

BECKER'S

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BUSINESS & LEGAL ISSUES FOR HEALTH SYSTEM LEADERSHIP

## 9 of the Most Interesting and Intelligent Entrepreneurs in Healthcare Today

By Tamara Rosin

In an era where words like “innovation” and “disruption” are used to the point of exhaustion, some healthcare leaders stand out as true examples of entrepreneurial intelligence.

The following men and women founded or co-founded companies that have made a name for themselves in the healthcare industry. Some entrepreneurs were fueled by their personal experiences in healthcare, whereas others created their companies out of a growing demand for guidance and help. One powerhouse company today was once nothing more than a start-up with three part-time employees.

Each of these healthcare leaders has used his or her unique experiences, insight and knowledge to produce valuable products or services that truly contribute to the goal of healthcare: To provide more effective, affordable medical care to patients.

**1. Jonathan Bush**, a leader with inextinguishable energy and enthusiasm, is the co-founder and CEO of Watertown, Mass.-based athenahealth and author of the book,

“Where Does it Hurt? An Entrepreneur’s Guide to Fixing Healthcare.” Mr. Bush launched athenahealth in 1997 as a network of maternity clinics, but the company was struggling financially because the billing process was extremely slow, according to Inc. magazine. Mr. Bush then decided to hire his co-founder’s brother to develop software to speed up the billing process. Today, athenahealth is a leader in the industry selling cloud-based billing and EMR to physician practices and hospitals, and in 2014 the company saw \$752.6 million in revenue. Mr. Bush, who invests in startups himself, says he looks for “mojo” in startup company leaders. In an interview with Inc. magazine, Mr. Bush says a promising startup leader has, “A sense of opportunity. Inability to give up. Brilliance. And I look for some idealistic visions. For me to get excited, the business has to show a market path toward some social good — something that scrapes a layer of lameness off the world.”

**2. Quint Studer** is the founder of Pensacola, Fla.-based Studer Group, an outcomes firm that uses Evidenced-Based Leadership

systems and practices to help organizations achieve, sustain and accelerate performance in service, quality, finance, people and growth. Mr. Studer has worked in healthcare for more than 29 years. Before entering the healthcare field as a community relations representative in 1984, Mr. Studer spent 10 years as a teacher. Between 1984 and when he founded Studer Group in 2000, he served in various managing roles in several organizations and as president of Baptist Hospital in Pensacola, Fla. Each of these experiences contributed to Mr. Studer’s knowledge bank of leadership expertise, and after repeated requests from organizations for help, Studer Group was born. Mr. Studer has established himself as a strong advocate for change and improvement and as a go-to expert for management advice. The Studer Group harvests, tests, refines and shares best practices with healthcare organizations through peer-reviewed journal articles, Studer Group publications and products. Additionally, Mr. Studer has authored six books. In February, Chicago-based Huron Consulting Group acquired Studer Group for \$325 million in a deal

that promises to extend Huron's expertise in patient satisfaction and hospital-physician relationships. Huron Consulting focuses on financial challenges, healthcare reform implementation, technology and population health management. The combined organization will have more than 1,500 employees.

**3. Michael Sachs** is the founder and previous CEO of Skokie, Ill.-based Sg2, a healthcare and hospital system intelligence, analytics and consulting company. Before funding Sg2, Mr. Sachs was chairman of Sachs Group, which provided healthcare planning and marketing data to more than 1,000 institutions across the U.S. Mr. Sachs previously worked as a consultant with Ernst & Whinney and AT Kearney and on the management team of Hurley Medical Center in Flint, Mich. In February 2013, Mr. Sachs retired from his role as CEO to focus on traveling and speaking engagements, and Steve Lefar, president of Sg2, took over as CEO, according to Crain's Chicago Business. Mr. Sachs remains with the company as chairman. In August 2014, Sg2 was bought for \$142 million by Alpharetta, Ga.-based MedAssets, a medical technology and consulting firm, according to Crain's.

**4. Judy Faulkner** is the founder and CEO of Verona, Wis.-based Epic Systems, one of the biggest EHR providers for hospitals and health systems in the country. Ms. Faulkner started Epic in 1979 after completing graduate school at the University of Wisconsin-Madison, where she studied computer science. At its start, Epic was comprised of three part-time employees who worked in the basement of an apartment house.

Today, Epic has more than 8,000 employees across its 1,000-acre campus that is valued at more than \$700 million, according to HIT consultant. According to data from CMS, Epic was the most commonly used EHR among eligible professionals participating in meaningful use as of December 2014. Additionally, Epic was named the top overall physician practice vendor and overall software suite for the 2014 Best in KLAS awards by vendor performance monitor KLAS. Despite the company's prominence, Ms. Faulkner maintains Epic as a marketing-free enterprise. "When I started the company, I had no idea how to do marketing, so we just didn't do it," Ms. Faulkner said in an exclusive interview with Becker's Hospital Review. "What I did know, because I was a technical person, is to be able to write good software. So we focused on writing good software, and we focused on doing good support. And then fortunately, word of mouth did the rest."

