

## What's Your Moonshot? Podcast Series

*Featuring Robert Andrews, CEO, Health Transformation Alliance*

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**[00:00:00] Robert Andrews:** We're about trying to liberate those healers and innovators from the strictures of an economic and regulatory system that doesn't make a whole lot of sense. There's too much money flowing to intermediaries, carriers, PBMs, and others — and not enough money being invested in actual care.

**[00:00:23] Narrator:** Welcome to A&M Healthcare Industry Group's What's Your Moonshot podcast series where leaders seek to solve big problems and transform healthcare. Join us for conversations to hear how their vision and bold moonshots are becoming reality.

**[00:00:40] Craig Savage:** Welcome to A&M's What's Your Moonshot podcast series. I'm Craig Savage. I'm Managing Director and I lead the Health Plans and Managed Care practice within A&M's Health Industry Group. Today I'm joined with our Senior Advisor and the ninth Secretary of Veterans Affairs, Dr. David Shulkin. Today we're interviewing Robert Andrews, CEO of Health Transformation Alliance.

**[00:01:05] Craig Savage:** Well, Rob, it's always great to catch up with you and hear what you're doing because you're always on the forefront of trying to change healthcare and make it better. You've been at it for a while. Now that you're 11 years into this, where do you think healthcare needs to go? Everybody understands that we're at a point that the system just isn't working, and that we need solutions — and yet we're not seeing fully developed solutions from Washington. So it might come from the private sector, and we're looking to see what you're working on now.

**[00:01:43] Robert Andrews:** We're working on liberation. What we think is right about the US healthcare system is that it is well-stocked with really brilliant, dedicated, committed men and women who deal with patients, with research, or with creating technology. And the result of that is astonishing — cancer remission rates, pre-term babies that would have died five or ten years ago now thriving. Just amazing and wonderful things are happening despite our legal and regulatory infrastructure, not because of it.

**[00:02:28] Robert Andrews:** There's too much money flowing to intermediaries, carriers, PBMs, and others — and not enough money being invested in actual care. So, to the extent that we can use our checkbook — our members collectively spend \$45 billion a year in the US healthcare system — to encourage that kind of disintermediation, that's what we're all about.

**[00:02:58] Craig Savage:** If I didn't know you better and know your history, I would say that sounds a lot like what the president has been saying — give the people the money, not to the middlemen, but let them make these decisions about where to spend. Are you actually aligned with that strategy?

**[00:03:20] Robert Andrews:** Yes. Something I would not have said if I was in my prior life. But look, I think there is a bipartisan consensus around the principle of transparency and letting markets work. If I buy a new phone plan, I know with great specificity what I'm getting for it. But if I wanted to figure out who the best pediatric surgeon was for my grandson to have an ear operation, where am I going to find that information? I think people left and right agree that that's something that ought to be fixed. If the money goes more to the spenders, the users of the system, and that spending is accompanied by the kind of relevant transparency we ought to have, you get a better system.

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**[00:04:20] Craig Savage:** Let's go deeper on that, Rob. You lead an organization that brings together a large group of employers. Employers are some of the single largest purchasers of healthcare, but the experience and the outcome is not what it could be. How does the Health Transformation Alliance — what specifically is your moonshot?

**[00:04:49] Robert Andrews:** Our moonshot is to make rocket fuel for a lot of innovators. Let me give you an example. We continue to have a problem across the country in pre-term births. Moms who could go to full term but for various genetic, co-morbidity, or behavioral reasons do not. We all know the human and economic cost of preterm birth is very high. We don't see our role as discovering ways to help more moms go to full term. We see our role as fueling the innovators who are thinking about ways to do that.

