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*Interview of
Mike Barber, VP, Healthymagination, GE*

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David Harlow: This is David Harlow on HealthBlawg and I have with me today Mike Barber, who is the VP for Healthymagination at GE. Hello Mike, and welcome to HealthBlawg.

Mike Barber: Hi David. Thanks for having me.

David Harlow: Mike, I've read the Annual Report that was put out recently for Healthymagination at the end of first full year of the operation. But let me ask you if you could provide some highlights for our listeners and readers. First up, what is Healthymagination and what are the accomplishments in the past year that you see as having the greatest promise either on their own account or sort of as first or baby steps towards some greater future promise?

Mike Barber: Sure. A year ago, GE launched Healthymagination. We view it as a strategy and we're pledging to deliver better health for more people. We want to do that through lowering cost through technology and innovation, improving access and improving quality. So, it's a long-term commitment. Right now, we're looking at some goals that we've put together between now and 2015, in terms of what we're going to do. That includes investing about \$3 billion in product development targeted at products which improve cost, quality and access; \$2 billion of financing looking at health care technologies, financing solutions in underserved markets; and \$1 billion in technology and content which would be related to reaching consumers in new and different ways, whether it be NBC Universal content or through water technologies and other properties that are part of the GE portfolio. We want to improve each of those by at least 15% and as you said, we've just completed our first annual report and we've made some key progress. We're very excited about the progress that we've made, that investment -- it's been about \$700 million in R&D towards those health innovations, then we've validated 24 products, and when I say validated, we have an outside firm which comes in and takes third-party, peer-reviewed information to see in fact, did this product meet the claims in terms of improving cost, quality or access by at least 15%.

So, we have 24 of those products that have been reviewed, so we're well on our way to target of up to 100 innovations by 2015. And then we have financing, a stimulus simplicity program to help hospitals, doctors who want to start down the IT journey earlier; as you know with the stimulus package, there's been incentives that have been identified, some of those incentives start in late 2010, 2011 in terms of doing that. We want people to start taking and getting their value out of IT immediately. So, we've come out with a program to provide them bridge loans until those incentives become available, to be able to start using IT systems right now, we guarantee that we'll meet any

meaningful use criteria that comes through the regulations. Also, we have a \$250 million fund, equity fund that we've launched, the Healthmagination Fund, where we're looking to invest and co-invest in different start-up companies that are in relevant spaces strategically for GE Healthcare, as well as good value for the investment dollars.

David Harlow: I've read about an initial investment through that fund. Could you tell us a little bit about that company?

Mike Barber: That's right. Cardio DX is a company that we've invested in and it is one that is in the area that we call high-value diagnostics, areas where there's in-vivo tests that can help stratify patients in terms of what follow-up diagnostic treatment is most appropriate and so in the area of cardiology is where the Cardio DX team is focused on initially, and they have some unique algorithms and biomarker tests in the area of cardiology that we feel are very exciting and then can marry and provide better overall outcomes and cost, if you look at what again follow-up tests and vivo tests that might be necessary through imaging and then into treatments for patients. So, combining the strengths of in-vivo and in-vitro diagnostics is something we're very excited about.

David Harlow: Now you mentioned earlier that you're looking for an improvement in cost, quality and access by 15% and you mentioned some third party verification, so you're looking at improvements on a particular product, on a particular service? How are you measuring this 15%? What's the idea there?

Mike Barber: The way that we looked at this, really through the eyes, the external eyes. So, it's not about just what we do from a product perspective, but how does our product enable the ability to improve the cost of a overall procedure or the continuum of care a patient might have by 15%. So, if you're talking about having a better diagnostic or a diagnostic which can lead to a more targeted therapy, where you can differentiate and understand that if a person has cancer, what stage their cancer is at. Therefore, being more pinpoint, more targeted at what their therapies are, as you know, there's many cancer treatments that are coming out that are very expensive and they don't work on everyone in the population. So, being able to identify those patients or those conditions where this procedure would work versus ones that wouldn't are ways that you can reduce the overall system cost and that's what we're looking at when we talk about cost reduction.

David Harlow: You mentioned there a couple dozen innovations that have been certified in this first year. I wonder if you could give a couple of examples.

