

URL: <https://stvp.stanford.edu/clips/market-opportunities-in-healthcare-innovation>

As Chief Technology Officer of the United States, Aneesh Chopra sees exciting entrepreneurial opportunities in healthcare innovation. Chopra discusses how moving the American healthcare system to focus on value over volume opens the door to new businesses, while also improving patient care. He also explains why current legislation now provides greater incentives for investors to participate in these emerging markets.



Transcript

Health reform meant a lot of things to a lot of people but to entrepreneurs, I would like to highlight some of the most important provisions.. Chief among them, the fact that we've provided the tools to the administration, to once and for all shift the American payment system in health care for one that focuses on volume to one that focuses on value.. In a capitalist society, you get what you pay for.. As my friends remind me, if you incentivize volume, you're going to get a lot of visits, a lot of procedures, a lot of activity.. What you're not going to get are things that are not counted in volume like care coordination, advising folks to stay healthy, making sure that they stay out of the emergency room.. In volume, that would be a negative factor.. You'd actually be disincentivized.. But as we move the health care system to one that focuses on outcomes, quality or value, you start to open up a market for new products and services.. As we look at Affordable Care Act, we've got several bites at the apple.. First, Congress has provide some explicit authorities to launch tests for new payment systems right now..

Programs called medical homes, and accountable care organizations, and bundling payments and readmission reduction programs.. What these programs basically do is to say to a provider, or a group of individuals that form a provider collaborative, that if you can keep someone healthier, keep their quality up and treat them better at lower cost, you get to financially benefit in that program.. It will augment your traditional mechanisms for reimbursement with a bonus payment, if you will, because you were able to keep someone healthier.. Now, think for a moment about today's health care system.. The provider is reacting to the patients who call to schedule a visit.. And they work the schedule, and the software companies that have been very successful are those who had made scheduling better, and contrary you want to make billing better because once you schedule and you visit someone you want to get paid for the bill.. So we have a great and robust market for products that schedule and bill in health care.. But if you are to shift the system to focus on value, you start looking at the list of patients that are in front of the doctor and you ask the question, of the 2,000 patients that you treat, which 30 do you want to see today.. Because they're most likely to need an intervention: a hospital admission or a surgical procedure or something that's a bit more on the acute side in the near future.. Imagine the technologies one would need to shift the schedule around from people coming in to you, to you proactively reaching them and inviting them in the clinic so that you could treat them..

You need much data mining tools, care coordination tools, patient engagement tools, tools that provide decision support so that the decisions you make when you refer them to another provider are done focused on value and quality.. Those products and services have not had the business case or an investor's thesis here before because they were not reimbursable.. Today, now that the law has passed, we are starting this new market come forward.. Entrepreneurs, who previously might have focused on the consumer web are now wondering, "hey wait a minute, maybe I can apply those concepts in keeping people healthy.. What if I shifted my focus to join the startup, whose mission objective was to keep people out of the hospital, keep them healthier and make billions of dollars along the way." We would say, "Hallelujah".. You deserve to be a billionaire.. Could you imagine being a billionaire and solving the health care crisis at the same time? I'll take you for lunch at the White House mess.. These innovations need a market that allows them to scale.. And one of the provisions of the Affordable Care act that allows us to do this is a very interesting provision that says if we can demonstrate, through pilot tests and programs, that these new payment models have led to a better health care experience to our seniors the Medicare department and the secretary of Health and Human Services has the legal authority to scale that payment model throughout the entire reimbursement system without having to go back to Congress.. That's giving investors more confidence that their products, which they believe in their heart will fuel this value driven health care system, that they have a chance to see the revenue model, the business case come to fruition...

