go from fragmentation with competition to integration with collaboration. We go from focus on fee-for-service which maximizes volume. 30% of the things that surgeons do today add no value, but we still do them in a fee-for-service world decapitation, that emphasizes patient safety, emphasizes disease prevention.

Robert Pearl : We provide technology. Technology allows patients to get care wherever they are, whenever they want it over video; telemedicine, using digital, sending secure messages to their doctors, avoiding having to miss work, avoiding having to miss school. And a leadership structure capable of implementing modern technology in the most efficient ways, and a system that rewards higher performance. That's the change that we need to make in American medicine. If not, we're going to see it disrupted.

Chitra Ragavan: And where will this change come from? It's likely not going to come from the heated political debates we're likely to see and are already seeing in the lead up to the next presidential elections. Where do you see the change sprouting up, if any at all?

Robert Pearl : I think there are three places it could come from. And as you noted, I'm really on my third career now. My first career, as you said was a surgeon, my second was CEO, and now I'm having the chance to go around like keynote about 60 events a year. I meet with various companies. I write my Forbes blog. I do my podcast. I come on your podcast.

Robert Pearl : When I was a surgeon, I took care as you said, about 20,000 people, and I knew them well. I remember a family in which I operated on the child and operated on the child's mother, and then I got a call from the grandmother… sorry, grandmother and then

the mother, and I got a call from the mother, the child had a cleft. Three generations. That's such a deep level of care delivery. As CEO, I had 12 million people which I had an accountability. Now I see it as 300 million people.

Robert Pearl : And so I'm hoping that the change can come from inside healthcare, but I'm skeptical. So one place it can come is through the patient, through social media. As patients exert their voice and tell each other, “This is not the right way to get care,” change could happen. I'm skeptical. And I'm skeptical because the legacy players, the insurance companies, the drug companies, the hospital systems are so powerful that I'm worried that they'll just simply be able to be a louder voice than the patient can be.

Robert Pearl : The second place that it comes is from the large purchasers. I think the recent decision by Amazon, Berkshire Hathaway, and JPMorgan Chase to come together to provide care to their over 1 million employees in a new and better way makes sense. Because I often tell businesses, and physicians, and hospital leaders, anyone who believes that Amazon is doing this as a not-for-profit just for their own employees, probably also believes that all Amazon does is sell books.

Robert Pearl : No. This is going to be potentially a for-profit effort, that will disrupt healthcare as we know it today. They won't be looking for the best insurance company. They'll be looking to replace all insurance companies, seeing them as middlemen that add little value, and then are looking to have every hospital or doctor, they're going to find the best that are out there.

Robert Pearl : But a third place it could come from is offshore. And I say that because I had the chance to see people like Dr. Devi Shetty. Dr. Shetty is a heart surgeon. He trained in England and in the United States. He owns 11 heart hospitals in India. And if he were on the call with us today, and we said, “Dr. Shetty, what do you do?” Devi would say, “I set the price for a human life.”

Robert Pearl : And you and I would say to him, “Wait a second. What do you mean you set the price for human life?” I'd say, “I fix kids with cleft lip and cleft palate. What? I don't set a price for human life.” He'd say, “Every morning I show up to work, and there's a line of mothers out the door with babies in their arms, 30 moms, 30 babies. They've all been well worked up. They all need a heart surgery.”

Robert Pearl : “In India today, only about 10% of people have insurance. So after I greet the families, I've got to explain that the surgery will cost $1,800. I do a lot of free surgery, but I can't do it all for free. And those mothers who can borrow the money their children live, and those who can't bring their child home to die.” He would say that, “If I could get the cost down from $1,800,” remember in the United States it's $100,000 or more, “From $1,800 down to $1,600 or $1,400, more children will live. I will have elevated the value of a human life.”

Robert Pearl : And by the way, that Dr. Shetty was Mother Teresa's physician. He's a pretty famous individual. And also, his outcomes are better than almost any hospital in the United States. The day I visited him and his teams, he has six teams; they'd 36 heart surgeries, including a heart transplant. That's more than almost any facility in the United States does in an entire month.