**[00:05:22] Robert Andrews:** We've familiarized ourselves with a company that has a blood test proven to be quite accurate at predicting the likelihood of a preterm birth. But it's not covered by insurers right now. So if an OB writes a script, it has to come out of pocket for the patient — and the script probably doesn't get written. We see our opportunity as using our leverage with carriers to say: is there a clinical reason you're not covering this test? The answer appears to be no. We want the test covered if it's clinically sound. More moms go to full term, lower costs, fewer babies in the NICU. Baby goes home on the second day instead of the second month. We are in the rocket fuel business.

**[00:06:51] Craig Savage:** It almost sounds like you're a venture capital firm — evaluating which innovations make sense, which ones are going to work and scale. Is that really what you do?

**[00:07:06] Robert Andrews:** That is precisely right. And whereas a fund would contribute cash, we contribute customers. We're always out in the market looking for innovators that have clinical soundness and a lot of promise in how they deal with people. Where we find them, if clinicians more competent than me say it's the right thing to do, we try to get them customers — so more moms take the blood test and the company can thrive and succeed.

**[00:07:42] David Shulkin, M.D.:** You would like to think managed care companies would be thinking that way too — adopting technologies that improve outcomes and lower costs. But you're doing it from the employer angle. Do you feel that employers are really the right ones to be pushing this, or do you feel like ultimately the managed care companies and provider systems are going to catch up?

**[00:08:11] Robert Andrews:** All of the above is our opinion. But I don't think the managed care companies and provider systems are going to catch up as long as fee-for-service is the way they pay their bills. If I were a fiduciary for a hospital system and my strategy person came in and said, 'We should walk away from fee-for-service and put all of our efforts into population health and managed care,' I'd probably vote to fire them — because the harsh reality of keeping the doors open every day is that we have a fee-for-service system under which you have to compete and win.

**[00:08:52] Robert Andrews:** We see ourselves back to rocket fuel as fueling the rocket that says to a provider system: if you build the infrastructure for avoiding pre-term births, better managing type 2 diabetes, identifying behavioral health problems before they

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become crises — you will be rewarded on your P&L. And we think that as a consumer, we can help make that happen.

**[00:09:15] Craig Savage:** One of the things I see as a significant opportunity is the ability to aggregate employer data and insights to make better decisions. Tell me a little bit about how the data and insights from your employer groups help you make different decisions.

**[00:09:35] Robert Andrews:** The data don't lie and they don't have a point of view. If we're asking which OB practices on a risk-adjusted basis have the best track record of avoiding preterm birth, we don't have a dog in that fight. We want the answer. If we're able to reach that conclusion, we can say to member companies: these practices are high-value, these don't.

**[00:10:06] Robert Andrews:** I think the single most powerful thing we could do to help fix US healthcare would be to identify the bottom fifth of providers — using clinically sound definitions and risk adjustment. If the hospital is in the poorest section of the city or a rural area, you have to risk-adjust to the kind of patients they're seeing. But if you use clinically valid criteria and risk adjustment, we ought to say: stay away from these providers because they're not high value. The purpose is not to put a scarlet letter on a doctor's robe — it's to give them an incentive to improve. A rising tide lifts all boats.

**[00:11:27] Craig Savage:** Does this mean that ultimately you believe we're going to have high-performance networks of providers — that we're going to stratify providers by how they're performing?

**[00:11:39] Robert Andrews:** I do believe that will ultimately happen, but I have an iconoclastic view of how. I don't think it's because the big buyers or the big provider systems will change. I think our daughters' generation — the generation that has never known anything but the online world — is used to doing everything at their convenience with fully transparent prices under terms they want, when they want. Healthcare is exactly the opposite of that. As that generation becomes parents and CEOs and partners in law firms, they will demand that outcome. The carrier or provider system or PBM that doesn't do that loses.

**[00:12:55] Craig Savage:** Networks is one element of the business model for your employer groups. The other part is direct contracting. What lessons have you learned — what's worked and what hasn't?

