

Transcript: In Conversation with Lloyd Sederer

Sandro Galea:

Thank you for joining us. I'm Sandro Galea. I have the privilege of serving as Dean of Boston University School of Public Health, and welcome to our latest Public Health Conversation Starter. This is a series of discussions we're having with thinkers who we think provide a critical perspective on the work of health. Today I have the joy of welcoming Dr. Lloyd Sederer. Dr. Sederer is a colleague and friend I've had the privilege of knowing for many years. He's a psychiatrist, public health doctor, and writer. He has been chief medical officer of McLean Hospital, Harvard Teaching Hospital. He was also Mental Health Commissioner at New York City, and Chief Medical Officer of the New York State Office of Mental Health, the nation's biggest state mental health agency.

He's currently also an adjunct professor of epidemiology at the Columbia University Mailman School of Public Health. In addition to all this, Dr. Sederer, Lloyd has published 100s of academic articles and 13 books. The occasion for this conversation is his latest book, *Caught in the Crosshairs of American Healthcare* that is being published January 9th, 2024. I'm really delighted to be speaking to Lloyd today. Lloyd, welcome.

Dr. Lloyd Sederer:

Thank you. Good to be here. Good to see you, Dean Galea.

Sandro Galea:

Thank you. So let's start a little bit about you. Can you just talk a bit about your background and how you came to be doing the work that you are doing?

Dr. Lloyd Sederer:

Well, I think you've noticed that I have been increasingly active in my writing, particularly after leaving the two big jobs I had, which was with the state and at Columbia. And it's been a great pleasure. And I've discovered along the way a combination of nonfiction storytelling memoir and public health oriented material. And it was that convergence that led me to say, "Well, what's going on in this country now?" Now, there was a folk song that some years ago, which I'll change one of the words, there's something going on here, but what it is exactly clear. And the exactly clear is the takeover of American healthcare by for-profit corporatizations. And I lived that as medical director at McLean, which almost went under as a consequence of the corporate seizure in a way and control of patients and money. And we survived. It took a long time and hemorrhaged a lot of money, but we did survive. And the hospital has

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prospered since then. So it's a story of great impact and worry and one with a good ending, but it's not easy to get there.

Sandro Galea:

So let's talk about that. Let's talk about your book, *Caught in the Crosshairs of American Healthcare*. And tell us a little bit about the book, the experiences, the shape that you've hinted in them a little bit. Tell people who haven't had time to read the book, the story of McLean that you tell in the book. I love the book, by the way.

Dr. Lloyd Sederer:

Yes. McLean is an iconic Harvard Hospital established in 1819 with Mass General and had just a long history of very good care. And then in the 20th century, more and more a place where celebrities and people of influence went for care. And McLean did everything. They spent as much money on a patient as possible, all kinds of tests, very long lengths of stay. And that was okay. I don't think it was okay for the patients, but it was okay in terms of the financial state of the hospital over time.

But then in the late '80s managed care entered Massachusetts as it had entered other states. And what that meant was that there was an intermediary, a fiscal intermediary between the hospital and the payer, the insurer, which could be Aetna, or Cigna, United, or it could be after a while, as it was, the state of New York in terms of Medicaid. And they essentially developed a grip around the neck of hospitals and doctors by using just a couple techniques, but mercilessly, prior approval, denials, concurrent care, huge burdensome administrative tasks. And they brought most hospitals onto their knees and McLean was one of them.

And McLean in a way would be a trophy hospital for them to bring down or to live by their rules rather than ours. And we weren't going to have that. And I was recruited there in 1989 to be part of a group, a small group that would keep McLean alive, rebuild it in terms of its clinical model, which had been long-term inpatient psychotherapy including psychotic patients, which is not a good treatment for them. So the treatment was off and the payers saw 60, 90-day lengths of stay, and they were paying other facilities for 14 days or 10 days. So you do it.

So we were a multiple of five or six and on our daily costs were also higher. So we were a standout. We were clearly a target to be brought down and we didn't accede to that. And the consequence was we began to lose a lot of money, and we began to lose referrals, patients, because they were determined by the payers, by these managed care companies, which are the tentacles of large insurers. Because approval for which hospital you go to, preferred hospital in the plan or network or not. And we were not. And so they began to dry up our admissions.