Mike Barber: We have an example of a health care IT product which helps with decision support or looking at the appropriateness of imaging procedures, so a hospital administrator can use it to see based on the issues, the symptoms that a patient has, are the appropriate kinds of tests being run from an imaging perspective? There's another one looking at asset management and if you think about a hospital and all the different infusion pumps and other kinds of devices they have that are necessary and we have RFID tracking along with software to help manage and so we've had customers' CFOs

show this outside firm their operating statements that show that net of purchasing this software they're able to save on their operating expenses by 15% in the area of procurement as well as maintenance for really understanding where those assets exist and how they can be best leveraged. Products like our Discovery CT750 has been launched looking at reducing the dose in a CT scan by over 50%, across body and heart procedures where we've had clinical studies done to show that the diagnostic confidence and the speed of diagnosis that the radiologists use, the clinicians use, stays the same the same, but in fact being able to have 50% less dose to the patient; and then for access products like a handheld, portable EKG machine which can travel to the patient, so it's leveraged in many developing countries where you know if somebody traveling and they need an EKG, they might have to, you know, travel several hundred kilometers to a hospital kind of setting, but being able to have this in a battery-powered, portable, very rugged package, it's something that can exist in rural villages and a clinician can carry it out with them as they go see the patients. So, bringing healthcare technology which is important such that somebody in a rural village has the right symptoms, sometimes they get the EKG and then back and should travel for a follow-up care. They travel 50 or 100 kilometers as necessary but those that don't need or can be treated locally don't have to do that. So, those kinds of products have been shown to increase access to health care technology.

David Harlow: Great. Let's talk a little bit more, if we could, about the diagnostic imaging innovations, similar to what you just described, that are detailed in the annual report, focused on India and China in particular. Do those in-country efforts hold promise for lower-cost innovations in the US?

Mike Barber: Potentially, it's clear at this point we're focused on what are the needs of those markets like you talked about, India and China, where access to health care professionals might not be the same as it is in a developed market, looking at what is again the essential elements which are needed and it's focused around that, but clearly, we can see a day where you can leverage some of those technologies and innovations and put it into a package that could be appropriate in the US or other parts of the world, something that might be able to be in a physician's office versus being in a hospital setting that can provide targeted kind of diagnostics, that could be appropriate. I talked about that EKG machine, there is a version of that, that is under development, that could be in a physician's office or be in a rural clinic in the US, where it could be appropriate. So, even in places in the US and Europe and developed markets you find that urban settings versus rural settings there are different needs that can be there and so these products that are developed primarily for India and China, we do believe could have a place in the US in certain segments of the health care system.

David Harlow: Could you explore further the degree of coordination or integration across business units in implementing Healthymagination. It sounds like it's not simply an effort of GE Healthcare; you mentioned GE Water and other business units as well.

Mike Barber: That's correct. It's really looking at the health sector as a mega market and how can we leverage the various assets of the General Electric Company in that

market, for instance. So, one of the biggest that we've looked at it is, how do we reach consumers in new and different ways and clearly the NBC Universal team has a lot of expertise and ability to do that. So, we've leveraged that platform and we'll continue to leverage that platform to understand that. They're launching a campaign on nutritional literacy, something that's important for all of us to understand and so will be leveraging them in that area. As you mentioned GE Water, you think about the foundation of health – it's clean water and so wastewater reuse technology, as well as, you know water filtration are things that we're looking at with that business. Our research labs are looking at new and innovative ways to, again, in the diagnostics space and life sciences space, as to what's possible how do, you know, leverage our various technologies which can be in a developing market to provide better access to care again to people that are in those markets. And then, GE Capital. GE Capital, we financed MR and CT machines for many years but can we leverage the capital business to look at, you know, financing of IT systems, something that we've started to do, as well as look at new markets like community health clinics and other places which have a different profile than some of our standard customers, but again, could be a way to leverage the capital infrastructure to provide better access to care for technologies and products that can serve patients and consumers.

David Harlow: Right. And you mentioned earlier that there is a \$2 billion commitment to serve as bridge financing for HIT systems.

Mike Barber: That 2 billion is not all for HIT.

