

Shelley Lyford

Moderator: Welcome to Conversations on Healthcare with Mark Masselli and Margaret Flinter. A show where we speak to the top thought leaders in health innovation, health policy, care delivery and the great minds who are shaping the healthcare of the future. This week Mark and Margaret speak with Shelley Lyford, CEO of the Gary and Mary West Foundation a philanthropy dedicated to reducing healthcare cost and improving access to services for seniors. The foundation along with others has helped launched Civica Rx, a new nonprofit entity that will produce and distribute generic drugs promising to disrupt the market.

Lori Robertson also checks in, the Managing Editor of FactCheck.org. She looks at misstatements spoken about health policy in the public domain, separating the fake from the facts. And we end with a bright idea that's improving health and wellbeing in everyday life. If you have comments email us at www.chcradio@chc1.com or find us on Facebook or Twitter, iTunes or wherever you listen to podcast. You can also hear us by asking Alexa to play the program, Conversations on Healthcare. Now stay tuned for our interview with Shelley Lyford, CEO of Gary and Mary West Foundation, on Conversations on Healthcare.

Mark Masselli: We are speaking today with Shelley Lyford, President and CEO of the Gary and Mary West Foundation, part of West Health, a nonprofit family of organizations founded by the philanthropist Gary and Mary West. The foundation is dedicated to lowering the cost of healthcare and improving the quality of healthcare services for America Seniors allowing them to successfully aging place. She also leads the Gary and Mary West Health Institute which conducts health research on issues affecting seniors and their families. The West Health Foundation recently joined new venture, Civica Rx, a nonprofit drug making and distribution entity seeking to address the rising generic drug cost. Shelley, welcome to Conversations on Healthcare.

Shelley Lyford: Thank you, and I am delighted to join the conversation.

Mark Masselli: Well that's great and I can't help but think that around the kitchen table for so many seniors and their families and billions of other Americans, the conversation about the high cost of medicines in this country. And the Gary and Mary West Foundation has decided to take a step in trying to address this issue by partnering with several health systems like Mayo Clinic, Intermountain Healthcare, launching this new nonprofit company that will manufacture and distribute its own generic drugs, if you could tell our listeners more about the launch of Civica Rx and how this venture came about and what you hope to accomplish?

Shelley Lyford: For far too long Americans have been hostage to pharmaceutical company's price gouging and price manipulation. In American we all pay a price and lower-income patients actually shoulder a particularly heavier burden and there are shortages of critical generic drugs and those shortages have escalated to what I consider an intolerable situation. So for us, the Gary and Mary West Foundation, we felt along with a group of other foundations and

several healthcare systems, it is time to put patients before profits and to actually begin the transformation of healthcare that Americans deserve.

So what we have focused on is providing access and lower cost to a body of critical generic trends that are injectables in hospital setting. So we are going to start off with really basic things. The Gary and Mary West Foundation committed \$10 million to create Civica Rx, the new not-for-profit non-stock, mission driven generic drug company. We can assure there will be no financial gain to the entity and we will adjust the shortages and high prices of life saving medications. We are also going to help ensure that essential generic drugs are available and affordable to everyone, especially high needs populations.

We are standing arm-in-arm with Arnold Foundation and the Peterson Foundation and seven healthcare systems. So this group of entities is actually considered the governing members of Civica Rx, none of the members will be able to derive any economic benefit from the company. And as a founding member of Civica Rx, the foundation will endeavor to disrupt the increasingly inefficient generic drug market, which as you know is generating excessive shortages and rapidly escalating prices for drugs needed by hospital seniors and other vulnerable patients throughout the country.

Margaret Flinter: Shelley, I am so appreciative of the fact that you and the other foundations and health systems that you are standing arm-in-arm with chose to do something about it and particularly for all those who remember when those same generic drugs cost less than \$5 for a treatment around.

Shelley Lyford: Margaret, something really extraordinary hit the past, and that was there was a 400% drug price increase in an antibiotic mixture that has been around for decades that went from \$500 per bottle to \$2,300 per bottle. And this is a drug that is listed by the World Health Organization as an essential medication to lower urinary tract infections, it's unbelievable.

Margaret Flinter: Right, you have noted that what you are doing is a response really to the epidemic of opaque pricing in healthcare across the board, not just in medication. But also includes the pricing of virtually every service that one receives and that also is part of what the AMA has called the public health crisis. So talk for a listeners a little bit about this culture of murky or opaque pricing and how this really affects American healthcare consumers.

