

CAP FOUNDATION
CONFERENCE SERIES III

Futurescape of Pathology

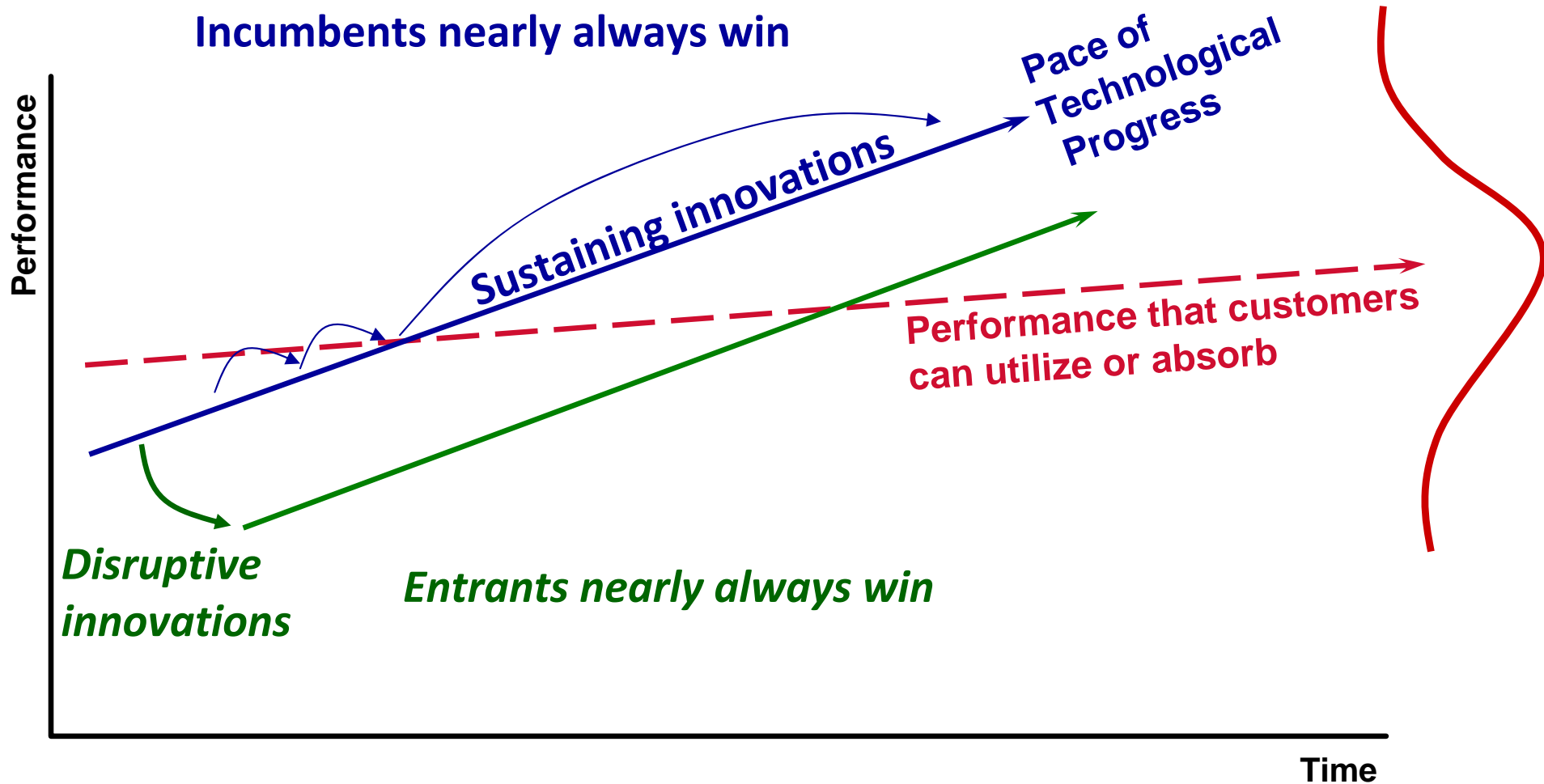


Disruptive Innovation in Health Care: Identifying Areas of Future Growth

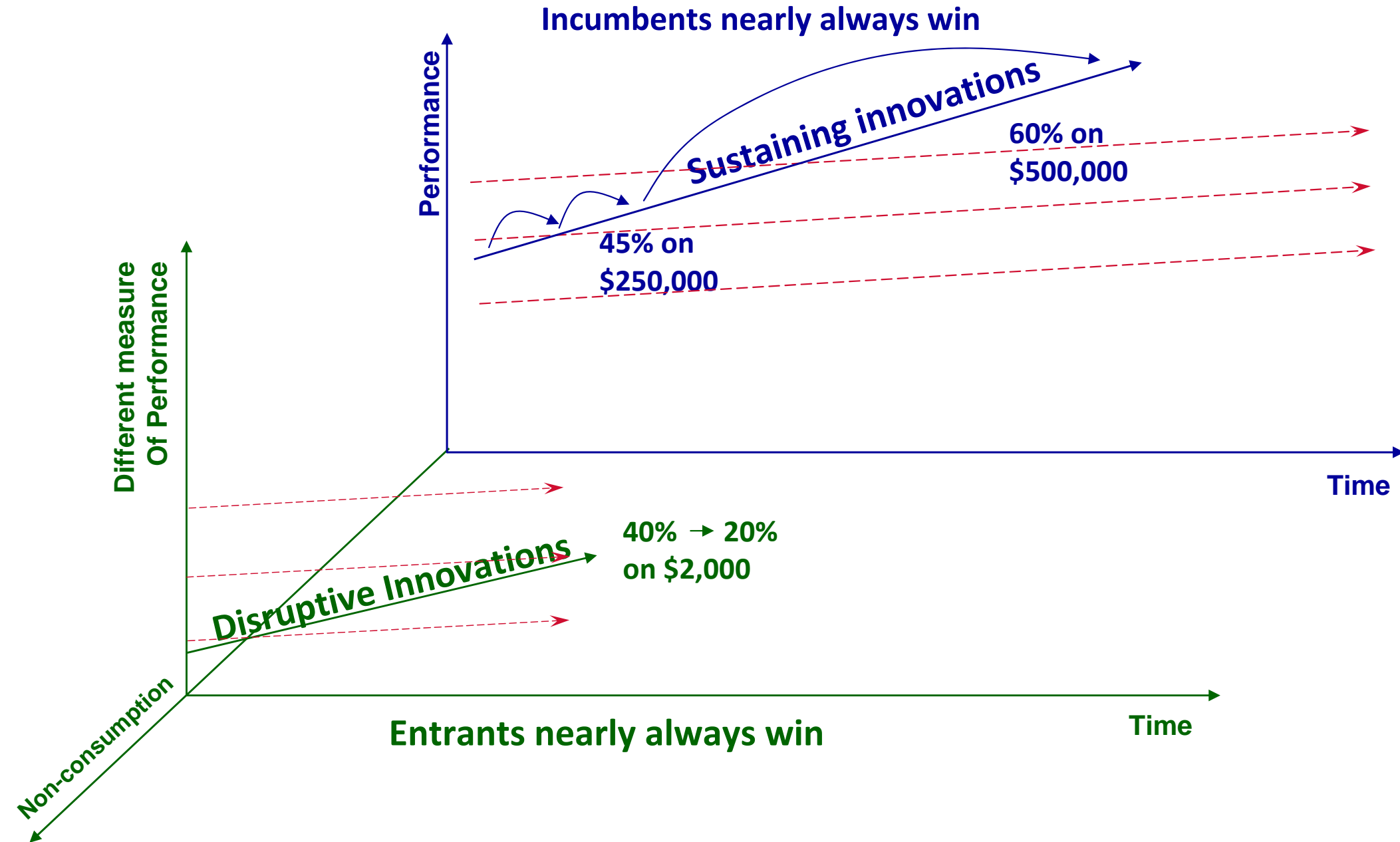
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The Disruptive Innovation Model



