



5 Healthcare Technology Predictions for 2016

SUMMARY

Technology investments will accelerate to take on consumerism and competition. However, issues like interoperability will carry forward into 2016. As the excitement of big data wanes a bit from the euphoria of last year, healthcare consumerism will be on top of the agenda for health insurance and healthcare providers as the sting of the financial burden of healthcare costs passes to consumers. Healthcare startup funding continues to rise, however, consumer health startups promising benefits will come under scrutiny from regulators concerned about consumer protection and patient safety.



INTEROPERABILITY WILL CONTINUE TO BE A TOP ISSUE IN 2016:

While over \$ 28 Billion has been spent so far on implementing health information technology, particularly Electronic Health Record Systems (EHR), these systems are not interoperable, meaning that information does not flow seamlessly between them. Earlier this year, the Office of the National Coordinator for Health Information technology (ONC) released a report on health information blocking that has been undermining healthcare reform and called for congressional intervention to address the issue. Recent media coverage on this topic indicates that many health

systems and networks are developing workarounds using available standards to exchange clinical information within and among themselves to improve the patient experience and reduce costs. However, the healthcare IT landscape is far from seamlessly integrated at this point with major EHR vendors and health systems driving independent agendas. The same report notes that 63% of hospitals and 69% of health systems expect interoperability to be one of the top three data-related challenges over the next three years in performing analytics.

HEALTHCARE CONSUMERISM WILL GAIN GROUND, ENABLED BY INCREASED INVESTMENT IN DIGITAL TECHNOLOGIES:

A recent study seems to indicate that consumerism and consumer engagement in healthcare are currently way behind the rhetoric. However, Digital Health funding has been on a tear in 2015, and the rise in funding for on-demand health startups indicates that consumers want healthcare delivered to them – which is a very different paradigm from the way healthcare works today. The lack of affordable insurance on ACA exchanges, low price transparency around healthcare costs, and increasing financial burdens on consumers will drive the shift towards consumerism in 2016.

A report by McKinsey also suggests that consumers are bringing the same expectations to healthcare as they do in other industries. We may not see health insurance companies providing experiences anywhere close to Apple or Amazon, however, they will start implementing and deploying digital technologies that provide better communication and more real-time interaction. One thing, though – there may not be a returns policy anytime soon for healthcare products and services. And oh, by the way, consumers do want their electronic health records.



BIG DATA ANALYTICS WILL STRUGGLE TO PROVE ITS VALUE:

There is no question that big data is here and will get bigger as more connected devices come online and new data sources such as wearables and social media data gain acceptance, though with some limitations. The promise of big data analytics is built upon an assumption that all these data sources are readily accessible, complete and accurate, and can be easily integrated into standardized data sets on which we can run sophisticated predictive modeling algorithms. This is where reality breaks the promise. Consulting firm Deloitte's 2015 Health System Analytics survey indicates that while analytics is seen as a key to unlock value, the adoption and investment don't necessary add up. In addition, organizations lack a clear strategy, data

governance models, and effective budgeting models. A Health Leaders magazine survey on Population Health Management (PHM), which is the biggest use case for big data analytics, indicates that while 69% of the survey respondents indicated a commitment to some form of a PHM program, they were in early stages of experimentation and hesitant to make big investments at this point. The persistence of data silos and lack of interoperability, and the scarcity of data scientist talent are among several things holding back adoption rates for healthcare analytics. Pockets of excellence are beginning to emerge, however, the focus for most systems seems to be the use analytics for day to day and month to month operational performance metrics.



MORE HEALTHCARE STARTUPS WILL RUN AFOUL OF REGULATORS AND SEVERAL HEALTHCARE APPS WILL SHUT DOWN:

The story of how Theranos, a lab test startup that was valued at over 9 Billion a year ago and made Founder Elizabeth Holmes a celebrity entrepreneur, was slapped on the wrist for conducting its business with "uncleared" medical devices, was just the start. Zenefits, another "unicorn" Silicon Valley startup that was trying to "disrupt" the insurance broking business, was in the news for selling insurance with unlicensed

brokers and flouting insurance laws. Other hot startups are likely to come under scrutiny next year as the FDA starts going after mobile medical apps that claim to provide "scientifically proven" benefits. CIO's and healthcare executives looking for innovation by partnering with the start-up ecosystem will need to start scrutinizing their current relationships.

HEALTHCARE TECHNOLOGY WILL BE INCREASINGLY BE RUN BY NON-CIO EXECUTIVES:

As digital transformation takes hold and enterprises essentially turn into software companies, what consulting firm McKinsey refers to as the 2-speed IT model and analyst firm Gartner calls bi-modal IT will create a new type of executive to lead the deployments of agile, consumer-facing, cloud-based, scalable and dynamic IT applications. Big data analytics programs are already run today by Chief Analytics Officers (CAO) who have a direct relationship with executive

leadership in healthcare enterprises. High profile data security breaches this past year and the potential for further devastating hacks of medical devices have made IT security a CEO-level issue in healthcare organizations. In this landscape, there will be increased tension between business executives and traditional IT executives for control. Analyst firms such as IDC and Forrester predict that old-school CIO's will need to rise to the occasion or be left behind.



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This paper has drawn on a wide variety of published sources including industry publications, company websites, news releases, and Damo Consulting Inc research and interactions with healthcare executives and technology firms.

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