

The future of U.S. health care is bright — just don't count on Washington to fix it

- Doctor and bioethicist Zeke Emanuel and investor Ann Lamont argue that private sector innovation paints a bright picture for U.S. health care.
- Start-ups have tremendous energy and plenty of VC funding.
- Many are focusing on low-income patients and neglected disease.

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Health policy emanating from Washington D.C. is confusing, even a mess.

Consequently, the driving force for transformation of the American health care system is shifting more and more to the private sector. Consider these five areas where entrepreneurs, investors, and the private sector are driving meaningful change in the industry:

There is tremendous energy around new innovation and startups trying to solve various problems in the health care system. The pace of change driven by startups seems to be accelerating as companies devoted to essential needs — from reducing procurement costs and improving operational efficiency, to delivering more efficient primary care or dialysis care—try to do something about the sorry state of health care.

There is plenty of VC money in health care because there is plenty of innovation. As a participant at an industry conference recently noted: “Since 2010, roughly one-third of all venture dollars invested per year goes to health care opportunities, with more than \$15 billion invested each year over the last three years.” The level of startup activity and investing portend well for substantive solutions to the big quality and cost problems facing U.S. health care.

Point solutions are dead. Point solutions addressing smaller problems are being ignored while investors search for companies that can take on and transform larger swaths of the care system. No longer is medication adherence or patient navigation sufficient; the real solutions must wrap together a series of solutions in an integrated offering to tackle patients with specific conditions comprehensively.

Lower income patients are in. Medicaid now covers over 70 million Americans, nearly 50% of all child births, and 20% of the Medicare population. Entrepreneurs and investors are on it. From a fund devoted to Medicaid providers and patients to companies trying to enter the Program of All-Inclusive Care for the Elderly (PACE), there is recognition that higher-value delivery of care is possible in these programs for the low income — and they can produce profits. This is a good sign for anyone who cares about addressing health care disparities. Lots of promising solutions will be coming.

Long-neglected areas of health care are seeing increasing interest. Over the past few years, innovative startups have focused on the often-forgotten “backwaters” of primary care, like One Medical and Village MD, and mental health, like Quartet and Lantern. Now attention is shifting to other forgotten areas of medicine. For example, some new companies are aiming to shake up renal failure and dialysis. This is a huge market involving 650,000 Americans at an annual cost of \$42 billion, of which \$31 billion comes from Medicare. This is good news for those of us who want change.

Commentators fixated on Washington may be pessimistic about the future of health care. But those who also take in what happens across the country should be optimistic about the longer-term future of the system. This is largely because of the tremendous movement in the private sector through the continuing expansion of venture-funded startups. It will take years for these startups to transform the system, but the omens are positive, and the impact will be felt across all segments.

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