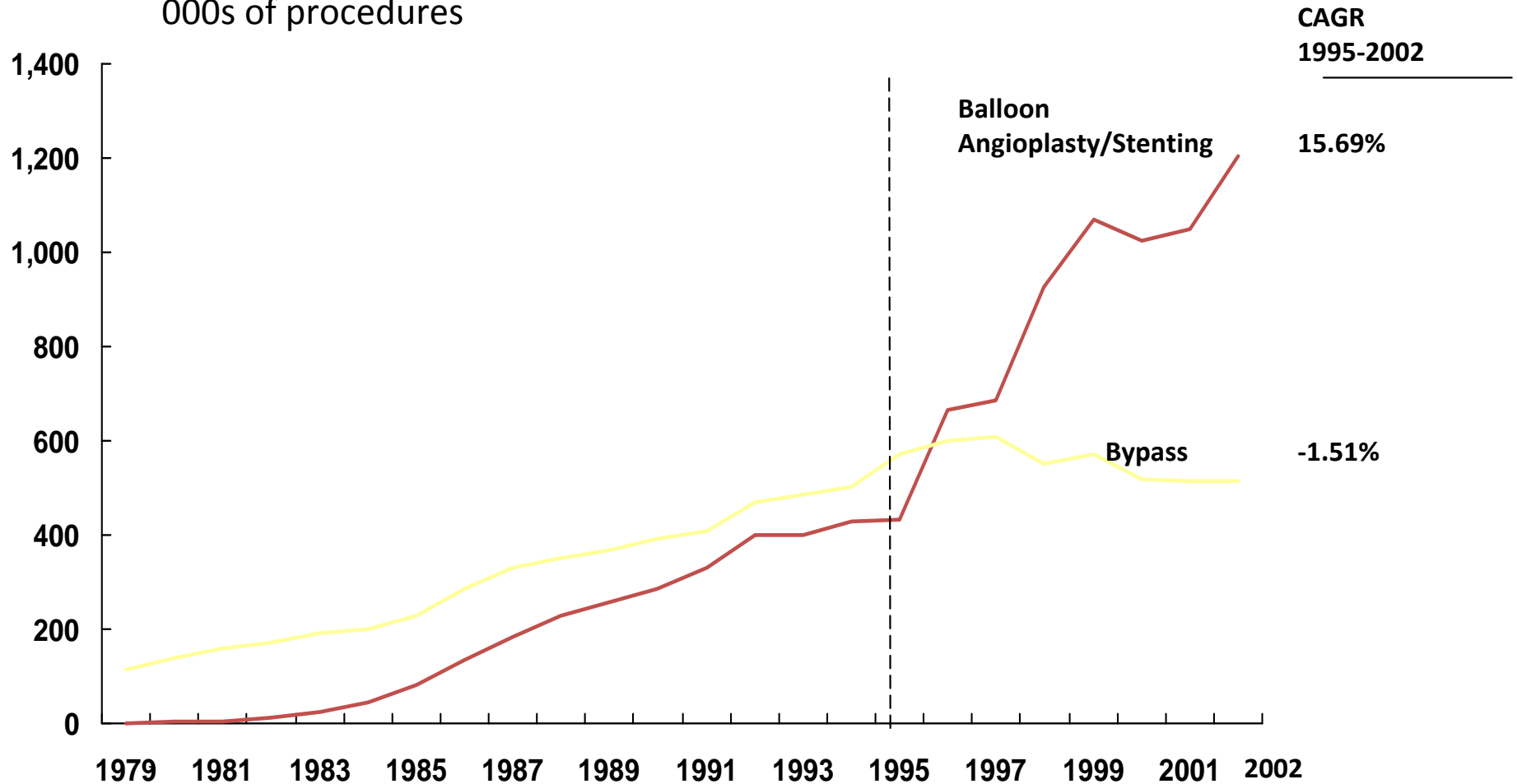
Disruption is driven by an asymmetry of motivation