Shelley Lyford: There are multiple reasons why generic drugs are in such short supply, but the primary culprit is the opaque and manipulated marketplace that we have in our American Healthcare Systems. It's a market place that is controlled by pharmaceutical companies, putting profits before patients. For far too long, in America we have been held hostage to drug companies charging excessive prices for their products and that forces of all to pay the price and it also contributes to the creation of the most expensive healthcare system in the world. And there are shortages of drugs and that forced hospitals to scramble, to secure scarce medications and then we have to pay these

exorbitant prices for not only generic drugs but the drugs, the hard to find drugs.

When we kind of take a bigger step back and we look at the lack of price transparency and how we operate in America, in the healthcare system, the Gary and Mary West Foundation believes that there is a lot of inaction in Washington DC that there is no transparency and the murkiness is purposeful. In the end we have launched several national surveys showing what the American public think about the cost of care and drug pricing. In March, our survey with NORC at the University of Chicago showed that about 40% of Americans report skipping a recommended medical test or treatment because of cost and 44% said they didn't go to a doctor when they were sick or injured and 40% of American said, they fear medical bills more than a serious illness. And this ties into of course the central problem that we have in our healthcare system and that is the total lack of price transparency. We have no idea how much anything costs. Our society demands transparency in everything we do, but for our healthcare system.

Mark Masselli: Shelley you mentioned earlier that you were going to be a disruptive in a positive way force within healthcare and we have seen some other entities recently seeking to challenge the unsustainable cost in healthcare and certainly Amazon, Berkshire Hathaway and JPMorgan Chase come to mind and they have announced that it would be led by Atul Gawande. Talk to us a little bit more of what it's going to take to establish the significant foothold in such a well-established industry as the for-profit pharmaceutical ecosystem.

Shelley Lyford: You mentioned that Amazon, Berkshire Hathaway and JPMorgan Chase venture, I am so delighted that the public sector is stepping up to create new models of disruptive care and I am absolutely certain under the leadership of Atul Gawande, who is a good friend and a mentor to me that they will be rolling out a very exciting and strategic plan to address healthcare cost for the 1.1 million individuals that they are going to start working with.

So given the unique mission of Civica Rx, the Gary and Mary West Foundation is looking forward to supporting and safeguarding that by companies nonprofit status, that in and of itself, Mark is very disruptive. The three foundations are going to sit on the governing board and help guide Civica Rx to ensure that the activities stay true to its mission. We are going to assure supply and low cost. Again no members are doing to derive any economic benefit from this company. The foundation expects that Civica Rx significantly improved the availability and affordability of generic drugs beginning for 14 hospitals administer generic drugs which are currently high priced and in short supply.

Margaret Flinter: Shelley, I know that you have said that the FDA is onboard with this initiative so that you will be operating and in business by next year. But tell me what it means for the FDA to be onboard, did you have to go through regulatory hurdles beyond just the standards for producing drugs. This can't be seen as good news by everybody in the country, it seem like its good news

Shelley Lyford

for consumers but I am really curious what role does the FDA play in this.

Shelley Lyford: It's so exciting that we already proved our membership have over 500 U.S. hospitals represented and that's about a 10th of all hospitals in the country. We also have an excellent management team in place. Mr. Martin Van Trieste is, who is the former Chief Quality Officer for Amgen has been named CEO of Civica Rx and he has agreed to take this very important position without getting paid, because he is so vested in the mission and believes so much in the company. So the leader of the FDA, Scott Gottlieb does believe in the mission of Civica Rx and has been on record of saying that we must lower healthcare cost and the price of drugs in United States. And in fact, he stated that it is incumbent upon the government to do so. The FDA is aware of the company's operation. And then we just think about the high cost of healthcare in America and in the expense of medications, this is putting an amazing burden on American businesses and also on family budgets. Families sitting around kitchen tables, discussing and debating and making the hard choices about what families are going to pay for, food or their medications. I am so delighted that we have got operations and that the public sector is coming together for the for-profit sector as well as the nonprofit sector like the Amazon, Berkshire Group and the Civica Rx Group to create new disrupted models of care that will assure we have affordability in America. We need Congress and the White House to step up to the play and do more to combat the high prices of drugs.

The Gary and Mary West Foundation believes in three commonsense reforms that need to happen to address the skyrocketing cost of healthcare. The first is to allow Medicare to directly negotiate with prescription drug companies to lower prices. The second, we must accelerate to move from fee-for-service to value-based care and we are starting to see that shift with the creation of accountable care organizations. And then finally we must increase price transparency, we have to arm our patients and consumers with knowledge, so they can make more informed decisions when they are in a doctor's office.

