# Solving The Digital Transformation of Healthcare by 2025

May 15, 2019

Kevin A. Schulman, MD, MBA

Professor of Medicine
Clinical Excellence Research Center
Department of Medicine
Professor of Economics, Graduate School of Business
Stanford University



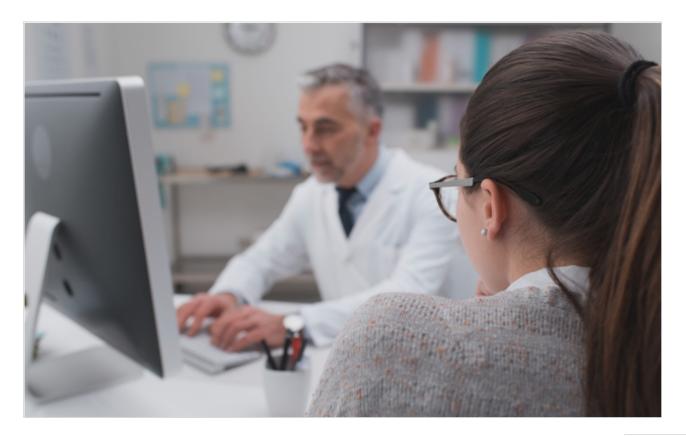
### HiTech Act 2009



"Health information technology connects doctors and patients to more complete and accurate health records. Tools like electronic health records and electronic prescriptions help patients and providers make safer, smarter decisions about health care...Better technology can also cut costs for providers by reducing paperwork and duplicative tests."



### **Electronic Health Records (EHR)**





### **EHR Implementations NC**







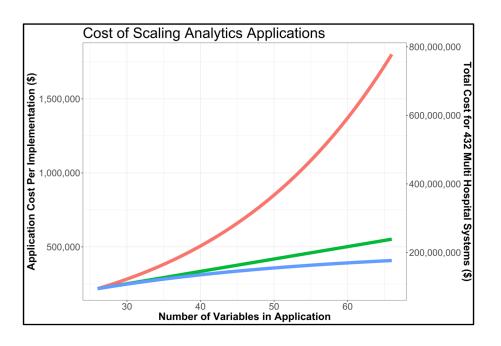


### Scale

Number of Hospital Systems	432
Number of FTE Per System	200
Cost Per FTE	\$125,000
Anual Maintenance Cost	\$10,800,000,000



### **Costs of Scaling an App**



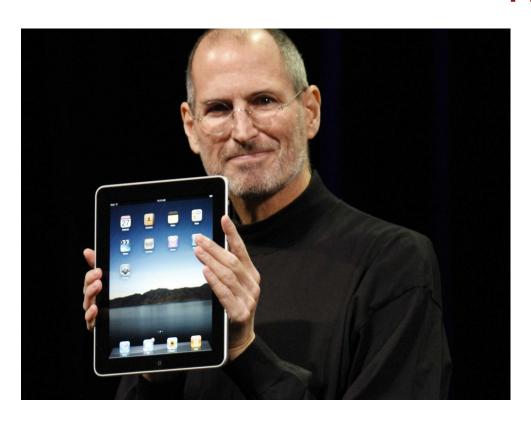
### HiTech Act 2009



\$38,422,505,920



### **An Alternative Approach**



What if 50% of health care was delivered via mHealth technology by 2025?

## **Economics of**"Machine Learning Healthcare Systems"

- Maximize the collection of meaningful data
- Minimize the cost of data curation and feedback loops
- Build work processes that reflect the availability of these tools
- Build management capacity to lead these organizations



