

# The path to fixing health care starts with employers

- The employer market is the ideal entry-point for those looking to improve health care, says this health investor.
- That's why Amazon, Berkshire Hathaway and J.P. Morgan is smart to take this approach.
- Everyone could benefit in the long-run.



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Want to change health care? Start with employers.

Seattle-based investor Dave Chase has studied health care market forces for more than a decade, and he has a background in enterprise sales. He's not surprised that the [Amazon, Berkshire Hathaway and J.P. Morgan health consortium](#) is starting with its own 1.2 million employees first.

Focusing on improving outcomes and lowering costs for employer-insured workers will be a quicker path than trying to reform the pharmaceutical or health insurance industries, he thinks. That's because employers are [increasingly desperate to stem their rising costs](#), so have a vested interest in making care more efficient and less wasteful.

Chase shared several reasons why he thinks change will come through employers first.

- There's little or no lobbying required. Tackling other aspects of health care, such as the lucrative drug supply chain, would likely require the government to break up incumbents' hold over the market. But many large and mid-size U.S. employers are self-insured and can therefore make quicker and fairly disruptive decisions about where to invest on behalf of their employees, based on their knowledge of what works. "You don't need an act of Congress to make a difference when it comes to employer health," said Chase.

- Innovative health start-ups can win over employers: Entrepreneurs that want to start a new health insurance or pharmaceutical company typically need to raise tens of millions of dollars in investment. That's because these are extremely complex and highly regulated businesses that take a lot of talent and resources to stand up. But Chase has encountered plenty of tiny start-ups that can sell to employers with just a small infusion of cash, if they have a compelling pitch to improve care while lowering costs. He recommends that start-ups kick off by pitching the mid-sized employers who tend to make decisions faster, as well as companies like Amazon and J.P. Morgan that have sent a strong signal that they're open to change.
- Mid-sized employers embrace local innovations: Chase points to places like Portland, Oregon, and Kirkland, Washington, as being particularly open to new ideas on a local level, such as making primary care more affordable through on-site clinics, or implementing an infrastructure for bike lanes to improve healthy living. The mid-size employers in these places tend to be big supporters of these efforts, as they're incentivized to keep people healthier, for longer. "It's these local, regional ideas that don't seem huge and sexy but it does eventually bubble up," he said.
- Employer health is a high-margin opportunity: There's real money to be made in reducing employers' health care spend. Most employers in the U.S. are facing rising costs, but no real improvement in the workers' health outcomes. And it's a huge challenge for employees, as the cost of buying health coverage at work has increased faster than wages and inflation for years. In response to that, Chase said that employers are looking for ways to manage their workers' care more efficiently, and not just to burden them with costs through high-deductible plans. That presents huge opportunities for employer-focused businesses that can show real ROI, he said.

Employers are going to be a highly disruptive force in health care in the coming decade, said Chase. He believes that while Amazon, J.P. Morgan and Berkshire might be starting with their own employees first, everyone could benefit in the long-run.