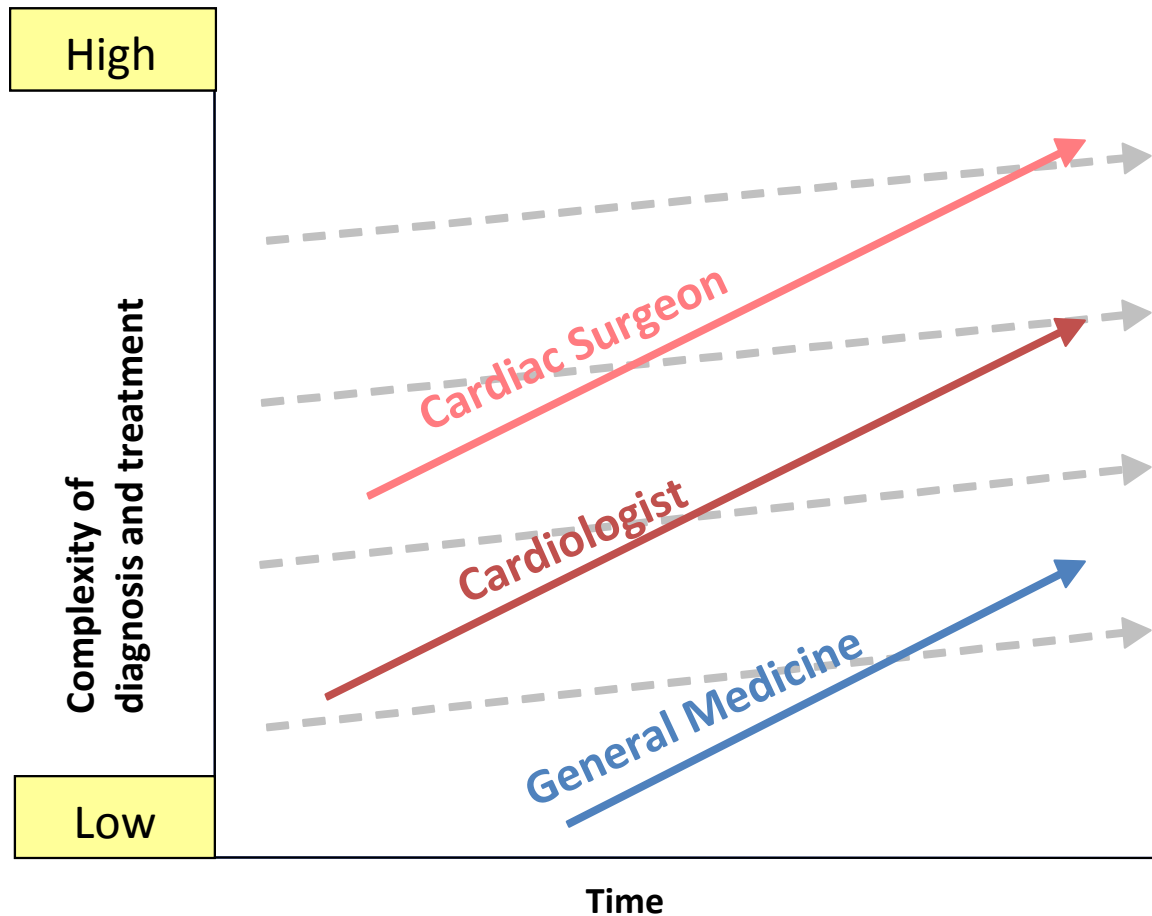
The growth of angioplasty

Estimated Inpatient Cardiovascular Procedures, 1979-2002

000s of procedures



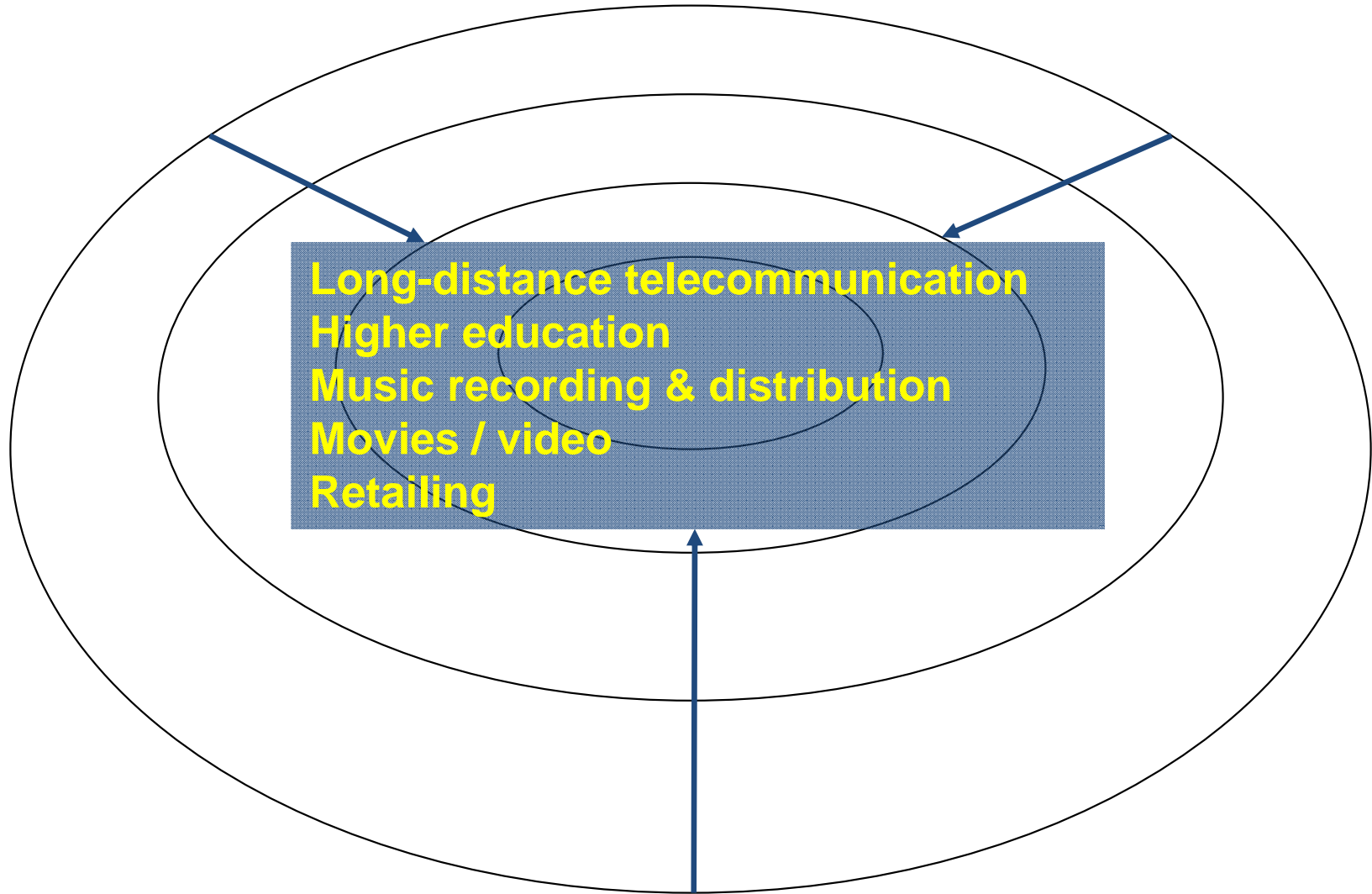
“Asymmetries of motivation” in angioplasty



