



American Hospital Association™

Advancing Health in America

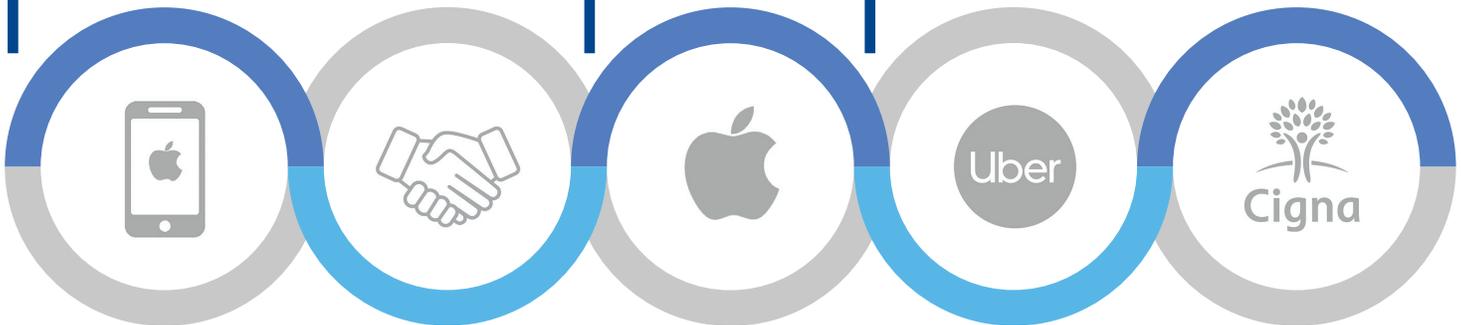
A Year of Disruptive Innovation 2018 in Review

The rise of consumerism and the new digital economy are forcing significant change in the way health care is delivered. These massive transformations make the health care field ripe for disruptive innovations as entrants from inside and outside of health care look for new ways to deliver services — and new services to deliver. This disruption is not just limited to small start-up companies or even to mega mergers between those already in the health care ecosystem. Companies such as Amazon, Apple and Berkshire Hathaway have made waves with new potential health care alliances and ventures. 2018 featured an unusually high level of activity by new market entrants. And more is on the horizon. Following are a few of the more noteworthy moves in the last 12 months. Many of these have the potential to impact hospitals and health systems in years to come.

JANUARY

FEBRUARY

MARCH



Apple announces iPhone health records feature

The test version of Apple's Health Records features aggregate existing patient-generated data with data from a user's electronic health record if the user is a patient at a participating hospital. The Health Records function is part of an update to the Apple Health app in iOS 11.3. It allows patients to see their available health data from multiple participating providers whenever they choose. More than 300 hospitals have signed on. Users open the Health app, navigate to the health records section, add a participating health provider, and the data import begins. The information is encrypted and protected through a user's iPhone passcode.

Amazon, Berkshire Hathaway, JP Morgan Chase announce health care partnership

Amazon, Berkshire Hathaway and JP Morgan Chase & Co. announce that they will partner to develop innovative ways to improve satisfaction and reduce costs for their 840,000 U.S. employees and dependents. The three partners say they will work together to identify ways to provide employees with simplified, high-quality and transparent health care.

Apple to roll out AC Wellness, on-site clinics for employees

Apple announces the launch of AC Wellness, an independent subsidiary of the tech giant that will provide primary care services to Apple employees. Apple says the clinics will deliver the "world's best health care experience" to its employees. The clinics also may serve as a test site for the company's health services and products.

Uber Health to help health care providers get patients to their appointments

Uber launches Uber Health, a ride-hailing platform for health care providers. The platform allows providers to assign rides for their patients without the riders needing the Uber app or even a smartphone. Uber Health also will allow providers to use a landline to order rides and will comply with HIPAA standards. The company charges its providers only for the cost of individual rides. Uber says it formed Uber Health as a response to data showing that 3.6 million Americans miss medical appointments annually due to a lack of available, reliable transportation.

Cigna-Express Scripts announce merger

Health insurer Cigna says it has agreed to buy the nation's largest pharmacy-benefits manager Express Scripts. The merger is viewed as a reflection of the need of health insurers to integrate vertically to cut costs. Express Scripts serves more than 80 million people in the U.S.



