

[View this email in your browser](#)



Health Systems Initiative

HSI Newsletter: February 2025

In this issue, we report on two recent HSI lunchtime seminars. On December 2, 2024, HSI, in collaboration with the [Martin Trust Center](#), presented the next seminar in their [Sparking the Data Revolution in Healthcare](#) series. Speaker [Brian Anderson, MD](#), CEO of [CHAI](#) (Coalition for Health and AI) [spoke about the quest for responsible AI in healthcare](#).

Earlier this year, on February 10, we hosted the second seminar in our Scaling Healthcare series. This time, co-chairs Rebecca L. Schechter, (Sloan MBA, Formerly at Nuance/Microsoft, Healthcare Executive and CEO) and Eric Berger, (Sloan MBA, Partner, Bain & Company) [focused on ramping up](#) from the start-up growth phase, which was the topic of [their first seminar](#).

At the end of January, Healthcare Lab student teams reported on their semester-long projects addressing challenges posed by outside organizations and company hosts. We've summarized [their poster session](#) and provided a link to all of the projects.

On March 4, from 11:30 a.m. to 1:00 p.m., we are pleased to be hosting the next seminar in the Scaling Healthcare series: [The Healthcare Talent Imperative](#). Rebecca L. Schechter and Eric Berger will moderate a panel of speakers from Spencer Stuart, Novartis, and Philips.

You can attend either in person or on Zoom. [Register on our website](#).

As always, if you have any questions or suggestions, please contact us at healthsystems@mit.edu.

NEWS

The Quest for Responsible AI in Healthcare: Key Insights from The Coalition for Health AI (CHAI)



On December 2, 2024, HSI, in collaboration with the [Martin Trust Center](#),



presented the next seminar in their [Sparkling the Data Revolution in Healthcare series](#). Speaker [Brian Anderson, MD](#), CEO of [CHAI](#) (Coalition for Health and AI) cast a spotlight on the

urgent need for responsible artificial intelligence development and implementation in the healthcare sector. Anderson's wide-ranging talk touched on crucial aspects such as data diversity, the role of quality assurance labs, the importance of transparency through model cards, and the imperative of training healthcare professionals.

The Evolving AI Landscape: From Predictive to Generative

The seminar underscored the distinction between traditional (predictive) AI and the burgeoning field of generative AI. Traditional AI applications encompass computer vision for cancer detection and risk classification for conditions like sepsis. Generative AI, on the other hand, is making inroads into areas such as back-office optimization, AI scribes for documentation, and streamlining payer-provider engagement. With more than 800 software medical devices already approved by the FDA since the 1990s, the integration of AI in healthcare is not new, but it is certainly gaining momentum with the rise of generative AI. This evolution brings both opportunities and challenges that the industry must address.

Addressing the Equity Gap in AI Deployment

A central theme of the discussion revolved around the equitable deployment of AI, encapsulated by Ed Young's quote: "Technological solutions tend to rise into society's penthouses, while epidemics seep into its cracks." Anderson emphasized the risk of AI benefits being concentrated in well-resourced health systems, potentially leaving underserved populations behind. The issue of data bias was also raised, highlighting the current skew toward urban, educated, and Caucasian populations in AI training datasets. Overcoming this bias requires activating diverse datasets from under-resourced health systems, a task made difficult by the lack of data teams and specialized expertise in those areas.

CHAI's Mission: Fostering Responsible AI Practices

The Coalition for Health AI (CHAI) is at the forefront of establishing consensus on responsible AI practices throughout the AI model lifecycle, including development, deployment, and governance/monitoring. Originating during the pandemic to tackle data analytics for monoclonal antibodies and vaccines, CHAI now boasts nearly 4,000 member organizations. These include big tech companies, startups (accounting for 48% of the membership), health systems, payers, life science companies, and patient advocates. CHAI's key focus areas are:

- Developing technical best practices aligned with the principles of responsible AI (fair, accountable, valid, effective, safe—"FAVES").
- Establishing a network of Quality Assurance (QA) Labs.
- Promoting transparency through model cards and a registry platform.
- Training healthcare professionals on the responsible use of AI tools.

To achieve these goals, CHAI has launched several working groups focused on responsible AI principles, generating open-source technical documents.

The Role of Quality Assurance (QA) Labs

Consumers have come to expect quality assurance and ratings for products in some industries, such as automotive. Drawing on that inspiration, CHAI is championing the creation of Quality Assurance (QA) labs to provide independent testing and

validation of AI models. CHAI is in the process of certifying a federated network of more than 32 health systems across the nation to serve as QA labs. The geographic distribution of these labs is intended to ensure representative testing of AI models across diverse patient populations. The certification process emphasizes trustworthiness, competency, and the absence of conflicts of interest, with key criteria including independence from commercial entanglement, skilled personnel, and access to high-quality, regulatory-grade data.