David Harlow: Oh okay. What other sorts of technology would be financed through that fund and do you see that as a revolving fund or sort of short term bridge loan as you mentioned ?

Mike Barber: No, there are various aspects. The \$2 billion commitment is in total from what we call our GE Capital portfolio. Of that, there is a \$250 million fund which was started and that fund will look at technologies which are in the life sciences space, health care IT space or the diagnostic imaging space. So, the bulk, the rest of that, other things that we're looking at is the bridge loans that we talked about is something that we launched last year and again, it will have a limited life because the incentives will then be available directly from the government, but we looked at that and then we're looking at expanding the portfolio of financing that we do to community health centers, we're looking at more financing on the international side of the business, potentially looking, you know, at markets which are growing and doing local currency financing as appropriate in some of those markets. So, given this is a long term commitment and journey between now and 2015, everything is not defined today, but as we learn, as we really get into these markets and understand what's the need, what the needs are and what are the key issues we have to solve, we'll adopt and adapt but the commitment at the top levels is one that we're going to reach.

David Harlow: So, you've set yourself quite an ambitious goal for a 5 year, 6 year time horizon. Particularly, I'm just thinking about the commitment to improve along the

parameters of cost, quality and access which is something that payers, providers and governments have been struggling with for decades and I'm wondering what, I guess to put it bluntly, what gives you the confidence that you can be successful in this arena where success has eluded so many people for so long.

Mike Barber: Well, there's confidence and this isn't GE standing alone doing all this, we're working in partnerships with many of the stakeholder groups which you've talked about, but it is going to take people coming together and fundamentally we have a strong belief and confidence that investments in the right technologies and the right solutions can provide that kind of improvement and so it's really leveraging and focusing our own investments in areas that are well focused around cost, quality and access. We're working with those stakeholder groups which you talked about to understand what are the real needs and issues, how can we leverage, there's been you know, lots of discussion around Health Care IT and how IT can help us solve this problem, putting in decision support, making sure through e-health collaboration can happen between clinicians to make things more efficient so you hear about duplicate tests being run on patients that potentially aren't necessary. You think about looking at payers and governments and we've worked with them in many parts of our market, we're a global company, so we sell products today and to marketplaces which are, you know fully public, some fully private, mixture of both and some of it's, we feel it's our ability to interact with those stakeholders, leverage our deep understanding of the technology and of the innovations that are necessary and work with those stakeholders, use the complete power of the General Electric Company to get those stakeholders together that gives us the confidence that we can do this and we've proven that in the area of Ecomagination in environment, we've been able to do this in another mega market in a large societal issue and so, health is the next one that's key for our businesses, we want to be in the health, we plan to be in health business for many decades in the future and so we want to be a key part of making it better.

David Harlow: Great. I was about to ask about Ecomagination and just sort of wondering whether this effort is modeled on the Ecomagination effort, are there similarities beyond the name and if you could speak to that a little bit more.

Mike Barber: Well clearly, Ecomagination was a similar commitment from, that was in 2004, 2005 time frame, where GE as a large industrial company, but in many businesses, which touches the environment and looking at, you know, renewable energies and power generation and carbon emissions and again wanting to be in those marketplaces for decades into the future just like we've been for decades into our past, we know that there's needs, determined there were needs that were needed to be viewed and looked at in new and different ways and commitments that we could make. So, commitments were made to increase our funding for products which improve the environment, green products, looked at increasing our revenues and growing our business in those products with our customers, looked at our own greenhouse gas emissions and commitments in reducing those and then being open and transparent in working with partners on that, so if you, if that at top level, the same kind of words, yes can be applied to Healthymagination in terms of partnership, in terms of commitment for investment in R&D in particular area

and for commitments for ourselves, we have a program with our employees that we call Health Ahead and to look at from our own employee health, how we get the maximum, maximize the value that our employees get, as well as reduce the cost that we have as a company, as a self-insured company, so there's been several parallels between Ecomagination and Healthymagination.

David Harlow: Very good. Well, I thank you very much for your time today. I've been speaking with Mike Barber, VP for Healthymagination at GE. Thanks again, Mike.

Mike Barber: Thanks David. Have a great day.