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MARCH

Google

Google offshoot launches virtual diabetes clinic

Onduo, a company owned by Alphabet/Google's health care arm Verily and the drug-maker Sanofi, launches a virtual diabetes clinic in select states for people with type 2 diabetes. The Onduo for Diabetes app uses glucose data, photos of meals and more to provide patients with trends, goals and insights. It also includes access to a coaching team via text messaging, a digitally connected blood-glucose meter and unlimited free orders of lancets and testing strips.

Apple patents could make iPhone a medical device

Analysts suggest that the 54 health care patents filed by Apple between 2013 and 2017 could empower its iPhone to monitor biometric data like blood pressure, body fat levels and heart function. Other Apple patents and reported projects include biometric monitoring through AirPods (Apple's wireless headphones), and the use of sensors near the phone's camera to gauge stress, blood oxygenation and glucose levels.

MAY

amazon

Amazon's Alexa Division adds health care team

Amazon has built a new health care team to develop Alexa voice apps that help users manage their diabetes symptoms. Also, the team reportedly will address in-home elderly care, including chronic illness management with a medication-adherence capacity, and provide services to new mothers.

JUNE



Walgreens, Humana to start in-store senior health care clinics

Walgreens and health insurer Humana announce a partnership to provide primary care and pharmacy services to seniors at a pair of Kansas City, Mo., Walgreens stores. The companies will operate the clinics as a pilot project. Humana, one of the nation's largest Medicare Advantage participating insurers, will staff representatives at Walgreens stores to answer customers' Medicare-related questions. For Walgreens, the move strengthens its role as a health care provider to seniors rather than simply a place to pick up medications. The move mirrors CVS Health's statement that in-store clinics will be an essential part of its planned acquisition of health insurer Aetna.



Amazon buys online pharmacy PillPack

Amazon buys virtual pharmacy company PillPack. PillPack takes a patient's prescriptions and every month mails a box that includes small envelopes containing medications sorted by the date and time of each dose. Industry observers say the deal puts Amazon in a strong position to sell prescription drugs online.

"PillPack takes a patient's prescriptions and every month mails a box that includes small envelopes containing medications sorted by the date and time of each dose."



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JULY

AUGUST

SEPTEMBER

OCTOBER

Humana



CVS
aetna

Humana, private equity firms close Kindred, Curo deals

On July 5, Humana and partnering investors TPG Capital and Welsh, Carson, Anderson and Stowe, finalize the purchase of Kindred Healthcare. Humana will own 40 percent of Kindred's home health, hospice and community care businesses with an option to buy the rest over time. Humana's acquisition comes as health insurers integrate direct patient services into their Medicare Advantage plans.

Then on July 12, Humana, again with TPG Capital and Welsh, Carson, Anderson & Stowe, purchase Curo Health Services, forming the largest hospice operator in the nation.

Tech giants partner on developing common EHR standards

Google, Amazon, IBM, Oracle, Microsoft and Salesforce announce that they are partnering to establish a common standard for the transfer of patient health data and will build tools using that standard. The joint effort addresses one of the biggest problems in the U.S. health care system — the lack of open standards for exchanging health information electronically. That barrier has prevented patients from sharing information among doctors and hospitals and hampered the giant tech companies as they enter the \$3 trillion U.S. health care market. The consortium will battle market-leading health records software-makers like Epic and Cerner who analysts expect will have little interest in opening their market to the technology behemoths.

Cigna-Express Scripts Merger moves forward

Department of Justice officials approve the deal between one of the nation's largest insurers and a major pharmacy-benefits manager. Experts say the merger is an attempt to show the companies' customers that they are working to reduce costs.

UnitedHealth buys Genoa Healthcare

UnitedHealth is purchasing Genoa Healthcare, the fifth-largest pharmacy chain in the country. Genoa also provides telepsychiatry services and medication management for behavioral health patients. It will be subsumed under OptumRx, UnitedHealth's pharmacy-benefits manager.

The deal will add 400 pharmacies to OptumRx.

CVS-Aetna megamerger moves ahead with conditions

The Department of Justice approves CVS's \$69 billion acquisition of Aetna so long as Aetna divests its Medicare drug plans. The companies say the deal will allow them to better coordinate patient care and reduce health care costs. Opponents of the deal worry that it could reduce patient choice.

"The consortium of Google, Amazon, IBM, Oracle, Microsoft and Salesforce will battle market-leading health records software-makers like Epic and Cerner."