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So we went to over time from 328 beds, 90% of the time full, to 155 beds over three years. That's radical change. And we went from a length of stay of 63 days average to 14 days, which was our goal. And doing that and changing the model of care and rebuilding the reputation and the respect that McLean needed to have for other professionals, for patients, for families, we had to do that. And we did that by following, [inaudible 00:06:56], that model of short-term, inpatient care with significant reliance on supports from families and community services.

Sandro Galea:

So how did you then succeed in making that within the architecture of funding that you were dealing with?

Dr. Lloyd Sederer:

Well, we didn't join these plans. We didn't go with the managed care plans in terms of paying the hospital \$600 a day when it cost the hospital a \$1,000 a day. So we whittled down. But there still was a, not substantial, but a considerable number of patients to fill half as many beds and at a rate that we could live with. But we had to bring the rate down. We had to bring it down on a daily basis in terms of how much we were spending every day, which was often on a lot of unnecessary tests and diagnostics, and therapy, that for psychotic patients, which is often disruptive to them.

So we brought down our daily expenditures to a point where other insurers and individuals were willing to pay us, not the \$1,000, but not the 600. And then we worked the system. It was my job early on to go to all the emergency rooms in the Boston area, which were a major source of our referrals, and say that the usual reputation of McLean no longer exists. Which the reputation was that it was harder to get a patient into McLean than into Harvard College. And that if they called, they were not going to be... They were going to be told yes. And they were going to be told yes rather rapidly. And that their experience of the hospital had to change, which meant the culture had to change, the people had to change.

And when these major sources of referrals saw that, we began to then have greater admissions because even filling a 155 beds with 14-day lengths of stay means that every other week the hospital census turns over. So you need a lot of referrals. And we did that. And we did that also by opening the hospital to Medicare and Medicaid, to entitlement programs, which the hospital had hardly been a part of on Medicare, and hadn't been at all a part of on Medicaid except for children. So we expanded the population. We convinced a lot of important people and professionals and families that this is the place where if your loved one gets sick with a mental illness, this is where you

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want that loved one to go. And that was our goal and it took a while. And we achieved it. And the hospital has prospered since then.

Sandro Galea:

Let me read something from the book. In the book you have this sentence, which I really like. "I was not naive to the corporatization of medicine, but I had no idea the extent by which healthcare dollars and services were being diverted from patient care and amassed by investor-owned, for-profit corporations and privatized public programs." That's a sentence from your book. So here's my question. How can the profit motive be put to use better in medicine and aligning incentives that actually leads to better patient care?

Dr. Lloyd Sederer:

Well, many hospitals are not-for-profit hospitals, like Boston University Hospital. And that means they're not to make a profit, they make some margin to build new services and whatnot. But the proprietary hospitals, the for-profit hospitals essentially were subordinating their sense of what needed to be done to that of managed care and insurers. Which is/has been I think the most dreadful of impacts on our field and for patients, which is that decision-making was taken out of the hands of doctors and put into the hands of computer algorithms, impersonal 1-800 numbers. And over time, they became so burdensome that they were aversive, which also kept people, doctors and others from trying.

So that was the grip and that was what we had to overcome. And we did. And some of it was importantly achieved by a very significant turnover in medical staff and psychology staff. And that these were not just younger, but these were doctors who knew that the model of care for these very ill patients with psychotic disorders, trauma was not long-term inpatient psychotherapy. That they were on board for converting the hospital. And that was the culture change. Culture change is always through people. And that's how we got there. I think fundamentally.

Sandro Galea:

Now the odds were stacked against you when you and your colleagues took on this re-creation of McLean, and you hinted this in the book. And so I think what we're talking about is as much a story of healthcare restructuring as much a story of leadership. Talk a little bit about what were the elements of leadership that were needed to effect this transition?

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I think you'll like this one. But this one was essential, integral to our success, which is that I right away established a clinical and experiential measurement system for the patients. That the patients filled out essentially with help, a sense of the change in their functioning and symptoms from the time they were admitted to 14 days later or longer. So we had actually data, we had a system of clinical evaluation, and one where we could manage what we were measuring, get closer to target.