Mark Masselli: We are speaking today with Shelley Lyford, President and CEO of the Gary and Mary West Foundation dedicated to lowering healthcare cost and improving the quality of healthcare services and outcomes for America's seniors. Shelley you are joined by some great partners, we know one is Intermountain Healthcare and we just had Dr. Sorenson the CEO of Emeritus Intermountain on the show. One of the goals as you have laid out of Civica Rx to put the price gougers on notice, how do you expect this venture to create a more robust and competitive drugging device market across the industry.

Shelley Lyford: Since we have announced the launched of Civica Rx, we have had a massive amount of interest in the company. We are going to be able to begin our operations in the very beginning of 2019. We believe that Civica Rx is off to a great start and will make an immediate and lasting impact. I have to say that on the day of our announcement, the Investor's Business Daily report that generic stocks collectively lost 3%. Our announcement literary moved the

Shelley Lyford

market. It's pretty amazing, Margaret and I just think it speaks volumes, we are in an environment right now that is ripe for change and we are showing the courage, we are pioneering, we are putting forth a different disruptive model and we are here to shake things up for the benefit of patients. They should not have to shoulder the burden.

Margaret Flinter: Shelley I know that you are concerned with a whole range of issues for seniors even beyond the medication issue. And I want to you while we still have a few moments, I just want to give you a chance to expand a little bit on the work you are doing at the foundation. We recently had CareMore Health, CEO Sachin Jain on the show and he was talking about the approach of CareMore Health has taken to addressing issues that we didn't always have as front and center of our awareness. And I understand that this is something your organization is also developing an approach to do. Tell us a little bit about those while we have a few moments.

Shelley Lyford: Well CareMore is a terrific organization and Sachin is a great leader and I am so pleased that he was here speaking about his model and also talking a little bit more about the social determinants of care. That is something that is very important to the Gary and Mary West Foundation, as it is based in San Diego. In the state of California, 1000 individuals every day turn 65. By 2035, there will be more folks over the age of 65 and children under the age of 18 in our country. And currently healthcare consumes about 20% of our GDP. We are on an unsustainable trajectory. It is time for us to create models of care that are sustainable, that are efficient and that are low cost. And so we are doing this through a variety of different means, to assure that our country will be ready to take care of our parents, our grandparents and yes even ourselves.

So some of those programs include creating Geriatric Emergency Departments, Geriatric emergency medicine is very important to the West Foundation and to that end we have created the first of its kind, Geriatric Emergency Department at UC San Diego Healthcare System. We provided a grand about \$12 million to launch that new model of care that will be replicated throughout our state. We also created the very first of its kind in the nation, Senior Dental Center. When they turn 65 and are eligible for Medicare, they do not have a dental benefit. We have a massive public health crisis with respect to oral health in our country for seniors and we are addressing this by making dental care affordable and accessible by placing state of the art dental centers within senior center.

We are also extending efforts in PACE a program for All-inclusive Care for the Elderly. We are excited about launching that in the spring and having kind of this PACE 2.0 model that leverages Telehealth and is able to reach more patients. Of course looking at the social determinants of care, we are very proud of the work we do with Meals on Wheels of America, during research projects with Meals on Wheels that involves the VA and assuring that the veterans are properly cared for in their senior years.

Mark Masselli: We have been speaking today with Shelley Lyford, President and CEO of the

Shelley Lyford

Gary and Mary West Foundation, now a partner in Civica Rx, a not-for-profit generic drug manufacturing and distribution chain, seeking to disrupt the generic drug market. You can learn more about their work by going to www.westhealth.org or follow them on Twitter @WestHealth you can also follow this new venture on Twitter @CivicaRx. Shelley, thank you for the great work the foundation is doing and this inspired new initiative that you have underway and for joining us on Conversations on Healthcare, today.

Shelley Lyford: Thank you Mark, thank you Margaret.

[Music]

Mark Masselli: At Conversations on Healthcare, we want our audience to be truly in the know when it comes to the facts about healthcare reform and policy, Lori Robertson is an award-winning journalist and Managing Editor of FactCheck.org, a non-partisan, nonprofit consumer advocate for voters that aim to reduce the level of deception in U.S. politics. Lori, what have you got for us this week?

