



**Authority Magazine**

## **Steve Lefar Of Strata Decision Technology On 5 Things We Need To Do To Improve The US Healthcare System**

**An Interview With Jake Frankel**

**T**he COVID-19 Pandemic taught all of us many things. One of the sectors that the pandemic put a spotlight on was the healthcare industry. The pandemic showed the resilience of the US healthcare system, but it also pointed out some important areas in need of improvement.

In our interview series called ["In Light Of The Pandemic, Here Are The 5 Things We Need To Do To Improve The US Healthcare System"](#), we are interviewing doctors, hospital administrators, nursing home administrators, and healthcare leaders who can share lessons they learned from the pandemic about how we need to improve the US Healthcare System.

As a part of this series, I had the pleasure to interview Steve Lefar.

*Steve Lefar serves as Strata's Chief Strategy Officer overseeing overall strategy, product, solutions strategy, data science and the EPSi unit. He joined Strata in 2018 as Executive Director of StrataDataScience and StrataSphere®, Strata's collaborative data initiative. StrataSphere leverages the healthcare costs from over 200 health systems that partner with Strata, amounting to nearly \$600 billion per year.*

*Steve is a three-time CEO with nearly 30 years of experience in healthcare with expertise in strategy, analytics and software. He is also a board member of several venture backed companies, including Evive and Wildflower Health. Previously, Steve was CEO of Applied Pathways (acquired August 2017 by AIM Healthcare, now part of Anthem). Prior to Applied Pathways, he was CEO of healthcare market intelligence, consulting and analytics firm Sg2 (acquired by MedAssets and then made part of Vizient in 2015) and President of MediRegs (acquired by Wolters Kluwer in 2007). Steve was also head of Corporate Development at Allscripts. Early in his career, he worked in consulting with both Accenture and APM. Steve earned a bachelor's degree in economics from the University of Michigan in 1988.*

**Thank you so much for joining us in this interview series! Before we dive into our interview, our readers would like to get to know you a bit. Can you tell us a story about what brought you to this specific career path?**

In the 1990s, I was working for a consulting firm called The MAC Group. We were working on a few concepts that became quite successful in consumer banking, one of which was called "Share of Wallet." It related to "alternate sites" like ATMs and micro branches. Back then there were few out-patient surgery centers, and we had telebanking, but nothing close to telehealth. I realized I was not that excited

about financial services, so I ended up following a colleague to APM Healthcare Consulting. That's where I fell in love with healthcare. Since then, I've experienced the fun of being a CEO three times and now here I am as Chief Strategy Officer at Strata, where I get to focus solely on the areas I love — product and analytics.

**Can you share the most interesting story that happened to you since you began your career?**

Wow. There have been so many stories, and many you just had to be there to appreciate. The story that stands out more than any is when my business partner's wife passed away while we were selling Sg2. It was the most stressful, difficult, and emotional situation I've ever been through. The high and simultaneous low profoundly impacted my outlook on what matters in life and how fragile it all is.

**Can you share a story about the funniest mistake you made when you were first starting? Can you tell us what lesson you learned from that?**

I've never lived this one down! Right around 2000 (the internet bubble), when I was at Allscripts, there was a start-up called College Health Hub. I felt it would be a good idea to invest to revolutionize healthcare on campus, but the company went under within a few months. At present, it sounds like a great business — on-campus resources for students to easily access healthcare — but back then it was an idea that was too ahead of its time. The lesson? Recognize your mistakes early and avoid falling in love with an idea. "Strong convictions, loosely held" is a critical perspective. Also, surround yourself with great thinkers, especially those who challenge you and engage in healthy debate.

**Can you please give us your favorite “Life Lesson Quote”? Can you share how that was relevant to you in your life?**

I have a few. One is “what’s the offramp,” meaning — as I alluded to before — have strong convictions, loosely held, based on the facts you know, and be ready to take that ramp if information emerges that changes your mind. Plan for any scenario.

The other more personal one comes from my dad, which he shared in his final days in hospice. “Don’t work with a — holes” and take care of your family, number one. I think that is self-explanatory.

**How would you define an “excellent healthcare provider?”**

I’m not a clinician, but I’ve been in the industry for 30+ years and have been a patient including in an ER. The obvious answer is expertise, which is about knowledge, skills, ethics and dedication. That said, what sets the best apart is also having empathy and seeing through the patient’s eyes. It is about curiosity, tenacity and going beyond symptoms to the root cause.

**What are your favorite books, podcasts, or resources that inspire you to be a better healthcare leader? Can you explain why you like them?**

I spend a lot of my time-consuming media from outside the healthcare industry. I think it’s important not to be myopic in what you read and to think about the art of the possible. I read or skim *Popular Mechanics*, *Scientific American*, *Nature*, and

publications from many other genres. There's a lot you can learn by thinking about how the world works. For fun, I like to read about great hikes, kayaks and watches.

I'm a huge fan of the *Pivot* podcast and find it wildly entertaining. Kara Swisher and Scott Galloway discuss all things tech, business, and politics, which reinforces my efforts to not be narrow-minded as I think about healthcare and my role in it.