Championing Transparency Through Model Cards

Acknowledging the widespread public distrust of AI, Anderson emphasized transparency as a crucial solution. CHAI is actively working to standardize [model cards](#), akin to nutrition labels, to offer essential information about AI models to potential customers such as health systems and payers. These model cards are set to become a requirement for EHR vendors deploying AI tools, thanks to the [HTI-1 rule](#).

Empowering Healthcare Professionals Through Training

The seminar highlighted the critical need to equip healthcare professionals with the knowledge and skills to use AI tools responsibly and effectively. Training programs should emphasize responsible AI principles and foster the ability to critically evaluate AI tools. On their website, CHAI provides a [responsible AI guide](#).

Navigating the Regulatory Landscape

CHAI is adopting a private sector-led approach while maintaining open channels for collaboration with federal and state officials. This collaborative approach recognizes that ensuring safe and effective AI is a bipartisan concern. Recent guidance from the [Office of Civil Rights \(OCR\)](#) has clarified that healthcare providers bear responsibility for discriminatory outcomes resulting from the use of biased AI tools. As of late 2024, the FDA, with its long history of regulating software as a medical device, had been adapting to the dynamic nature of AI models through predetermined change control plans.

Addressing Key Challenges and Questions

Despite the progress being made, the seminar identified several remaining challenges:

- **Lack of Consensus on Metrics:** The absence of widespread agreement on how to measure bias or performance for generative AI models.
- **Evaluation Science:** The need for further research and development of evaluation science to rigorously assess the quality and impact of AI models.
- **Transparency vs. IP Protection:** Striking a balance between the need for transparency and the protection of AI vendors' intellectual property.
- **Aligning with values:** As AI agents become increasingly integrated into daily life, it will be crucial to ensure that they align with individuals' values and contribute to "human flourishing."

The seminar underscored the multifaceted challenges and opportunities in the realm of responsible AI in healthcare. By fostering collaboration, promoting transparency, and prioritizing ethical considerations, stakeholders can pave the way for AI solutions that benefit all members of society.



On February 10, 2025, HSI hosted the second seminar in its Scaling Healthcare series. This time, co-chairs Rebecca L. Schechter, (Sloan MBA, Formerly at Nuance/Microsoft, Healthcare executive and CEO) and Eric Berger, (Sloan MBA, Partner, Bain & Company) focused on ramping up from the start-up growth phase, which was the topic of [their first seminar](#).

The panel of experts sharing their expertise on ramping up were:

- Gaye Bok, Partner, Artificial Intelligence and Digital Innovation Fund, Mass General Brigham
- Nell Buhlman, Chief Administrative Officer & Head of Strategy, PGForsta
- Kara Murphy, Partner, Bain & Company
- Jason Slocum, Managing Director, Sustainable Investing, Goldman Sachs Asset Management

Healthcare startups face a complex journey when scaling from initial traction to building a sustainable business. During this seminar, the speakers highlighted key challenges and strategies for navigating this "ramp-up" phase, and offered insights into building a scalable healthcare business amid market complexities.

The "Ramp Up" Challenge

Many healthcare companies struggle to achieve true scalability. Less than 1% of healthcare-related companies founded in the past two decades have reached "scale insurgency," meaning they have revenue of more than \$10B and cash from ops over \$1B. The challenge lies in maintaining a founder's mentality while achieving the benefits of size, scale, and proprietary assets. Companies often get stuck in bureaucracy or fail to transition from an emerging startup to a sustainable business.

Importance of Strategy and Focus

A well-defined strategy is the foundation for scaling. It's essential to define what the company does, who it serves, and why its approach is superior. Staying true to this strategy is critical. A disciplined go-to-market approach aligned with the overall strategy is crucial, requiring focus and the ability to decline certain opportunities to strengthen core offerings. It is important to have focus and do a few things really well.

Understanding the Healthcare Buyer Landscape

Navigating the healthcare buying process is complex. Each health system may define ROI differently, requiring an understanding of the buying chain and stakeholder needs. Stakeholders include clinicians, CFOs, and digital organizations within the buyer organization, and decisions are often made by committee, necessitating education across multiple functional executives. Tight budgets mean vendors compete for limited discretionary spending and scarce digital expertise needed for integration, which can delay implementation and impact cash flow. Preference has also shifted toward buying from existing incumbents/vendors such as Epic and Microsoft, making it harder for newcomers to penetrate the market.

Differentiation and the "Moat"

Differentiation is crucial in a crowded market. Startups need to identify their "moat," such as proprietary data assets, algorithms, or the ability to use data effectively. For

AI-enabled businesses, a "proprietary moat" is critical, considering how easily others can replicate technology.

