

The real problem with our deficit is the uncontrolled growth of our entitlement programs.

We cannot fix problems if we don't acknowledge them. The extraordinary growth of Medicare, Medicaid and Social Security is jeopardizing our fiscal situation. We have to attack these issues. I am not going to spend a lot of time talking about Social Security. I think fixing it is within our grasp – for example, by changing the qualification age and means testing, among other things. When President Franklin Delano Roosevelt astutely put Social Security in place in 1935, American citizens would work and pay into Social Security until they were 65 years old. At that time, when someone retired at age 65, the average life span after retirement was 13 years. Today, the average person retires at age 62, and the average life span after retiring is just under 25 years.

The core issue underpinning the entitlements problem is healthcare in the United States. Here are just a few places where we know we can do better:

- The United States has some of the best healthcare in the world, including our doctors, nurses, hospitals and clinical research. However, we also have some of the worst – in terms of some outcomes and costs.
- Administrative and fraud costs are estimated to be 25% to 40% of total healthcare spend.
- Chronic disease accounts for 75% of spend concentrated on six conditions, which, in many cases, are preventable or reversible.

While we don't know the exact fix to this problem, we do know the process that will help us fix it. We need to form a bipartisan group of experts whose direct charge is to fix our healthcare system. I am convinced that this can be done, and if done properly, it will actually improve the outcomes and satisfaction of all American citizens.

JPMorgan Chase, along with our partners Amazon and Berkshire Hathaway, recently formed a joint venture that we hope will help improve the satisfaction of our health-care services for our employees (that could be in terms of costs and outcomes) and possibly help inform public policy for the country. The effort will start very small, but there is much to do, and we are optimistic. We will be hiring a strong management team to start working on some of these critical problems and issues:

- Aligning incentives systemwide – the United States has the highest costs associated with the worst outcomes because we're getting what we incentivize.
- Studying the extraordinary amount of money spent on waste, administration and fraud costs.
- Empowering employees to make better choices and have the best options available by owning their own healthcare data with access to excellent telemedicine options, where more consumer-driven health initiatives can help.
- Developing better wellness programs, particularly around obesity and smoking – they account for approximately 25% of chronic diseases (e.g., cancer, stroke, heart disease and depression).
- Determining why costly and specialized medicine and pharmaceuticals are frequently over- and under-utilized.
- Examining the extraordinary amount of money spent on end-of-life care, often unwanted.

To attack these issues, we will be using top management, big data, virtual technology, better customer engagement and the improved creation of customer choice (high deductibles have barely worked). This effort is just beginning, and we intend to start small. We will report on our progress in the coming years.