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Tech and health is a 'gold rush' for the 21st century

With data, health can take own temperature


Robin Poon

The data-gathering abilities that technology offers are changing how health-care providers measure success by introducing accountability and creating a "gold rush" for more and better information, argues Boston-based venture capitalist Harry Glorikian.

Mr. Glorikian, general partner at New Ventures Funds, has a long career working with health-related startups as an executive, investor and advisor. Along with medical science writer Malorye Allison Branca, he wrote MoneyBall Medicine: Thriving in the New Data-Driven Healthcare Market. (Editor's note: The title was featured in the Investing 101 section of our last issue.) He also hosts a podcast called MoneyBall Medicine, where he discusses the use of data with health-care and life sciences industry leaders (available on iTunes, Spotify, and through Mr. Glorikian's own website at http://glorikian.com/-podcast).

Mr. Glorikian pinpoints the American Recovery and Reinvestment Act of 2009 (the federal stimulus plan responding to the 2008 global financial crisis) as the start of the digital health revolution in the United States.

Although medical offices and hospitals were already moving patient records from cumbersome, hard-to-access paper files to computers on a piecemeal basis, the act kicked those efforts into high gear. It allocated US$19.2 billion to improving health-care IT, in particular by implementing electronic health records.

The widespread digitization of patient information gave health-care providers and insurers access to far greater quantities of data, enabling them to recognize and analyze general health trends as well as measure the effectiveness of specific treatments with much greater precision.

That accountability is shifting the health industry's business model to focus on actually improving health as opposed to simply delivering care, Mr. Glorikian explains. In the past, he observes, "Health care never had to do that…health care got paid no matter what."

Whereas profits previously depended on billing patients only after they came to clinics or hospitals for medical attention, providers (in league with tech firms and insurers) are increasingly taking a more preventive approach to health.

For example, at the beginning of 2020, a five-year agreement between health company **CVS Health Corp.** (CVS-NYSE, US$60.35) and health insurer **Anthem Inc.** (ANTM-NYSE, US$263.05) took effect. Under the terms of the deal, CVS is managing some services on behalf of IngenioRx, an Anthem pharmacy benefits manager.

CVS has also added automated "health stations" at many of its pharmacies that can monitor customers' vital information and then give advice from a remote expert nearly instantly.

Mr. Glorikian says the participation of tech firms in health care's transformation has injected a disregard for the latter's highly regulated status quo and a taste for disruptive devices and attitudes. Meanwhile, insurers are keen to keep their policyholders healthy (so they have to pay out fewer claims); joining forces with providers aligns their business interests instead of creating the potential for conflict.

As the tools for recording and parsing health-related data advance, virtual and otherwise, so too have the quality of insights they can achieve. Mr. Glorikian predicts that trend will continue, especially as the Internet of Things comes online.

Heavy hitters such as **Apple Inc.** (AAPL-NASDAQ, US$276.10) and **Alphabet Inc.** (GOOGL-NASDAQ, US$1,258.41) entered the fray years ago, as when the former introduced a health-tracking app to its Apple Watch several years ago; a retina scanner can be installed on any Android device, too.

Mr. Glorikian suggests that devices linked to the Internet of Things, such as a wireless blood pressure meter, scale, or heart monitor could not only record a patient's vital signs on an ongoing basis, providing useful "longitudinal" data in the event of a visit to the doctor, but actually flag that patient for examination based on the recorded data in the first place, before the patient even realizes there is an issue. Digital data, of course, is also far easier to share than paper records.

"The world of possibilities is completely different from even five years ago," he says, in terms of both technological progress and attitudes within health care.

The COVID-19 pandemic only underscores the potential (currently actual) demand for remote medical capabilities. Mass adoption of smart medical diagnostic equipment will naturally lead to more breakthroughs gleaned from the reams of data they collect, he adds.

Even smarter devices could empower health professionals, or even non-professionals, to make the best diagnosis.

Asked how investors can stake their own piece of the gold rush, Mr. Glorikian says the health-tech revolution is still well in its early stages.

Picking up shares of big companies such as CVS or Apple is one way to buy in. As for startups and lesser-known tech names, he says his selection criteria would include technological prowess, an understanding of the health-care field that the company is entering, capable and ambitious management, and a sensible, logical business model. "Everybody needs to do their homework because these things are not necessarily obvious," he says.

Mr. Glorikian says the private, profit-oriented health system in the United States will be a leader in adopting technology. By comparison, he says, solely government-funded (or "single-payer") health-care systems are unlikely to lead the charge because of their budget-oriented rather than outcome-based approach. "It will move faster or slower depending on how the system is paid."

He predicts single-payer systems will emulate the United States as its successes become apparent. Remarkably, Geisinger Health System, which provides health care to about three million clients, mainly in Pennsylvania, offers a money-back guarantee for its surgeries, Mr. Glorikian notes.

Ben Bergen, executive director of the Council of Canadian Innovators, agrees that the confluence of health and technology is a "very innovative" space. (The council advocates for government and business to embrace technology and create policies that are friendly to it.)

He says the massive data set of Ontario's health system, with its 14 million patients from a widely varied demographic background, is a treasure trove. It could offer up lessons not only to Canadian doctors but also to health professionals abroad (if they buy the data) about their patients, he posits.

Mr. Bergen concedes, "One of the reasons we're having such a struggle with health costs in Canada is because we have a problem with making profit off of health care." This can slow the adoption of new technologies and techniques.

However, he says there is a risk that private insurers will not necessarily employ data to extend coverage or improve health, precisely because of their profit motive.

"I think it will be used as an exclusionary tool rather than an inclusionary tool," Mr. Bergen says.

In our next issue, I will be introducing a Vancouver-headquartered health-data company that is finding new customers on both sides of the border thanks to the coronavirus pandemic, **HealthSpace Data Systems Ltd.** (HS-CSE, $0.07).

Robin Poon is editor of Investor's Digest of Canada.