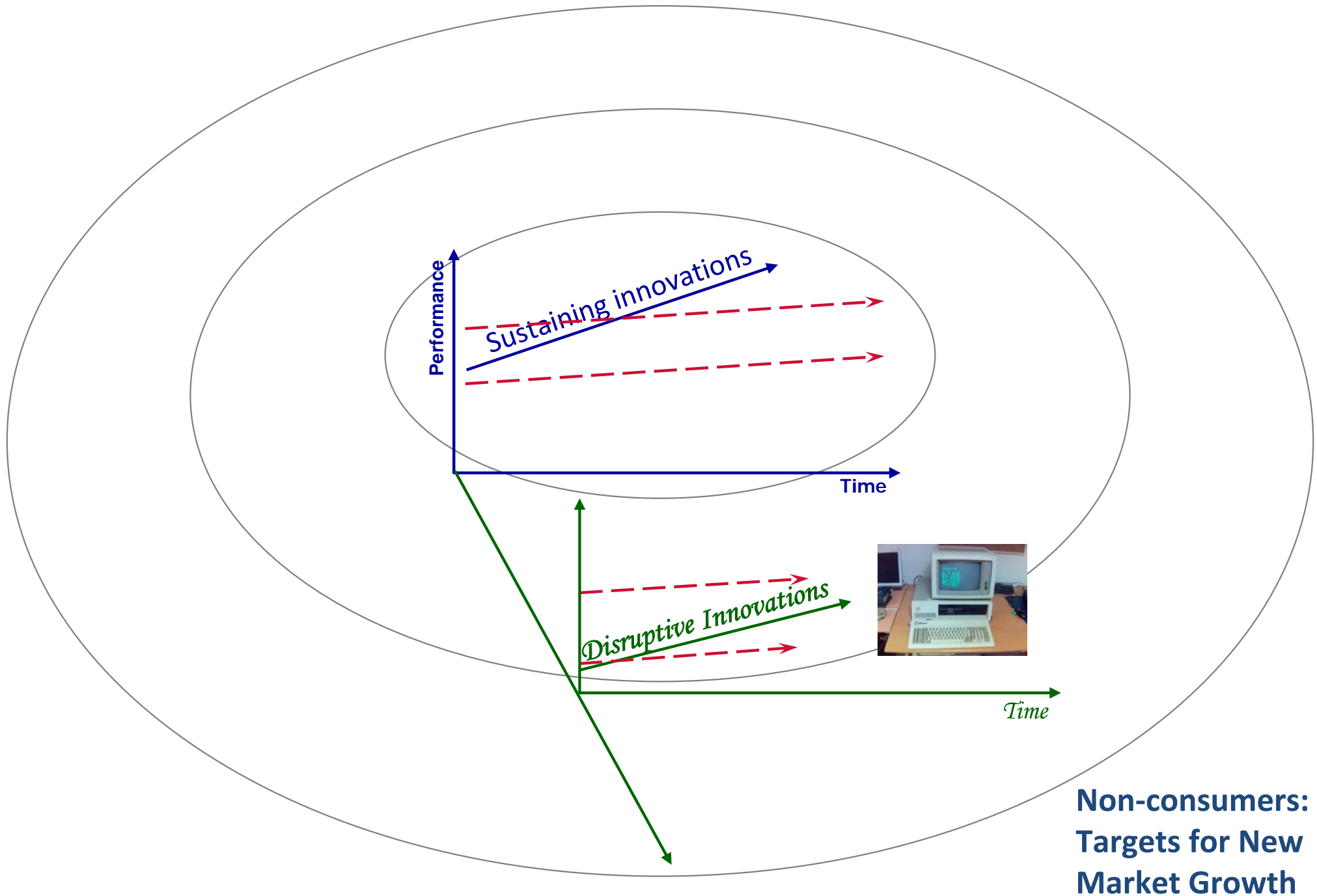
“When angioplasty was introduced, it captured the imagination of cardiologists and surgeons differently. Surgeons were skeptical about this new procedure. They were used to seeing small arteries in the operating room and questioned how one would be able to introduce a small catheter into the femoral artery, negotiate it via the left main coronary artery into a distal vessel, and dilate it. Cardiologists saw this as an incredible opportunity to treat patients with ischemic heart disease.”

