




SKYROCKETING HEALTHCARE COSTS: AI MAY HELP

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It's a simple fact that the United States healthcare system costs too much. In the U.S., healthcare represents a considerably higher share of GDP than other countries, while those others achieve better health outcomes. And it's getting worse.

According to the [Centers for Medicare and Medicaid Services](#), healthcare spending will increase by 5.5% annually through 2027, reaching nearly \$6 trillion by 2027 - faster than the rate of inflation. Despite efforts to reduce overtreatment, improve care, and address overpayment, [studies](#) estimate that approximately 30% of U.S. healthcare spending may be considered waste, i.e., spending that does not improve patients' health.

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The bottom line is that this is a huge and growing problem for businesses of all sizes that are looking to achieve cost savings.

While it may seem surprising, a central cost driver within the U.S. healthcare system is the significant amount of health innovations. New offerings such as drugs, procedures, and machines – while certainly providing many positive options for human health – bring a substantial cost to the system.

However, there is one emerging trend that is positioned to be the industry's best ally - smart, state-of-the-art technology that's grounded in artificial intelligence (AI). In many ways, AI is changing how healthcare is received and delivered by offering a personalized and integrated experience to consumers, enhancing provider productivity, and improving both outcomes and affordability.

INNOVATION INSPIRED BY THE COVID-19 PANDEMIC

The pace of innovation has never been faster. Facing a global pandemic, companies of all sizes, across all industries, and in every corner of the world, have focused their attention on how best to meet the rapidly evolving needs of their end-users quickly and at scale.



The COVID-19 pandemic opened up new ways and vehicles for people to consume healthcare, such as telehealth and mail-order prescriptions. Although telehealth is not new, adoption rates are significantly higher as a result of the pandemic forcing people to consume health in this way.

According to a recent survey, [63% of respondents](#) who had used telehealth in the past report that they plan to increase their use of such services even after the pandemic ends.

In fact, [40% of consumers](#) believe they will continue to use telehealth going forward –that represents an 11 percent increase over the number of consumers using telehealth prior to COVID-19. Forty percent of consumers also believe they will continue to use telehealth going forward—again, an 11 percent increase over those using telehealth prior to COVID-19.

Another rapidly evolving innovation is developing around personal health data. While this was popular pre-pandemic, how this data is being used is dramatically different now.

For example, in the wearable technologies field, data is enabling healthcare providers to identify and predict conditions in ways that were never possible before. Building on this, Fitbit has announced that it is participating in [projects](#) out of the Scripps Research Translational Institute and the Stanford Medicine Healthcare Innovation Lab, both researching early detection.



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And in support of its wearable, the Apple Watch, Apple launched a study on respiratory disease prediction in [April 2020](#).

Clearly, data is fueling a remarkable transformation in the healthcare arena and shows no sign of slowing down.

LEVERAGING AI TO DRIVE HEALTHCARE COSTS DOWN AND HEALTH OUTCOMES UP

These days, technology plays a crucial role in managing costs. Traditional cost containment strategies are not enough to stem the tide of rising prices. We need to leverage new tools, particularly

predictive technologies, to change the cost curve and outcomes.

AI corrects the problems of the past: a majority of consumers don't know quality ratings and costs of in-network providers, are blind to emerging health issues and near-term events, need reminders of annual appointments, or they won't keep them and are not used to staying ahead of their health and on a proactive routine. Instead, they wait until something goes wrong – which costs more and is harder to address.

AI-powered solutions are vital to building solutions that can offer proactive assistance to help in keeping people healthy and making better choices while cutting health plan costs for employers. Results include improvements to patient care, faster and more accurate diagnoses, preventive measures, more personalized treatment, and more informed decision-making. And at the business level, it can lower costs, simplify internal operations, and more.

AI-powered products and services are a gamechanger and can be transformative for a patient's journey because of their ability to do three key things:

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1. **Predict:** to enable early intervention that can save lives, prevent costly events, and change health trajectories/mitigate developing conditions;
2. **Anticipate:** annual checkups, vaccinations, screenings, renew prescriptions, get ready for allergy season, and more;
3. **Connect:** get the right, high-quality/low-cost provider for each person's needs.