Lori Robertson: Former President Barack Obama claims that Republicans “sabotage of the Affordable Care Act has already cost more than \$3 million Americans their health insurance.” That’s according to one estimate but another found no significant change in the rate or the number of the uninsured from 2016 to 2017. Obama cherry picks the higher figure that more strongly supported his point. And since he made his remarks in early September, another estimate from the Census Bureau was released, showing the percentage of Americans who were uninsured for all of 2017 wasn’t statistically different from 2016.

There are several differences in the methods that may explain from the discrepancy. The Gallup-Sharecare Well-Being Index backs up Obama. Survey found that the percentage of U.S. adults who were uninsured rose from 10.9% in the fourth quarter of 2016 to 12.2% in the fourth quarter of 2017. That’s an increase of an estimated 3.2 million people. But another measure from the Center for Disease Control and Prevention estimates that 29.3 million people were uninsured during 2017 an increase of 700,000 people from 2016.

The Gallup-Sharecare figures were for the fourth quarters of 2016 and 2017 and the NHIS figures come from surveys conducted throughout the year. After Obama made his remarks, the U.S. Census Bureau released its estimates. It measures the percentage of Americans of all ages, who were without health insurance for the entire year. The Census also measures the uninsured at the time of interview and similar to NHIS, the Census found an increase in that number of 715,000. And the nonpartisan, Congressional Budget Office estimates it’s the illumination of the individual mandate penalty next year that will cause a significant decrease in the number of people without health insurance, 4 million people will lose their job coverage in 2019. And that’s my factcheck for this week, I am Lori Robertson,

Shelley Lyford

Managing Editor of FactChecks.org.

Margaret Flinter: FactCheck.org is committed to factual accuracy from the country's major political players and is a project of the Annenberg Public Policy Center at the University of Pennsylvania. If you have a fact that you would like checked, email us at www.chcradio.com, we will have FactCheck.org's Lori Robertson, check it out for you, here on Conversations on Healthcare.

[Music]

Margaret Flinter: Each week Conversations highlights a bright idea about how to make wellness a part of our communities and everyday lives. Louisville, Kentucky has consistently been on a top 20 list of U.S. Cities you don't want to live in, if you have a lung disorder, surrounded by the nation's leading rubber manufacturing entities and nestled in the Ohio River Valley, this is a city that has grappled with pollution. Several years ago this city's newly hired, Chief of Innovation, made a decision to tackle the issue.

Male: I wondered if there was something we might be able to do new and different, maybe the risk is concentrated in certain places. And the fact we are true, maybe there would be something we could do about it and reduce the burden.

Margaret Flinter: And through his work in public health research, Ted Smith had learned of a tech-enabled smart inhaler that when synced to a person's phone, like a GPS for whenever that person needed to use their rescue inhalers.

Ted Smith: Essentially to put a GPS transponder on top of your inhaled medication so that when you took a puff of your medication it would take a snapshot of what time it was and where you were.

Margaret Flinter: Smith dubbed the program, Air Louisville and tracked 1,100 participants over the course of a year. He said they were able to chart environmental triggers in any given area where an asthma attack occurred and chart data on the conditions and the location giving them some great public health epidemiology data.

Ted Smith: And then that let us to explore where those little micro areas are that are problematic and what we might be able to do about it.

Margaret Flinter: More importantly, the smart inhalers gave users a feedback loop of information which allowed them to better manage their exposure to known asthma triggers.

Ted Smith: The feedback loops to the user and there is an immediate effect, people end up getting better control of their respiratory disease.

Margaret Flinter: Reliance on emergency inhalers dropped 78% among participants.

Ted Smith: We have the harder problem that I think the rest of the country has, which is

Shelley Lyford

our ambient air quality standards are still not low enough. And people are exposed to levels of pollution that we are going to have to work hard to figure out how to remove.

Margaret Flinter: A tech-enabled smart inhaler that gathers meaningful data that informs public health officials, how they might reduce the burden of asthma, health class, while teaching asthma sufferers to better control their disease and stay healthier, now that's a bright idea.

[Music]

Mark Masselli: You have been listening to Conversations on Healthcare, I am Mark Masselli.

Margaret Flinter: I am Margaret Flinter.

Mark Masselli: Peace and health.

Moderator: Conversations on Healthcare is recorded at WESU at Wesleyan University, streaming live at www.chcradio.com, iTunes or wherever you listen to podcast. If you have comments please email us at www.chcradio@chc1.com or find us on Facebook or Twitter. We love hearing from you. This show is brought to you by the Community Health Center.