Robert Pearl : But why I see him as the disruptive force is not because of India. I think some people will go to India for surgery, but not very many. But he's building now, or he started… the first piece is already complete, but he's building a 2,000-bed hospital on the Grand Cayman Island, an island with 50,000 people. He only needs about 50 of those beds for the people living on the island. The other 1,950, Miami is one-hour plane flight away.

Robert Pearl : The Grand Cayman Islands has a gorgeous several-miles sand beach, it's totally safe, speaks English, a gorgeous destination, and they do surgery at half the price of the United States, with better outcomes.

Robert Pearl : In the graduate school of business where I teach at Stanford, I tell people, “Every industry that is inefficient, every industry where the costs are significantly high, and the quality access and service are lower than people expect, will get disrupted.” It's only a matter of time. And at some point, businesses, starting with the self-insured businesses, and then expanding beyond that, will offer patients the opportunity to go there and have their procedures done, not just heart surgery but cancer care, total joint replacement, spine surgery. And in that process they will have higher quality at lower cost.

Robert Pearl : And I think that if the American healthcare system doesn't change sooner, that they will regret it because once disruption has, it's almost impossible to turn around. My best estimate, somewhere between five and 10 years, and that's part of why I come on shows

like yours, and speak about my book, in keynote addresses and other topics and other locations, because the time to change is now. And I believe that if physicians do it and lead it, if patients do it and lead it, if together doctors and patients can work to change the American healthcare system, it can be made better.

Robert Pearl : The challenge that I see is that everyone's doing too well, at least the insurance companies, and the hospitals, and the drug industry; doctors are not doing as well. Actually, doctors are suffering from burnout. About a third of physicians report being depressed. About 400 physicians take their lives every year, more than one a day.

Robert Pearl : Burnout is now a commonly experienced problem for physicians, with lack of fulfillment, with decreasing motivation. And I think that the reason why doctors experience what they experience and why patients are mistreated, are the same factors, the delivery system is broken. It needs to be integrated, capitated, technologically advanced, and better led. If we do that, we can lower costs, raise quality, make care more convenient, improve the service experience, and make American healthcare once again, the best in the world.

Chitra Ragavan: Well, this has been a very thought-provoking conversation. Where can people learn more about you?

Robert Pearl : The best place is to go to my website, which is robertpearlmd.com. On that, they can find information about the Forbes articles that I write twice a month, and I've had a total of over 5 million readers. The podcast series that we're now finishing up the second season, about to start a third season on the role of government. They can find information about various talks that I'll be giving.

Robert Pearl : robertpearlmd.com is the best source. And they can subscribe to Monthly Musings through that website, which provide information on a periodic basis the second Tuesday of each month, on all of the things that are happening in American medicine today, and participate in a variety of feedback surveys, which are helping to guide the United States as to how we can make the American healthcare system so much better in the future than it is today, before it actually gets worse, which is the great fear that I have about medicine in the future.

Chitra Ragavan: Thank you so much for being on the podcast.

Robert Pearl : It's been my pleasure. Thank you so much for the opportunity. And I encourage your listeners to follow healthcare closely, to make sure they're getting the right and best healthcare for themselves, and to be part of the process of change. Together we can make American healthcare, once again, the best in the world.

Chitra Ragavan: Thank you so much.

Chitra Ragavan: Dr. Robert Pearl is the former CEO of the Kaiser Permanente Group, the nation's largest medical group. And he's the author of the book, Mistreated: Why We Think We Are Getting Good Health Care - and Why We Are Usually Wrong. All proceeds from the book go to Doctors Without Borders.

Chitra Ragavan: Thank you for listening to When it Mattered. Don't forget to subscribe on Apple podcasts or your preferred podcast platform. And if you like the show, please rate it five stars, leave a review, and do recommend it to your friends, family and colleagues.

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Chitra Ragavan: Our producer is Jeremy Corr, founder and CEO of Executive Podcasting Solutions. Our theme song is composed by Jack Yagerline. Join us next week for another edition of When it Mattered. I'll see you then.