*The Drive* with Peter Attia is a deep clinical podcast I enjoy listening to. He goes deep into topics of longevity, physical, cognitive, and emotional health — all topics that I'm really interested in. Since I believe science is one of the only ways to resolve our healthcare crisis, it is important to think about the impact on healthcare delivery.

Two others I love are *Club Random* with Bill Maher and *Making Sense* with Sam Harris.

In terms of books, I really enjoy sociology, anthropology and spirituality. I'm a big fan of Yuval Noah Harari as well as books from Thich Nhat Hanh to Emerson. For fun reading, I love Nelson Demille.

**Are you working on any exciting new projects now? How do you think that will help people?**

I'm especially proud of the data consortium we've built called StrataSphere. There is nothing else quite like it anywhere. We have the actual, financial, true cost and performance information on more than 200 health systems, 1,200 hospitals and hundreds of billions in annual spending. We are using it to help the industry

improve and to make sure the real facts, beyond the hyperbolic headlines, about our health systems are out there. I am also on a few venture-backed company boards trying to share some wisdom on how to succeed in healthcare.

The foundation that unites all I'm working on and feel passionate about is how to help the U.S. health system deliver healthcare to everyone — and I'm worried, to be honest.

**Ok, thank you for that. Let's now jump to the main focus of our interview.**

**According to [this study](#) cited by Newsweek, the US healthcare system is ranked as the worst among high income nations. This seems shocking. Can you share with us 3–5 reasons why you think the US is ranked so poorly?**

Sure, but let me share an alternative perspective as well. The U.S. does not perform as badly as is commonly perceived if we adjust some numbers. When we take out the tragedy of gun violence, drug abuse, mental health and a few states with huge poverty and weak health systems, we perform better. Our biggest issue is we spend very differently, and that's where I'll start.

- **A lack of strong social safety nets** — The U.S. has one of the worst social safety nets. If you look at the data for the countries that are ranked above us, they spend much more on social services like free childcare, education and extensive maternity and paternity leave. When you look at the total expense, we're just paying for it on the back end versus having higher taxes that allow for the upfront implementation of safety nets. When we look at our chronic disease burden, obesity epidemic and other controllable issues it all ties back to our social

systems. We need to have a long national conversation about what we prefer to invest in.

- **Our utilization of healthcare services** — Based on the data I've seen, if you look at the populations of Japan or Germany, people go to the doctor as much or more than we do because there is more of a focus on primary care, which comes at essentially no cost. We favor specialty and procedural care, not primary care, which drives up costs and creates silos. We must make a generational investment in health and primary care. If you get sick and have the means, there is no better place on the planet to get care. If you are middle class, you can't get things for free and you can't afford good primary care. The ACA helped tremendously, but it isn't really that affordable.
- **Our clinical training and retention system** — We have a crisis, as we are not even at replacement levels for retiring clinicians and those burned out. We must rethink the education system by eliminating debt, setting priorities for the future workforce and investing to achieve these goals. We simply need to invest in our clinical workforce the way we invest in our elite military or athletes. Furthermore, the overhead, paperwork and amount of time we force clinicians to spend on non-care activities is simply a moral injury to them. We must ban a number of practices that, when truly measured, have almost no value.

**As a "healthcare insider", If you had the power to make a change, can you share 5 changes that need to be made to improve the overall US healthcare system? Please share a story or example for each.**

My answers might be provocative since they address several status quo areas, but I believe it's time for bold actions to drive lasting changes.

- **Carefully examine prior authorization:** Having to wait for approval from an insurance company before moving forward with a procedure or prescription delays the care delivery process and makes it more difficult for patients to receive the care they need. I've been involved in the prior authorization "space" and can tell you most get approved on appeal and there is really very little savings. It is an illusory "sentinel effect," which basically means we make people give up. There are certainly specialty drugs and questionable procedures, but they make up a vast minority.
- **Create one single set of national billing and reimbursement rules:** Having one set of billing rules/prices for the entire country would have a huge impact on healthcare. We spend between 3% and 6% of operating expense on "revenue cycle" (getting paid) just on the *health system side*, and at least double it when we look at the costs throughout the system. There is no reason that on a Tuesday in June something costs \$400 and on Wednesday when it is raining it's \$500. I'm exaggerating, but that is how absurd it is. There are many trades to make, like eliminating the site of care differentials and "inpatient only rules" that pay hospitals more. There are other ways to discuss how to fund capacity readiness and the higher costs of running large institutions.
- **Medicare for anyone who wants it:** I used to be totally against the government running healthcare in any way, but we now have just a few large payers anyway. In essence, we are already there, so I am a huge believer in Medicare for anybody **who wants it**, with means adjusted premiums for people with higher incomes. We would absolutely need to raise Medicare rates so doctors and hospitals can make enough margin to invest and sustain (but maybe not sponsor sports teams!). It would also reduce the tie between employment and health insurance, creating a huge boom for entrepreneurship amongst small businesses and people who are self-employed.



