Healthcare Innovation in the Private Sector

Daniel J. Riskin, MD, MBA, FACS
CEO, Vanguard Medical Technologies
Consulting Associate Professor of Surgery, Stanford University
Affiliate faculty, Stanford Biodesign Innovation Program
Special Projects Consultant, Apple Inc.
Goals of the discussion

• Understand recent federal influences on private sector investment
• Consider opportunities to better enable healthcare innovation
Healthcare Trends Driving Innovation

Federal initiatives
- Meaningful use
- MSSP and ACO
- Value based payment
- ICD-10 conversion
Private Sector Spend

Shifting landscape

• Based on recent trends and initiatives, healthcare innovation spending has shifted
• This is reflected in venture, private equity, and public market investment

Traditional areas of investment continue, while new focus areas face rapid growth.
Rapid Growth Sectors

As of 2015, for healthcare innovation:

- Most sectors are growing, though devices face regulatory and tax headwinds.
- There is outsized growth in analytics due to federal initiatives and technology availability.
- With rising valuations and a paucity of exits, health IT innovation may be unsustainable at current levels.
United States approach should remain cautious

- Innovation is not necessarily good – healthcare innovation can cause patient harm and increase costs
- The intention should be to provide incentive and regulatory support for innovations that are safe and benefit the health system
- The goals are improved efficiency, outcomes, and patient experience
Improving quality requires robust infrastructure

- Similar to the highway system enhancing commerce, the US is now investing in healthcare infrastructure
  - Value-based payment models
  - Electronic collection of clinical data
  - Measurement of quality indicators
- As auto innovation followed road availability, so private sector healthcare innovation is building on newly available data and analytics infrastructure
  - Clinical analytics and population health
  - Consumer engagement
**Strengths and Weaknesses in Strategy**

**Goals have not yet been achieved**

- Payment models have shown early successes
- Other infrastructure, including EHR usability, quality measurement, and interoperability are problematic

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**US hires contractors in 1950s to build roads, requiring consistent width, smoothness, connectivity**

**US subsidizes health systems and vendors to capture clinical data, without requiring interoperability, robust quality measurement, or usability**
Recommendations

To reach goals, approach requires review

• Maintain course on payment model adjustment
  • Continue transition to value-based healthcare
  • Continue incentives to improve quality of care
• Correct course on regulation that defines and supports infrastructure necessary for innovation
  • Reconsider quality measurement to define targets most likely to influence cost and outcome
  • Change course to increase and accelerate interoperability requirements to support data use