And the other is the second instrument. And both of these were developed at McLean. The second instrument was what we call perceptions of care. Now, every hospital has satisfaction studies, surveys, but they're, how was the food, how was the bed, whatever. And ours was, what was your experience as a person being cared for at McLean? Were you given the kind of information you needed to understand what your condition was, to understand why this treatment was being offered you? Were you treated with respect and dignity? Was your own opinion really sought as a way of not just being kind to patients? But people do what they want to do. So the more that we had a sense of what patients wanted, the more we succeeded.

And that system became my defense, my principal defense against the detractors. And there were many. And those that wanted the hospital sold or shuttered because they said, "We're ruining McLean. That its grander is gone and whatnot." But my response to that was, "Well, let's look at what the patients say." Let's look at what a reliable instrument without clinical intervention, it's done by the patients and not seen by the clinicians. Let's just look at what's been happening. We've been reducing the length of stay. And actually the clinical change, the delta's got better over time. And the patient's experience, which hadn't been measured before, was very significant because we did get a lot of feedback that we were paying attention to our patients, their needs and their preferences.

Sandro Galea:

The book is a particular story about McLean and there's a lot to learn about the hospital, about healthcare system. But taking a step back, what more general lessons do you want people to learn from the book?

Dr. Lloyd Sederer:

Well, some of this I've learned and borrowed from you, Sandro, which is you've now had two books in the recent years about the, not quite the corporatization, a commercialization of medicine. And then just very recently, a book of essentially essays on key matters. And you ask in both books and answer, how is change? What change needs to be made? And how is it affected so that change occurs, so that radical change occurs? And that is what I'm hoping individuals and families will listen to and

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follow. One of which is to be a demanding patient. It used to be called a difficult patient, but demanding patient. I think demanding patients are the best patients of all, because they come in and they've thought about their condition, they want to know from you what is going on with me rather than just doctor knows best. And we were successful in doing that, but it took a very long time.

Sandro Galea:

More questions for you. Number one, so American healthcare is challenging. What advice do you have for people who are early in their career who are embarking on the journey of working within American healthcare from a clinical side, from a leadership side, and who are looking to do good?

Dr. Lloyd Sederer:

Well, you arrayed this from the individual too, the systemic, the large system. And I always like to start with the individual, and that's why I brought up the example of a demanding patient and family because that's where things start. It's not that a doctor, or a hospital, or an insurance company is going to just get away with whatever they want to do because they're being called to task on this. And that begins to change the dynamic. That it's not that they're being passively controlled, but they're actively involved in their own care, which ultimately leads to what insurance they have and what the practices of those insurances are.

So being a demanding patient all the way to large systemic change, which often is regulatory, state agencies more so than federal agencies, states attorneys general, consumer advocate groups, medical societies. The more these are active in terms of saying what's right for these people, not what's right for your bottom line or what's not right for your profiteering. And the investor aspect of this was increasingly made transparent, which is that about 12 to 15% of patient care revenue is siphoned off right away to pay the shareholders and to pay the investors.

So you start off behind by 12 to 15%, maybe it could be six or seven, and you're then... They need to know that they can't get away with that, and have people and companies and other organizations buy into what they're saying, which is baloney. Which is that we're going to give you better access, we're going to give you better care, we're going to make things cheaper. All of which has not happened whatsoever in the past 5 or 10 years in this corporatization.

Sandro Galea:

Last question. So we're sitting at the beginning of the cusp of 2024. A year that promises to be a divisive one, federal election year in the US where health in some way

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or another always weaves its way in. So with those challenges ahead of us, flip question on the other side of it. What gives you hope?

Dr. Lloyd Sederer:

What a great question. I, like you, believe in people. I believe in a society that has a sense of duty and purpose, and that's what gives me hope because that's what we're tapping into, which is this is not how you should be treated. This is not how you should be ripped off. This is not how you should be made into a passive recipient of whatever someone else wants to do. That is what gives me hope because the more that people understand that, join it individually and in groups, the more we'll stand the chance to get out of the mess that we're in now.

Sandro Galea:

Well, one thing that gives me hope, if I may, is continuing to read things, like the things you write, that actually show, I think, a commitment to engaging with the ideas that make things better. That sometimes against the odds you say there are ideas to make things better, and those ideas translate into action, that work to make things better. Thank you for doing just that, Lloyd. It's really a pleasure to talk as always. Thank you for writing this book and for everything you do.

Dr. Lloyd Sederer:

Thank you. I'm honored to be here. And thank you for your kind words, Sandro.

Sandro Galea:

Thank you.