—Chief, Division of Cardiothoracic Surgery, Miami, Florida

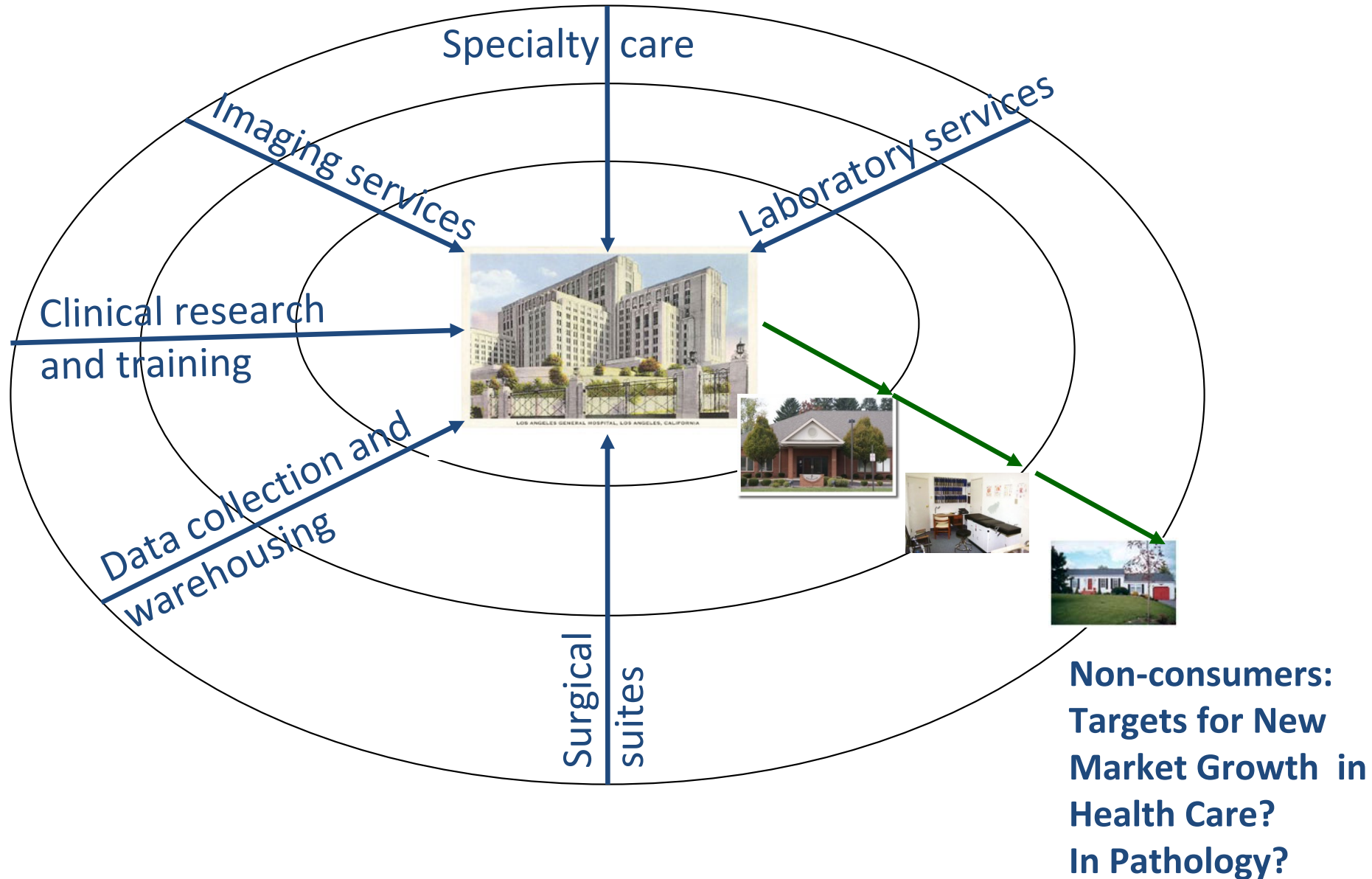
Centralization followed by decentralization is common



Decentralization is disruptive, and is hard to catch

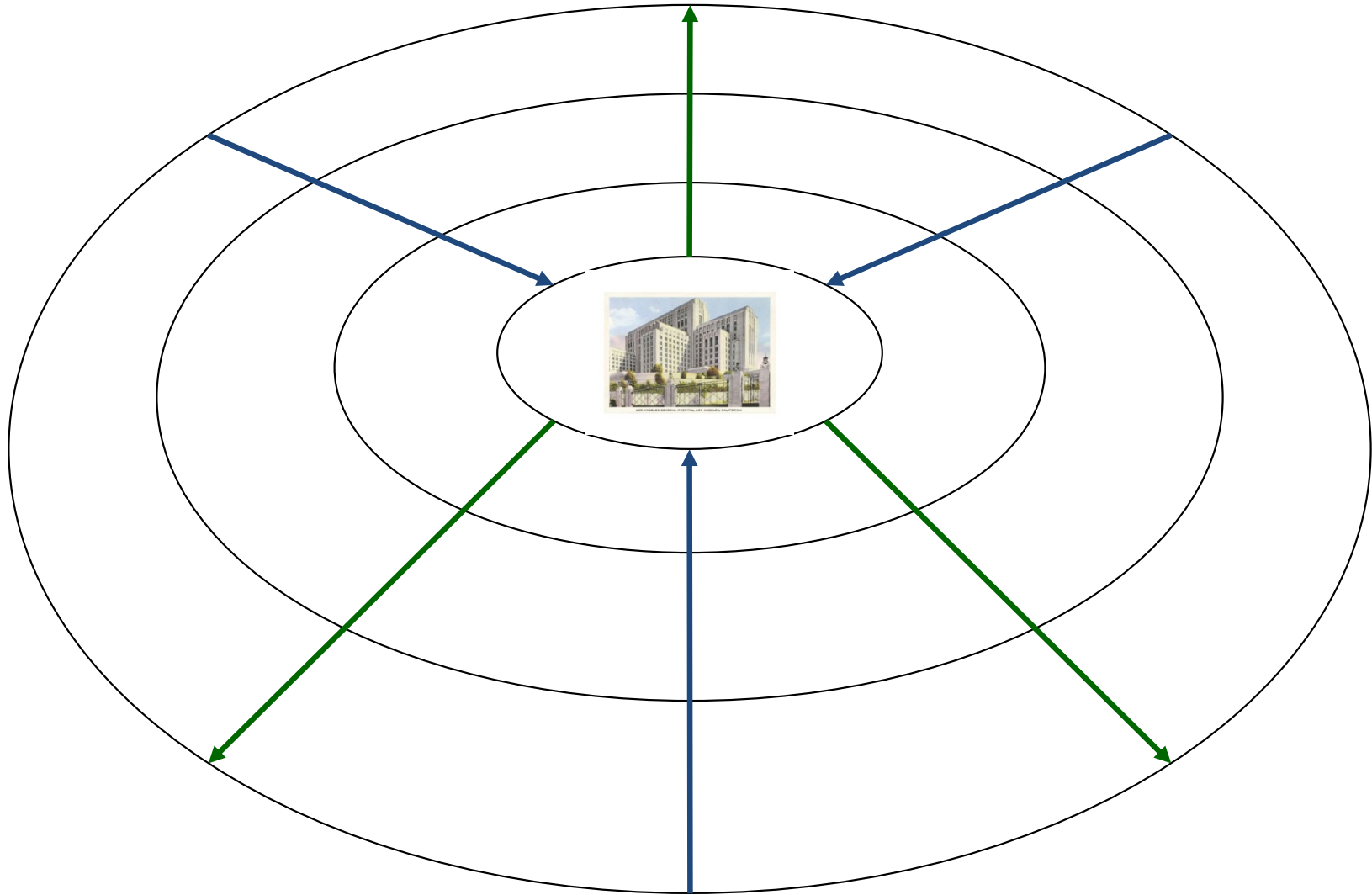


The decentralization that follows centralization is only beginning in healthcare



The pursuit of profit and differentiation in head-on competition among similar business models adds functionality and cost

