Procuring Interoperability: Opportunities and Strategies

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Competitive Forces in Today’s Health Technology Marketplace Deter Interoperability

Threat of New Entry
- High barriers to entry due to capital intensive industry structure
- No government incentives available for interoperability
- Business case for interoperability not yet been demonstrated
- No market demand for interoperability

Supplier Power (EHR, medical device, and proprietary middleware companies)
- Few companies control market share and can drive up prices
- Switching costs are high for buyers
- Supplier industry has higher profitability than buyer industry
- Government subsidizes EHR purchases

Competitive Rivalry
- HITECH and Meaningful Use fell short of intended goals
- 21st Century Cures Act penalties have limited impact
- Suppliers thriving in current market and are not required or incented to change products
- No private investment in interoperability at scale

Buyer Power (Health Systems/ GPOs) and Patients
- Buyers have limited bargaining power with suppliers
- Buyers do not demand interoperability and have not proven business case
- Limited IT and CapEx budgets

Threat of Substitution
- Duopoly makes substitution difficult
- Nature of product suites makes switching cost and time prohibitive for buyers

Competitive Forces in Tomorrow’s Health Technology Marketplace Reward Interoperability

**Threat of New Entry**
- Access to health care data lowers barriers to entry
- Value-based payment models reward interoperable solutions
- Robust quality/outcomes standards create marketplace for clinically integrated IT solutions at all levels of care

**Supplier Power (EHR, medical device, and proprietary middleware companies)**
- Suppliers win by designing products and solutions that meet all goals of health systems and patients
- Access to data diversifies supplier marketplace
- Plug-and-Play technology lowers buyer switching costs

**Competitive Rivalry**
- Non-healthcare service providers (Apple, Amazon, Google) have technology capabilities, scale and market penetration to compete with existing vendors and do not need government or industry capital
- Data liquidity enables proposition for personalized medicine and population-based analytic solutions

**Buyer Power (Health Systems/GPOs) and Patients**
- Aggregate purchasing power allows buyers to specify requirements for IT products and negotiate prices
- Commoditized platform model reduces COGS and improves quality and business performance to sufficiently justify CapEx investment

**Threat of Substitution**
- New product complements and substitutions emerge and displace middleware and proprietary models

We have the **WILL**, Now what is the **WAY**?

The opportunity to be successful is going to require that we change industry dynamics—in a *transformative* way.

- Convene providers and health systems to look at this problem at a technical level.
- Develop a trusted platform model that is neutral, accessible, commoditized and scalable.
- Involve clinicians and providers in technology design.
- Build the business case for adoption.
A Patient’s Journey

- Over 450 unique encounters (at least 7 H&Ps incorrect)
- 20+ primary and specialist physicians
- 15+ Health Systems/ physician practices
- 40+ Distinct EHR, radiology, billing systems
- 14 DVDs with image studies
- And I am one of the “organized” patients!
THANK YOU

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