**[00:13:16] Robert Andrews:** What does work is a realistic expectation that everybody in the ecosystem needs to earn a living. So there really is no direct contracting per se. What really changes is that the TPA has a lesser role — it still adjudicates and pays claims but makes a lot less money because of it. For the provider system, the gross price might be lower, but the margin needs to be higher. The magic number seems to be 15%. Where there is direct contracting, the allowed amount paid is about 15% less than today — but the margin for the provider system is higher because the share going to the intermediary shrinks.

**[00:14:20] Robert Andrews:** What doesn't work is a fragmented system. If you say to a national employer like Marriott: for your employees in the New York region there's a deal, but it's not available in Chicago or San Francisco — they don't want that. They want equality of opportunity among their employees. The direct contracting model works when the provider and the employer and employee both win.

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**[00:15:24] David Shulkin, M.D.:** We haven't had major healthcare policy reform probably since 2009 with the Affordable Care Act. Going back to when you were serving in Congress — knowing what you know now — do you think we should be waiting for new health policy reform coming out of Congress? And if so, what type of policy would help transform your vision into reality?

**[00:15:55] Robert Andrews:** If I could do one thing in health policy right now, I would want a system where Medicare recipients in regular Medicare who opted for a high-value network would pay a zero Part B premium. Imagine if Dr. Oz and his colleagues could go to the American public and say: if you agree to limit your choice of providers to these high-value providers — defined by clinically sound, risk-adjusted data — the Part B premium that comes out of your Social Security check gets zeroed out.

**[00:16:54] Robert Andrews:** I think this would have a seismic effect on the system. The way you win under that model if you're a provider system is: get really good at solving MSK problems for 64-year-olds. Get really good at managing type 2 diabetes for 71-year-olds. If you see what appears to be a personality sadness turning into acute behavioral health disease, do something about it — because you're going to get rewarded for it. That's what I wish we had done in the Affordable Care Act.

**[00:17:27] Robert Andrews:** What we did — and I'm very proud of it — was to make affordable access available to tens of millions of people to a system that provides terrific care but isn't very rational when it comes to cost and measurement of value. We shouldn't wait for Washington. I see US healthcare as a tug-of-war. On one side of the rope are people who want a pay-for-outcome system, and on the other side are people who do not. I just look for people who will pull our side of the rope — whether in the private sector or the public sector.

**[00:18:27] Craig Savage:** If there's one thing that would really advance the Health Transformation Alliance and your personal moonshot, what would that be?

**[00:18:48] Robert Andrews:** We would like to have a Grok for health benefit managers. You can ask Grok any question about healthcare today and get a very interesting answer — but Grok doesn't have access to your company's data, nor does it have access to data you could benchmark against. We do. So we would love to be able to go to the men and women who are benefit leads across the country and say — without spending hundreds of thousands of dollars on the consulting industry — if you want to ask how does our cancer screening program match up against our competitors, you'll get an answer and some intelligent suggestions about what you might do. That is our moonshot.

**[00:19:37] Robert Andrews:** One of our members — Credential — should be very proud of this. Our book of business shows the full remission rate for cancer is about 42%. Credential's is 64%. Not surprisingly, Credential has a much higher screening rate for breast and prostate cancer. We know how Credential did that. We'd like our members to be able to ask — without spending half a million dollars on a consultant — how Credential did that. Health benefit managers have twice the work with half the headcount and five times the pressure. One of the ways we think you can free up that bandwidth is the Grok for benefit leads.

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**[00:20:50] Craig Savage:** Well, you've given us a lot to think about. You always have these big ideas you're working on and it's really important. Thanks — appreciate what you've done, David.

**[00:20:57] Robert Andrews:** I always tell people I have a friend who served both Barack Obama and Donald Trump in the cabinet and they say, 'Is this a Martian, or who is this person?' It's among the many things you've done — I sure do admire that.

**[00:21:11] David Shulkin, M.D.:** Thank you so much, Rob. It was a pleasure.

**[00:21:22] Narrator:** *Alvarez & Marsal. Leadership. Action. Results.*

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### ABOUT ALVAREZ & MARSAL

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