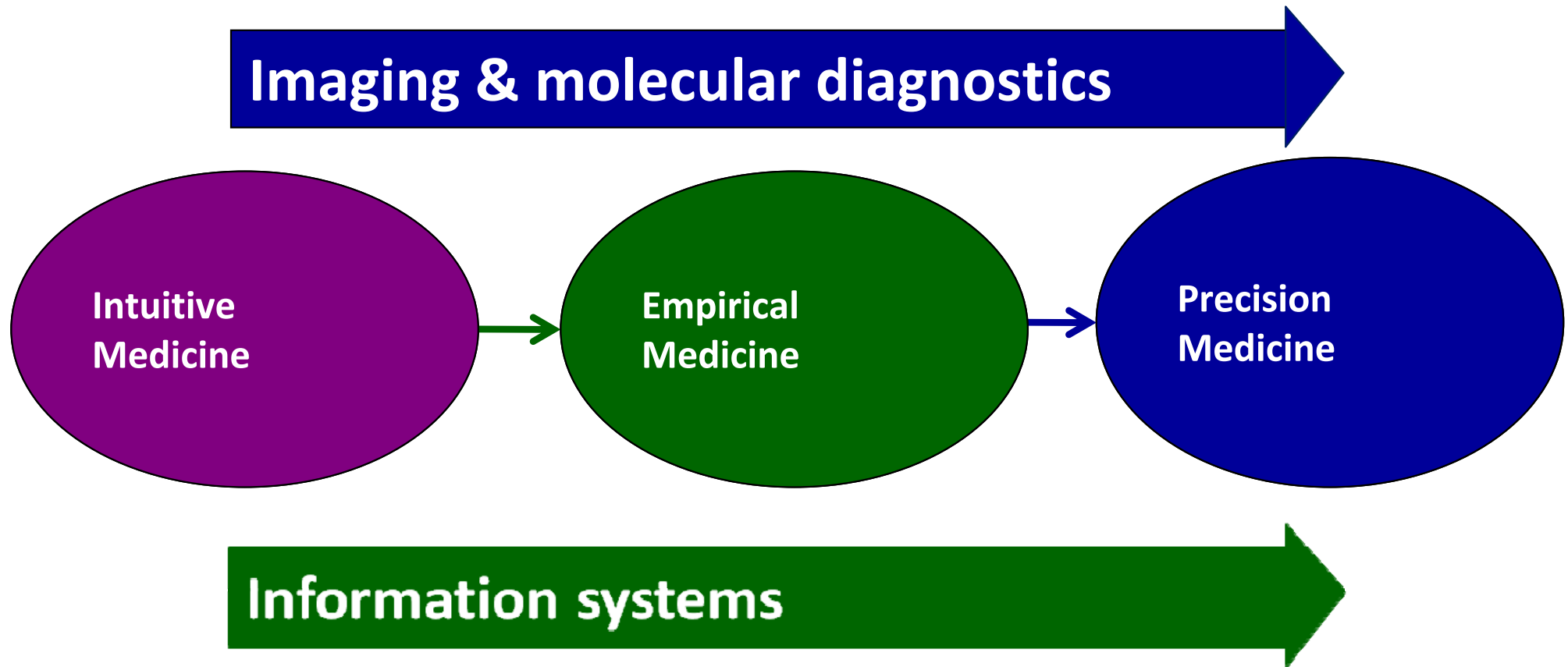
Disruptive decentralization is the mechanism that reduces cost and spurs widespread adoption