### **Maximize the Collection of Meaningful Data**



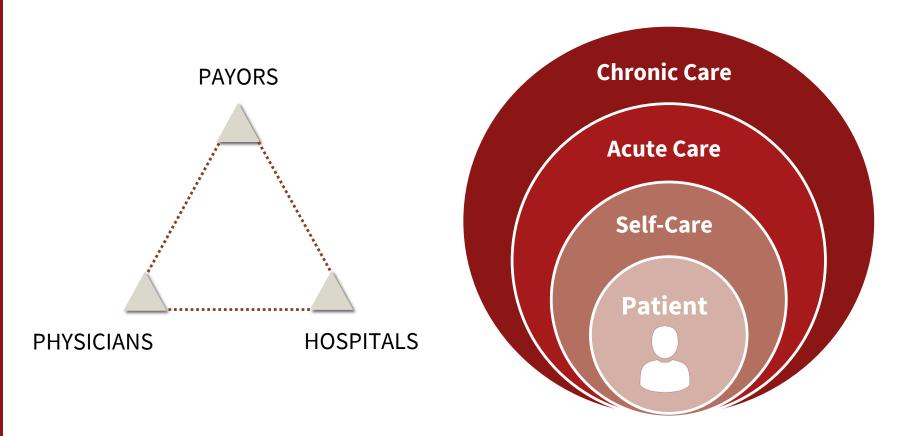


**Hospital Health Record** 

**Personal Health Record** 



### **Maximize the Collection of Meaningful Data**

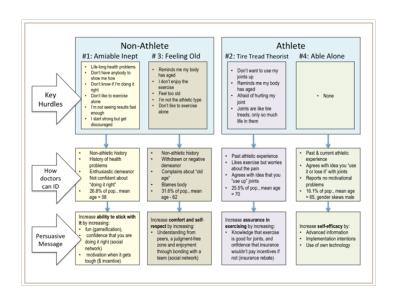


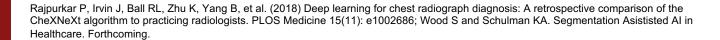
### **Enable Data Curation and Feedback**

### **Supervised Learning**

### Consolidation b Cardiomegaly C 0.50 0.50 0.50 0.50 0.75 0.50 0.25 0 0.75 0.50 0.25 0 0.75 0.50 0.25 0 0.75 0.50 0.25 0 0.75 0.50 0.50 0.50 1 0.75 0.50 0.25 0 1 0.75 0.50 0.25 0 1 0.750.500.25 0 1 0.75 0.50 0.25 0 Nodule Pleural-thickening 0.50 0.750.500.25 0 0.750.500.25 0 0.750.500.25 0 0.75 0.50 0.25 0 Specificity Specificity Specificity 0.50 0.50 - Algorithm Board-certified radiologist Resident radiologist 1 0.75 0.50 0.25 0.75 0.50 0.25

### **Unsupervised Learning**



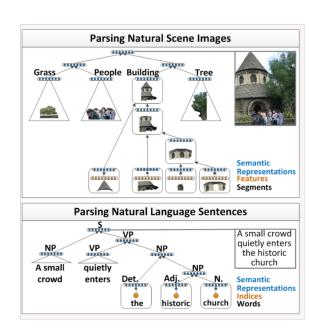




### **Organizing Around Capital Assets**



20<sup>th</sup> Century: Hospital Operating Room



21st Century:
Machine Learning Environment



### **Building Work Processes**



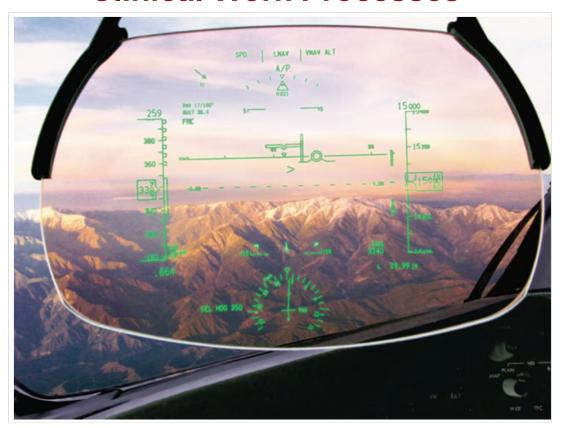
Given the technology, how do we redesign the workflows in healthcare?

Which tasks will be performed by the technology?

Which tasks will be performed by people?



### **Clinical Work Processes**



### Governance

Capacity for a Portfolio of Investments

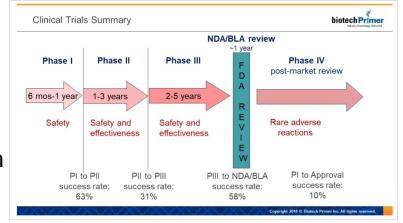




### Governance

Capacity for a Portfolio of Investments

- Appropriate Evaluation
  - Discovery, Development, Dissemination





### Governance

Capacity for a Portfolio of Investments

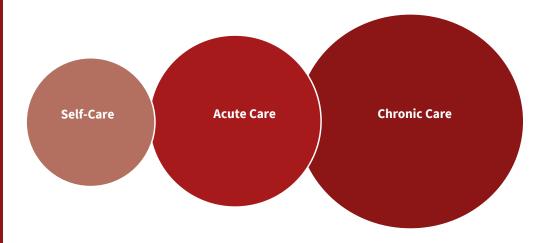
- Appropriate Evaluation
  - Discovery, Development, Dissemination

Legacy Costs





### **Bringing it All Together: The Services Ecosystem**



- What is the clinical problem?
   -The "job to be done"
- How can we use data and analytics to support the solution?
- What physical resources are needed to support the solution?
- How do we build the business models to support the solution?



### The Innovation Challenge

"...as a rule the new does not grow out of the old but appears alongside of it and eliminates it competitively..."

Joseph A. Schumpter
The Theory of Economic Development (1911)



### **An Alternative Approach**



What if 50% of health care was delivered via mHealth technology by 2025?

### Stanford CERC: How Do Deliver Great Care at Lower Cost?

