



HealthLeaders
FACTFILE

DATA MAKES A DIFFERENCE.

Click here to register for
FREE monthly updates.



THOMSON REUTERS



HL20: Rebecca Lynn—Investing in Innovation, from the Outside

Gienna Shaw, for HealthLeaders Media , December 13, 2011

*In our annual [HealthLeaders 20](#), we profile individuals who are changing healthcare for the better. Some are longtime industry fixtures; others would clearly be considered outsiders. Some are revered; others would not win many popularity contests. All of them are playing a crucial role in making the healthcare industry better. This is the story of **Rebecca Lynn**.*

This profile was published in the December, 2011 issue of [HealthLeaders](#) magazine.

"There's been a ton of resistance from the industry because they want to preserve the status quo. And that's typical of any industry that's about ready to be changed and reinvented."

Some argue that the healthcare industry is innovation-proof. It is risk averse. It is too slow—even unwilling—to change. It is too complicated and regulated to reinvent. And it has no incentive to shake things up. The healthcare system is expensive, inefficient, and difficult for its customers to navigate.

It doesn't have to be that way, says Rebecca Lynn, a partner at Morgenthaler Ventures, a venture capital and private equity firm with offices in Menlo Park, CA. But the healthcare industry isn't going to save itself, she adds. Change will come from outsider entrepreneurs unfettered by the status quo—who can tame the healthcare data beast and who are willing to try new ideas, such as outsourcing some care to patients themselves.



Lynn, who has a background in consumer and finance products and services, has turned her attention to investing in companies that are "reinventing healthcare [and] bringing healthcare closer to the patients, that are making doctors more efficient and better able to do their jobs," she says.

It all starts with data, Lynn says. The key is figuring out the best way to get that data into the hands of those that need it: physicians and patients in particular.

"People care more about their financial health than they do their personal health," she says. Even so, "few people are compulsive enough to balance their checkbook." That's why she doesn't believe that patient-managed PHRs will work—because few people will populate and maintain them on their own.

"The only way to get the data is through an EMR—an electronic medical record—that's automatically populated by your physician, by the labs, and by pharma companies," she says. "In order to get the data it's got to be in the cloud and then in order to get access [and] widespread distribution, it has to be free. One thing we've learned is that doctors pay for nothing. It's not a slam against doctors it's just a fact of life."

Lynn was looking to invest in a company that would meet her requirements—an EMR that would be easy to access and populate with data and with a business model that wouldn't scare docs away. She says she found what she was looking for in PracticeFusion, a free, web-based EMR with an open application programming interface that grants access to other applications.

PracticeFusion faced a common problem for startups trying to break into the healthcare business—a painfully long lead time to get products into use. Startups also often struggle to find a business model that will appeal to healthcare organizations—especially those docs who don't want to pay for anything.

Startups must get creative when it comes to revenue models. Offer the product for free and it will "take off like wildfire," she says.

Although they may not be willing to enter their healthcare details on their own, patients, Lynn predicts, will be increasingly responsible for their own tests and procedures. "It sounds scary but it's happening and should continue to happen," she says.

Patients have proven they are capable of tending to their own health issues: Diabetics manage to measure their insulin levels and women take pregnancy tests at home all the time.

"Pregnancy tests used to only be administered in the doctor's office. And there was a huge uproar by doctors when they wanted to do over-the-counter pregnancy tests because they didn't think women could handle it on their own."

That trend of passing to patients some of the responsibility for their own care will continue—from ordering lab tests without a permission slip from the doctor to at-home medical devices and technologies such as blood pressure cuffs, glucose meters, and smart scales.

"Why do you need to go through the whole doctor system?" she says.

Although some docs might bristle at the thought of being seen as middle-men to be avoided, Lynn says a more patient-driven healthcare system will ultimately make their lives easier. "The benefit to doctors is that they can practice medicine. Right now there are so many arcane things that happen that they can get closer to the patient, they can practice medicine, and they can do it based on data and results. And that's incredibly powerful."

So why should it fall to outsiders to reinvent healthcare? Because they "don't know where the walls are," she says. They have a clearer vision of what works in other industries and tend to be more consumer-focused than providers, she adds.

"They don't have an entrenched interest," she says. "There's been a ton of resistance from the industry because they want to preserve the status quo. And that's typical of any industry that's about ready to be changed and reinvented."

Meanwhile, if healthcare needs outside help in order to change, it can also help the outsiders who are trying to change it, Lynn says. Healthcare organizations should have a process for investigating start-ups—an innovation committee, if you will. Entrepreneurs need a contact point with people who understand the organization's needs and have the authority to run a pilot and approve promising new technologies more rapidly.

"We can't afford the healthcare industry as it stands. The healthcare industry is—I won't even say probably—it is the most inefficient, unbelievably cumbersome industry that you could imagine," she says. "You [have to] look at ways to deliver better care to patients, increase efficacy, reduce readmissions, and reduce cost. And that is why [healthcare] has to be reinvented."

[view all
HealthLeaders 20](#)

This article appears in the December 2011 issue of [HealthLeaders](#) magazine.

Gienna Shaw is a senior technology editor with *HealthLeaders* magazine. She can be reached at gshaw@healthleadersmedia.com.

[Follow Gienna Shaw on Twitter](#)

[in](#) [View Gienna Shaw's profile](#)

[Back](#)

Copyright © HealthleadersMedia, 2011



ROUNDTABLE

**"Nobody wants to
sell their hospital,
but many
hospitals realize
they need help."**



HEALTHLEADERS MEDIA
Council
Access. Insight. Analysis.

BE A VOICE
GAIN INSIGHT FROM YOUR PEERS
SHAPE THE DIRECTION OF THE INDUSTRY

JOIN NOW 

Struggling to contain costs?  **OPTUM™**