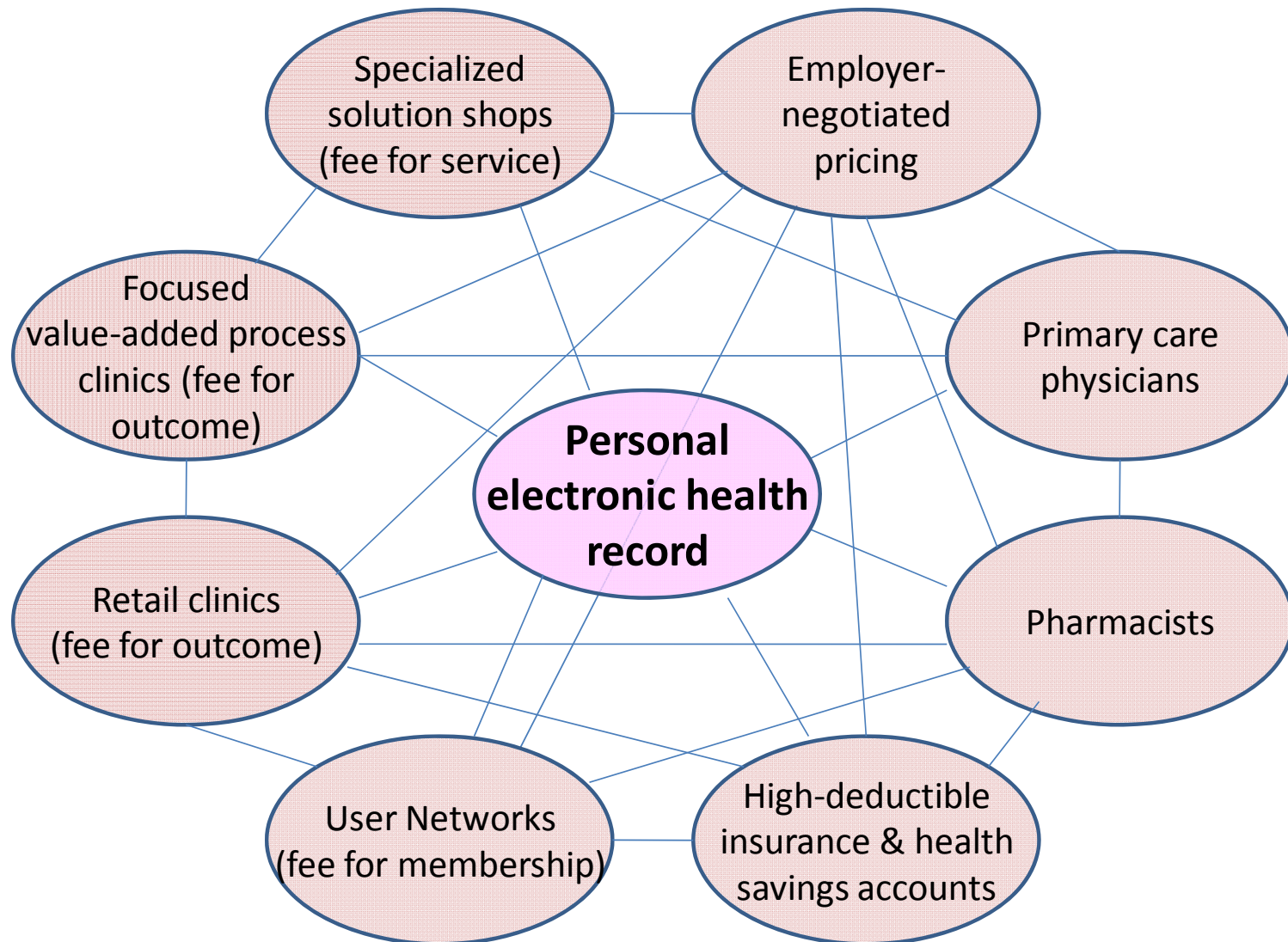
Information as a Disruptive Technology

Disruption is not just about
minicomputers, steel mills, and
vacuum tubes

Disruption is facilitated when historically valuable (and expensive) expertise becomes commoditized



Electronic Health Records and the Medical Home



Electronic Medical Records: Organizing Principles

- Must help users do a job that they're trying to do. Records themselves create no value – they sit on a disk drive instead of in a file drawer.
- Patients and providers need to pull the records into use. If EMRs are pushed upon them they will not be used.
- Data must be open-source, readable by all. Proprietary applications that help patients and providers do the jobs they need to do can then be built upon the data.
- Problems must surface before the problems can be solved. Interoperability problems, in particular, will be resolved only after they are encountered.

Market Understanding that Mirrors how Customers Experience Life



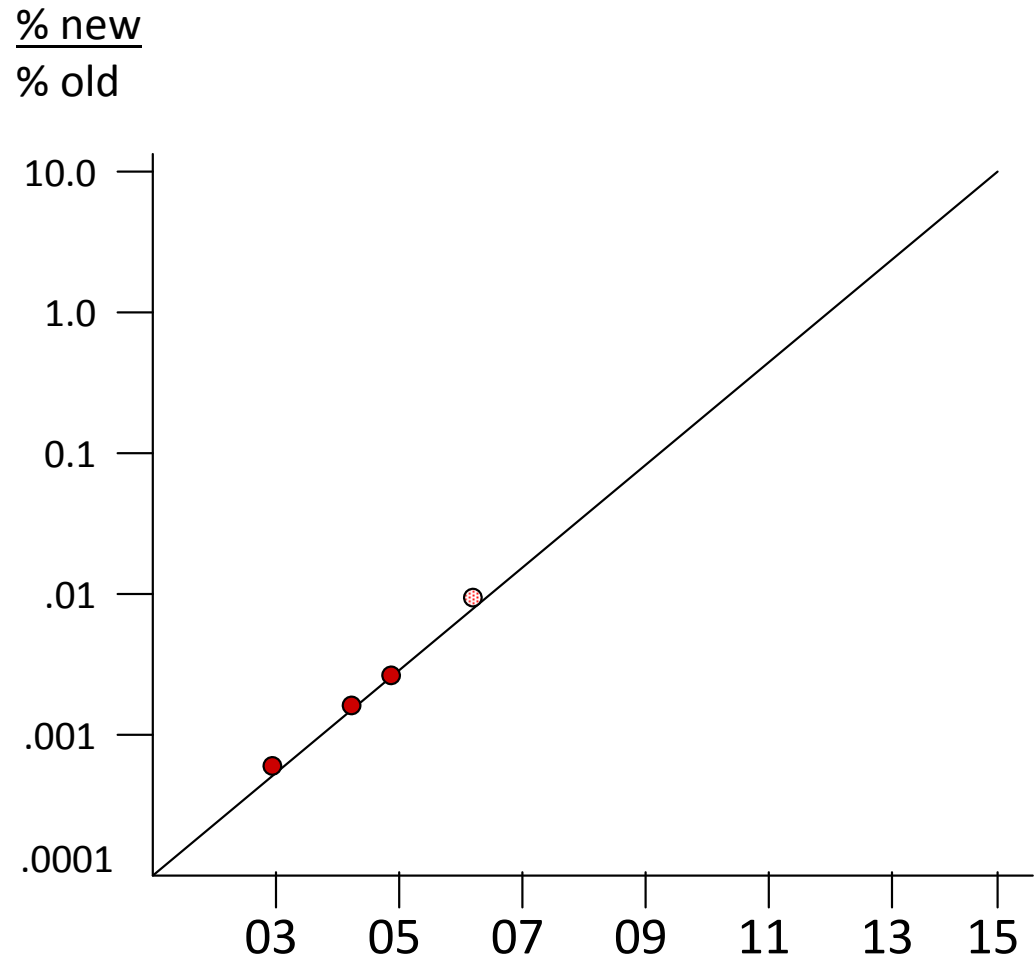
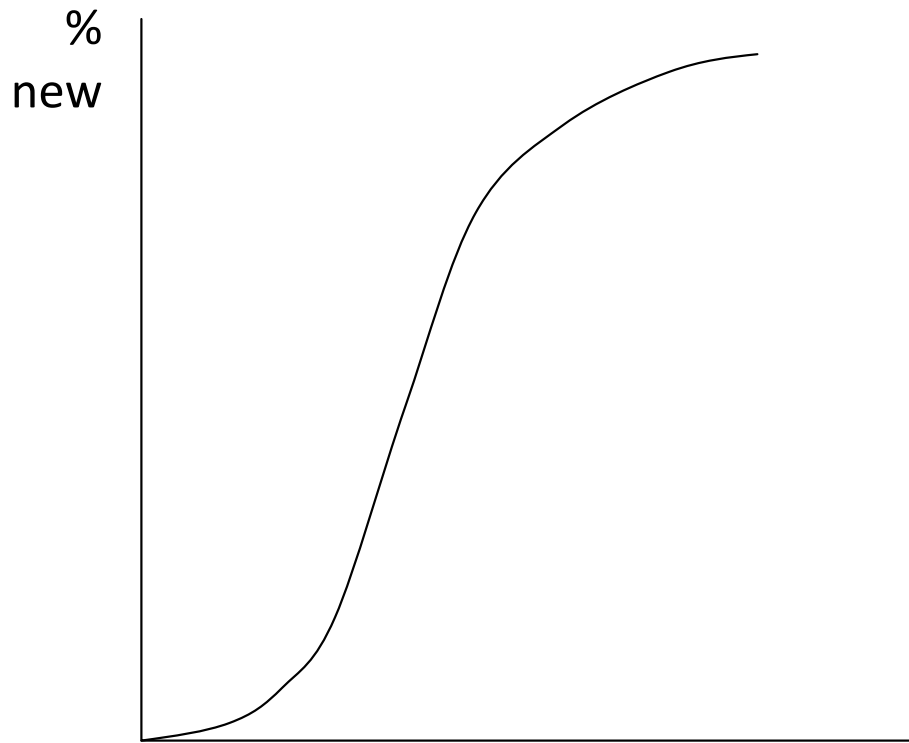
“The customer rarely buys what the company thinks it is selling him”