Patients who are educated and empowered - through AI-driven products and services - to make sound healthcare decisions tend to have better outcomes. This can save money, particularly in managing chronic diseases.

Payers can implement artificial intelligence (AI) solutions to automate critical but repetitive tasks to improve efficiencies and eliminate costly human

errors. It is estimated that as much as **80 percent** of medical bills contain errors.

Such lapses could result in substantial money losses for businesses every year. As healthcare costs continue to rise, so does the need for healthcare payers to reduce overspending that results from avoidable billing errors and improper claims reimbursement. The impact will be improvements in how well, fast, and accurately they do their job.

GETTING YOUR FEET WET IN AI-POWERED TECHNOLOGY

Even if you're not big enough to have a full-blown data science group, that shouldn't hold you back from benefiting from AI. The market has evolved, and there are solutions available from third-party vendors that you can begin implementing.

With AI-powered products and services quickly moving from a nice-to-have to a must-have offering, there are a few things self-insured groups should consider when getting their feet wet in the technology.

Artificial intelligence is a broad term that encompasses many technologies. That can often make it difficult for many to grasp its business potential and deploy it in real use cases in the healthcare space.



A fundamental lack of understanding of the technology can scare many people off. It's essential to keep in mind: AI's superpowers in the healthcare arena are predicting, anticipating, and connecting. It can be leveraged to get to the best possible outcomes for members.

Employers that have already made the switch to self-insurance should jump right in to start implementing products and testing strategies that work. When exploring new technologies and talking to vendors, it's important to look for products with a clear value proposition, a clear price, and a clear return based on your spending as an employer.

Strategies should focus on prevention and steering your health plan members to the right care, which means high quality, resulting in a higher outcome and reduced cost.

For example, you'll want to ask about how this product is cutting plan costs for you each month (e.g., \$1,000 per employee per month to \$900 per month), helping predict member health events that activate early intervention or how the solutions simplify the health plan experience for you.

Most importantly, give it time. You will not see meaningful data in a quarter. You have to give this a year or two and track implementation and member usage of whatever product you're evaluating.

THE NEW FRONTIERS OF AI: WHAT'S NEXT?

While no one can predict precisely how it will evolve in the future, the complexity and rise of data in healthcare mean that AI will increasingly be applied within the field. There's no sign of the adoption of this technology slowing down anytime soon as the applications in healthcare are endless.

We know that we've only scratched the surface of what AI can do for healthcare. The latest developments focus on building products and tools that help nudge people into better behaviors. For example, it's easy for health providers to say that a patient needs to lose weight.

However, actually getting a patient to lose weight is much more challenging. The **\$255 billion** weight-loss industry thrives because diet companies know that most people regain lost weight.

But, what if there were a better solution? In the future, there will likely be AI-driven digital assistants that can proactively manage your behavior around food and exercise, helping you make choices that affect your overall health journey.

Anticipating someone's needs, anticipating behavior, and helping make choices isn't an easy problem to solve. Making a real change will require data at scale and doctors who understand both behavior and medicine. Plus, it will need to be tied together with products that can make or encourage consumers to change their behavior.

In all, when looking at the next frontier for AI, it presents significant opportunities and has the potential to transform our healthcare system for members, employers, and providers. ■

Edmundo Gonzalez co-founded Marpai Health and has been its CEO since its inception. He is an established technology entrepreneur and investor in private and publicly traded companies with several decades of experience. He is recognized for his ability to analyze potential investments, structure deals, and for building management teams. He has been involved with the success of several companies, most recently as Operating Partner of US VC Partners Management, LLC, an investment management company running CNTP's investment funds. Prior, Mr. Gonzalez was the co-founder and member of the Board of 340B Technologies, a fast-growing healthcare IT company, until its sale to Parthenon Capital in 2020. He was also the co-founder and Chairman of Fr8Hub, a digital cross-border logistics company. He received a B.A. from Harvard University and an M.B.A. from Columbia Business School.

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