

Digital health funding hits \$8.1 billion. How to spend it wisely.

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Kevin B. O'Reilly

News Editor

A recently released report details the record growth in funding in the digital health space that has experts wondering whether a market bubble is forming. This much is clear: No flood of cash can replace the unique insight that physicians offer health tech entrepreneurs to ensure that innovations are safe, effective, scalable and evidence-based.

The report—"2018 Year End Funding Report: Is digital health in a bubble?"—comes from San Francisco-based health tech funder Rock Health. Researchers tallied \$8.1 billion in funding in digital health last year, up 42 percent from \$5.7 billion in 2017.

The AMA is making technology an asset in the delivery of health care, not a burden. That's why the AMA has built a powerful and committed network to help drive health care technology development and flip the traditional model of innovation by incorporating patient and physician perspectives and needs more deeply in the early stages of design.

In the Rock Health report, researchers Sean Day and Megan Zweig noted that "2018 was an entrepreneurs' market. With capital readily available, young companies are raising larger rounds than ever before, more frequently than ever before." Their report forecasts that the digital health market will grow to \$120 billion in four to six years and notes that seven digital health firms have attained "unicorn" status as private companies valued at more than \$1 billion.

On six attributes of market bubblieness, the report deems digital health as "moderately bubbly" on three and "not bubbly" on the remainder.

What early impact data shows

The relative bubblieness of the digital health market is one open question. Digital health's clinical effect appears to be another. Not many studies have examined "high-burden populations, and few measured their impact in terms of outcomes, cost or access to care," according to a *Health Affairs* article, "Top-

Funded Digital Health Companies And Their Impact On High-Burden, High-Cost Conditions,” published this month.

Researchers concluded that the data so far suggests “that leading digital health companies have not yet demonstrated substantial impact on disease burden or cost in the U.S. health care system.”

One reason why the health tech hype appears not to be living up to the health outcomes reality is the physician’s role—or lack thereof.

In an essay published by *Stat*, AMA Executive Vice President and CEO James L. Madara, MD, and co-author Vijay Pande, PhD, noted “that it’s salad days” to be at a startup.

“Yet,” they added, “there’s a moment of failure that crushes many such startups: when the new tool or technology connects with the real world of patients, physicians, medical records, hospitals, and insurers. That’s when a physician who can navigate the nuances of the medical landscape is needed: one with an innovative mindset who can explain how the new product will function in the system, or touch a patient’s life, or integrate into a doctor’s day. For many startups, finding that person is the hardest personnel problem to solve.”

The AMA’s leadership efforts to address that digital health problem and others include:

- Creating the AMA Physician Innovation Network to connect health tech companies and physician experts.
- Launching Silicon Valley health care innovation company Health2047 Inc., which has spun out firms focused on health care data and diabetes prevention.
- Co-founding Xcertia, an organization that supports the collaborative development of industry guidelines for safe and effective mobile health applications.
- Convening more than 80 experts to create the Digital Health Implementation Playbook to speed the adoption and scaling of innovative solutions.

In comments provided for this article, AMA Chief Medical Information Officer Michael Hodgkins, MD, MPH, noted that when it comes to digital health, “the road to success depends on ensuring physician confidence in solutions, involving physicians early and often in the development of solutions and helping physicians crack the code on how best to integrate solutions in practice.”