- Peter Drucker

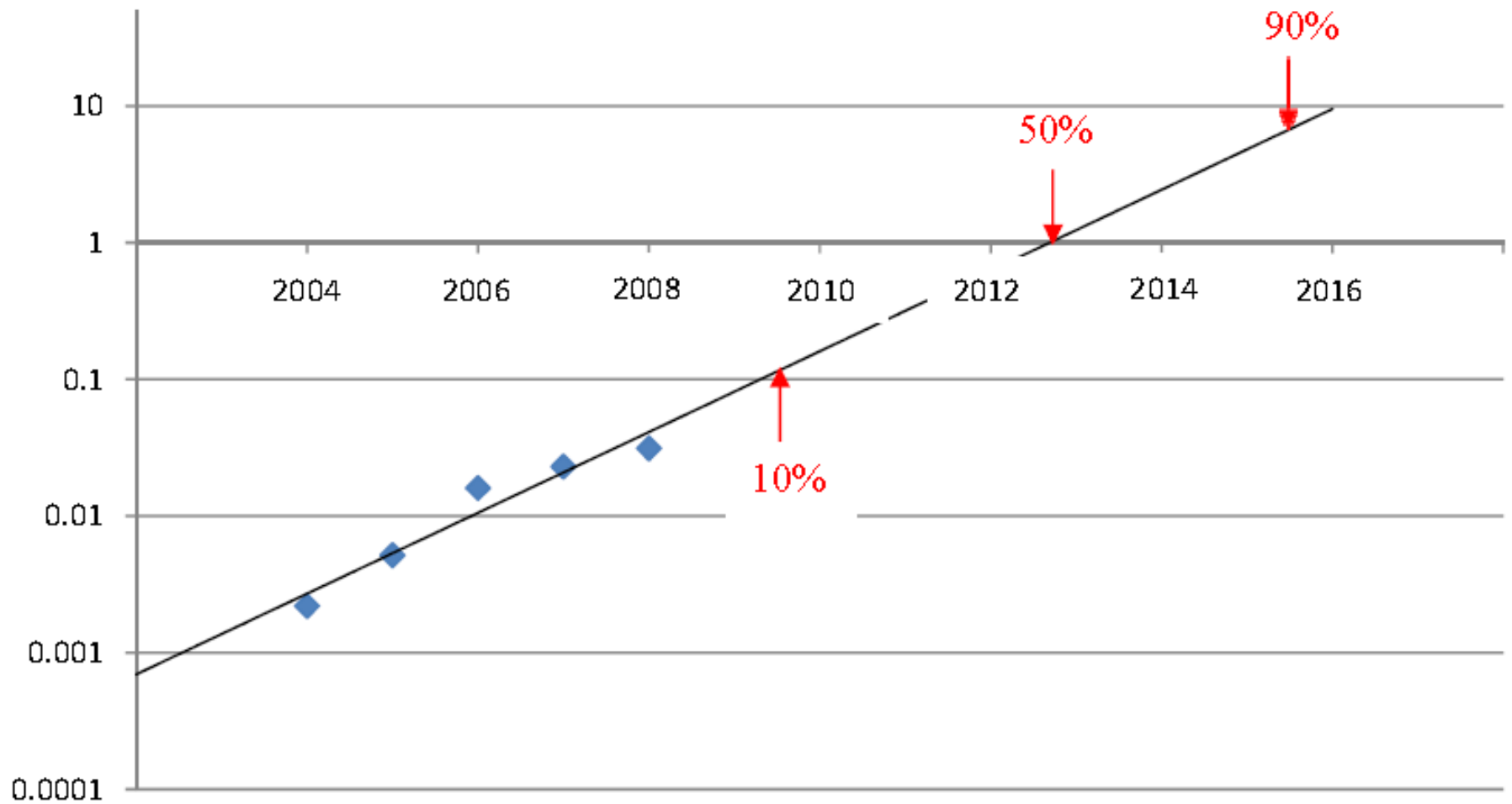
When jobs overlap, products and services will converge

- The jobs of cell phones and PDAs
- Why financial service firms are interested in your health
- LIS, RIS, and PACS will converge
- Radiology and Pathology will converge

The substitution of one thing for another always follows an S-curve pattern



Past and Future Substitution of HSAs & HDI for Conventional Private Health Plans



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