- **Eliminate pharmacy rebates:** I would eliminate the pharmacy rebate model. Prescription Benefit Managers (PBMs) can provide some value, but make all the money by getting rebates from drug makers. It drives up list prices. It has gotten even worse because the big insurance companies own not only the plan but the PBM, and can thus exchange dollars between the regulated plan (under the MLR rules) and the PBMs that mint money.
- **Create a culture of health:** A national healthy eating campaign and a campaign around childhood health education would significantly benefit the U.S. We need not shame people, but we also can't ignore unhealthy behaviors. This goes hand-in-hand with reducing gun violence and addressing mental health (directly tied to a culture of health), the other issues we face as a nation. People have to live in neighborhoods where they feel safe enough to take a walk. These issues disproportionately impact people in underserved neighborhoods whether they be rural or urban, so it all ties together.

**What concrete steps would have to be done to actually manifest these changes?**

**What can a) individuals, b) corporations, c) communities and d) leaders do to help?**

This is about political willpower and people putting the interests of others ahead of their paycheck. Until we have leaders who think long-term and understand that the entire economy, our workforce, our health, and future generations are at risk, we may get incremental change but not much more. Sadly, I don't think the industry will fix itself. It is going to come from outside the industry.

**How do you think we can address the problem of physician shortages?**

My daughter wants to be a physician assistant, so this topic is important to me outside of my career as well. This is way beyond a physician issue. It's clinicians generally.

Particularly in key primary care areas, we need to pay physicians better. Physicians are not the ones driving healthcare costs — the high prices are related to institutional costs, drugs, mental health and administrative overhead. This comes at the expense of paying our clinicians.

We must expand the spots in clinical programs through better funding, tuition reimbursement and teaching incentives (e.g. retired clinicians coming to teach) in exchange for service in urban and rural health care deserts. We also need to consider more 4–6 year programs that create clinicians faster the way we do with nursing and a few medical schools.

This is true outside of healthcare too. It applies to teachers, first responders, and other social servants. When we think about physician and nurse burnout, it's tied to issues like the time they get spend doing what they love, which is caring for people, versus paperwork, being overworked due to lack of supply, below market pay, and the verbal and even physical assault they face.

### **How do you think we can address the issue of physician diversity?**

There is plenty of evidence to support that people tend to accept clinical recommendations from people more like themselves, so schools do need to balance diverse candidates by race, economics, and background. The challenge today is that we have a shortage of clinicians everywhere with, perhaps, the

exception being wealthy suburbs of major cities. Schools should be looking for demonstrated interest in serving diverse or underserved populations in both rural and urban areas. We need to get *ALL* well qualified candidates willing to serve into programs. We need to get our best and brightest as engaged in medicine as they are in tech or private equity. That's where pay, respect, debt forgiveness and more slots merge. This would do more to increase diversity and supply than any admission criteria can. Give people from all walks of life a pathway, a chance.

### **How do you think we can address the issue of physician and nurse burnout?**

Proper treatment of our physicians is also crucial. The staffing ratios, lack of predictability of income, and workplace safety all play a role in physician burnout. Many healthcare jobs have become temporary — which some people want — but others don't. We need to treat all clinicians with respect and dignity as crucial service workers. It all revolves around a discussion of national priority and where our money is really going.

I think simplifying the documentation processes would drastically help burnout in the medical field. Documentation has always been about billing and not really about what is clinically necessary. I think we should have a system reboot that asks clinicians their opinion about what really matters for documentation.

Unfortunately, probably 80% of documentation has nothing to do with what is clinically relevant.

**You are a person of great influence. If you could inspire a movement that would bring the most amount of good to the most amount of people, what would that be? You never know what your idea can trigger.**

Well, I'm not sure I have great influence but here goes. I have two answers for this, one relevant to healthcare and the other more general.

A movement that could do a lot of good would be to bring a new focus to how we think about social service providers, whether that be clinicians, teachers, police, or others. We need to reformat how we approach these professions and make them appealing again so we can attract our best and brightest to these roles. However, the "rub" is they back out of their decision once they learn how the career really works, the pay levels, etc., so we need a movement that encourages social service. By bringing young people together, we can not only serve the country, but perhaps we can change the tide of tribalism taking over the country. We have always had differences, but before we knew how to talk to each other and compromise.

We need to change the nature of social media that is poisoning our country. We can have a huge impact simply by modifying Section 230 which protects social media companies from responsibility for content. If a social media company uses algorithms to promote content, they are liable because they have become "content editors". Personally, I have deactivated all my social media and never really did it much anyhow other than LinkedIn. Maybe I'm just old school, but I like talking to people in person.

### **How can our readers further follow your work online?**

I don't do much social media, but will be writing for Forbes and publishing other thought leadership through Strata Decision Technology, so head over to our [website](#). You can also find us on [LinkedIn](#) and [Twitter](#).

**Thank you so much for these insights! This was very inspirational, and we wish you continued success in your great work.**