The Role of Partnerships

Partnerships can be a strategic option for emerging companies. A larger organization may use partnerships as a "try before you buy" approach, leveraging smaller companies' unique technologies. Partnerships can offer a speed to market advantage, especially in rapidly evolving spaces. Forming partnerships with established players such as Epic or Microsoft can boost market share. However, startups need to be aware of potential trade-offs.

Achieving Cash Flow and Sustainable Growth

A credible path to cash flow break-even is essential. Companies should make data-driven decisions and avoid spending excessively to acquire customers that don't generate long-term value.

The Provider vs. Insurer vs. Pharma Landscape

Selling to providers, insurers, and/or pharma companies requires understanding the nuances of each segment. While providers may perceive a narrowing winner circle, the pharma landscape may be more open due to more fragmented decision-making. Pharma is often more comfortable than providers buying point solutions that can improve clinical trial timelines or costs.

Characteristics of Successful Leaders

Successful leaders can articulate a compelling value proposition and possess a deep understanding of the addressable market and a realistic view of investment needs. Focus, data-driven decision-making, and a great board of advisors are essential. Operational experience is also valuable.

Career Advice

Panelists offered career advice for those aspiring to work in healthcare innovation. Gaining an operating role early in one's career can help to understand the industry's complexities. Experience in different parts of the healthcare value chain can provide a comprehensive view. Being a "hand raiser" can create diverse experiences and build a strong reputation.

Scaling a healthcare business requires a multifaceted approach. By emphasizing strategy, understanding the buyer landscape, differentiating the business, forming strategic partnerships, achieving positive cash flow, and learning from experienced leaders, healthcare startups can increase their chances of building sustainable and scalable businesses.

What's next

The third seminar in this series will focus on career advice. On March 4, HSI will present Scaling Healthcare Series Part 3: The Healthcare Talent Imperative. [Register here.](#)

Healthcare Lab Teams' Presentations Address Real-World Challenges

MIT Sloan Healthcare Lab Virtual Poster Session January 31, 2025



[Healthcare Lab](#) teams presented their recommendations to the challenges posed by their host organizations. This year's hosts ran the gamut from healthcare providers ([Boston Children's Hospital](#), [Hartford Healthcare](#), [Lahey Hospital and Medical Center](#), [Mass General Brigham](#)) to large and small companies ([Novartis](#), [Abionic](#), and [Surgicure](#)).

Healthcare Lab is a required course for the Healthcare Certificate; the team project is the culmination of a semester-long engagement with an outside company or organization. The team members get insights about real-world challenges from working with senior healthcare leaders. They aim to offer actionable recommendations to help organizations make progress on a critical issue.

Similar to previous years' project presentations, each team had 60 seconds to present their work and pitch to tempt audience members to attend their breakout session. Audience members also voted on which pitch was the funniest, the most likely to entice visitors, and the most surprising. This year the winners, in order, were Novartis, Boston Children's Hospital and Surgicure.

The team member who made the Novartis project pitch revealed that they made several missteps on the way to a strategy recommendation for finding a new vendor and promised to share insights so others would not make the same mistakes. Boston Children's Hospital wanted advice for a process optimization problem. The team's recommendation of adjustments, as well as plans for implementation, can help the neurosurgery department see more patients with shorter wait times. Surgicure's founder and CEO, Irena King, was featured in [an earlier article](#) for the company's first medical device. For Healthcare Lab, Surgicure asked the team to help them design a platform for identifying, acquiring, and commercializing high-quality patents in the MedTech industry.

Several of the organizations' hosts attended the presentation session and complimented the teams' efforts. The Hartford Healthcare team worked on a project to reduce falls and were tasked with assessing and improving current protocols. Their host complimented the students, saying, "You delivered exceptional results and I am confident your findings and recommendations will contribute to future improvements and enhancements in patient safety."

Finally, the Boston Children's Hospital hosts were so impressed with their Healthcare Lab team that they presented the team's work at their annual retreat. They also offered one team member, who is considering medical school, an all-day shadowing opportunity to help inform their decision.

Learn more about all of the teams' projects from their [presentation posters](#).

MIT HSI Lunchtime Seminar: "Scaling Healthcare" Series Part 3: The Healthcare Talent Imperative

March 4th, 2025

Location: E62-450 or Zoom

Time: 11:30am - 1pm

Moderators:

Rebecca L. Schechter, Sloan MBA, Formerly at Nuance/Microsoft, Healthcare executive and CEO

Eric Berger, Sloan MBA, Partner, Bain & Company

Speakers:

Liam Hurley: Partner, Spencer Stuart, TMT & CEO practices

Carolyn Kelley: Vice President, Philips, People Business Partner Connected Care

Anders Tveteraas: Vice President, Novartis, leading all international digital and patient-facing activities

[Register here.](#)

[Back to Top](#)



Copyright © 2025 MIT Sloan Health Systems Initiative, All rights reserved.

Want to change how you receive these emails?
You can [update your preferences](#) or [unsubscribe from this list](#).

