

When Healthcare and Innovation Converge in Philadelphia

As first-year postdoctoral fellows in Health Economics and Outcomes Research, we were fortunate enough to attend the Converge 2015 Conference hosted annually by MedCity News on September 1st and 2nd in Philadelphia. MedCity News represents a leading online news source for the business of innovation in healthcare. The purpose of this conference was to engage all stakeholders involved with healthcare innovation and to provide the most accurate picture of the prospect for the business of medicine. The conference involved keynote speakers from academia, payers, industry and government sectors covering topics such as corporate venture capitals, intellectual property protection, precision medicine, wellness programs and IBM Watson Health. The conference also included presentations from selected startup companies promoting their innovative products.

The Converge 2015 conference opened with Mr. Daniel J. Hilferty, President and CEO of Independence Blue Cross, who highlighted current challenges and innovation landscape in healthcare. Per Mr. Hilferty's remarks, the main challenge facing Philadelphia in particular, is cost of healthcare, which is 42 percent higher than the national average. This challenge therefore presents an opportunity for innovators to be more prominent in impacting healthcare. The opening remark concluded with the motivational story of the invention of the light bulb by Thomas Edison, an innovator and an inventor. Mr. Hilferty metaphorically addressed Independence Blue Cross as an innovative company in healthcare.

Following the opening remarks from Mr. Hilferty, the conference proceeded to discuss

different aspects of the creation of innovative startup companies. The path from a simple startup idea to forming and leading a startup company is a complex process with a variety of difficulties to overcome. A significant difficulty recognized by most startup companies is appropriate funding. Panelists from large institutions such as Johnson & Johnson and Mayo Clinic discussed how to connect with, attract, negotiate and better understand corporate venture capitals in healthcare. As opposed to traditional venture and angel investors, corporate venture capitals can be an important funding source. One of the advantages of collaborating with corporate venture capitals is that they generally have solid connections with clinical experts in the field; however, the panelists also noted that the direction of funding might drastically change when there is an adjustment in the leadership.

In addition to funding, another critical aspect for startup companies is protecting intellectual property. During the breakout session "Protecting What's Yours", panelists explained the importance of every aspect of intellectual property protection including patents, copyrights, trademarks and confidentiality agreements. Protection of intellectual property is especially important when company leadership suspects that the company is moving in an unexpected direction. Mr. Lee Drucker, the founding partner of Lake Whillans, shared various scenarios in which entrepreneurs were challenged or taken advantage by their business partners. Moreover, the panelist provided strategies for negotiations with business partners and investors to protect their assets.

The conference also introduced various innovative topics in healthcare along with

the ethical decision-making involved in the process of implementation. An interesting debate was initiated regarding consumer-driven precision medicine. An ardent exchange between Ms. Susan Hertzberg of Boston Heart Diagnostics and Dr. Alberto Gutierrez of the US Food and Drug Administration (FDA) occurred concerning the discussion of genome sequencing, data interpretation, medical ethics and patients' right to the access of the data. Dr. Gutierrez pointed out that the interpretation of genome data is never easy and there are great risks when data presented was potentially falsely positive. This particular statement was in reference to 23andMe, the direct-to-consumer genetic testing company that was selling the personal genetic testing spit kit. In late 2013, the company received a warning letter from the FDA to stop selling the spit kit due to the lack of communication with the FDA. Contrary to his perspective, Ms. Hertzberg drew attention to the fact that the healthcare climate is shifting, where the importance of access to personal data is much more valued than ever before. Thus she believed that government agencies should be more open-minded with healthcare innovations and urged payers to take on a more critical role to connect innovation and reimbursement.

Another innovative concept related to the shift of the healthcare climate is wellness programs. Wellness programs and the partnering reward programs have expanded in the last decade. Mr. Nebeyou Abebe, Senior Director of Health & Well-being, Sodexo North America discussed the success and failure of wellness programs during the fireside chat "The Cutting Edge of Health and Wellness." Mr. Abebe pointed out that up to 84 percent of

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large employers have developed wellness programs; however, only 4 – 6 percent of employees actually participate in such programs. There is a critical need for strategically improving employee engagement and according to Mr. Abebe, it can be accomplished through partnership with community-based organizations and utilization of simple, but powerful, technology such as text messages.

Following numerous discussions from other startup companies with innovative ideas, the conference concluded with the closing keynote presentation, “What’s Next for Watson,” which was delivered by Dr. Kathleen McGroddy Goetz, Vice President of IBM Watson Health. She introduced what Watson Health is by addressing that the goal of the

company is to build a hub of an ecosystem, which provides “Insight as a service” solutions. As opposed to the notion that artificial intelligence is to replace people since the term was coined in 1955, it is built to augment knowledge and enhance expertise. According to Dr. Goetz, a significant amount of data has been digitalized but not made accessible or actionable, and Watson Health aims to realize its potential by acquisition and partnership within the encouraging ecosystem. IBM Watson Health obviously has an ambitious agenda in what data and analytics can do for healthcare innovations, and it is definitely the right time for the arena.

This Conference provided an opportunity for entrepreneurs to network with professionals addressing some of the

biggest challenges in healthcare. Jefferson College of Population Health was also able to share information about research interests and initiatives with the attendees at a booth. We thank Dean Nash for the opportunity to attend the Converge 2015 Conference which expanded our knowledge and insights about the new terrain of healthcare.

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