**5. David M. Shade** is the co-founder, president and CEO of Chicago-based Prism Healthcare Partners, a healthcare consulting firm that helps hospitals assess the best strategic direction and implement performance improvements in the areas of physician operations, clinical transformation, revenue, non-labor cost reductions and workforce management. Earlier in his career, Mr. Shade served as a partner in the healthcare practice at Ernst & Young for 21 years. Before launching Prism Healthcare Partners, Mr. Shade founded Chicago-based Wellspring Partners in 1999 and served as the company's CEO. Wellspring was sold to Huron Consulting in 2007 and Mr. Shade became vice president

in charge of healthcare, and subsequently he became the President and COO of the entire company. "David is a very creative entrepreneur, having started two businesses," says Chuck Lauer, former publisher of Modern Healthcare. "Wellspring was very successful, then after selling off the company and leading Huron, he starts all over with Prism and does it again. It's unusual in this industry to see someone who can do this. Today, Prism is inundated with all kinds of business." According to Mr. Lauer, Mr. Shade's marketing strategy mostly consists of advertising, and this has contributed to Prism's success. Additionally, many of Prism's consultants have experience or working knowledge in the departments they are called in to help, Mr. Lauer notes.

**6. Randall Lipps** is the founder of Mountain View, Calif.-based Omnicell, a company that provides technologically advanced automation that enables healthcare facilities to acquire, manage, dispense and deliver medications and supplies more effectively. Mr. Lipps founded Omnicell in 1992 after observing the inefficiencies of hospital management when his daughter was hospitalized at birth. Mr. Lipps believed better management of supplies and medications would improve a hospital's standard of care by allowing clinicians to spend more time caring for their patients. He has been chairman of the board of directors since that time, and in 2002, he added on the roles of president and CEO. As the company's leader, Mr. Lipps has guided Omnicell toward expansion and growth. In February, Omnicell signed an agreement to purchase Bochum, Germany-based MACH4 Pharma Systems. The acquisition

will create a comprehensive automated medication management offering for hospitals and retail pharmacies throughout Europe and other emerging international markets.

**7. Delos “Toby” Cosgrove, MD,** has worked for the world-renowned, \$6.5 billion Cleveland Clinic for 40 years and has led the system as president and CEO for more than 10. Dr. Cosgrove was also a surgeon in the U.S. Air Force, serving as chief of U.S. Air Force Casualty Staging flight in Da Nang, Republic of Vietnam. Even before his CEO appointment, Dr. Cosgrove was a leader and innovator at Cleveland Clinic. He was the first to perform a minimally invasive mitral valve surgery in 1996, a practice that is widely used today. Dr. Cosgrove helped set up Cleveland Clinic Innovations, the technology transfer and commercialization arm of the system, which has enabled nearly 60 offshoot companies to develop. NASA is one of Cleveland Clinic’s most recent partners under the innovation arm. Under his direction, Cleveland Clinic has expanded across the U.S. and abroad — Cleveland Clinic Abu Dhabi in the United Arab Emirates expects to see its first patients later this year. Dr. Cosgrove has spearheaded several initiatives that have propelled the Clinic to its current level of prominence, including the Clinic’s same-day appointment promise, the country’s first tuition-free medical center and the construction of the first-of-its kind Global Center for Health Innovation, a hospital supply showroom attached to the Cleveland Convention Center. In 2014, President Barack Obama offered Dr. Cosgrove the position of Secretary of the Department of Veterans Affairs, which Dr.

Cosgrove declined.

**8. Bill McGuire, MD,** who served as CEO of UnitedHealth Group from 1991 to 2006, has garnered the most media attention over the last several years for his compensation. According to the Wall Street Journal’s July 2010 list of “The Decade’s 25 Top Earners,” Dr. McGuire earned \$469.3 million in total realized compensation from 2000 to 2010. It later turned out that a significant amount of Dr. McGuire’s compensation came from back-dated stock options, a discovery that led to his resignation, according to Health Care Renewal. (Dr. McGuire agreed to forfeit \$418 million to settle the claims against him, according to the New York Times.) However, since then, Dr. McGuire has made a new name for himself and has invested in several different ventures. In early 2013, he purchased Minnesota’s professional soccer team, Minnesota United FC, after which he completely rebranded it and rebuilt its business operations. Just four months after purchasing the team, United had more than 60 employees, double the amount at the time of the sale. The club also upgraded to a new, 2,400-square-foot office in Golden Valley. Dr. McGuire also joined the board of directors of Rebiotix, a biotechnology and fecal transplant company based in Roseville, Minn., in 2013. In September of 2013, Dr. McGuire effectively bought his entire neighborhood. Since purchasing his Orono, Minn., residence in 1997 for around \$2.7 million, Dr. McGuire spent approximately \$17 million in eight transactions to acquire the adjacent properties, ultimately garnering him 30 acres. While he declines to comment on his intentions, local real

estate agents suggest he was investing in valuable land during a time the real estate market had bottomed out.

**9. George C. Halvorson** served as chairman and CEO of Oakland, Calif.-based Kaiser Permanente, from 2002 through 2013. Kaiser is the nation’s largest nonprofit health plan and hospital system, serving more than 9 million members and generating roughly \$50 billion in annual revenue. Mr. Halvorson, a strong proponent of health IT, led the completion of the system’s multi-year rollout of the KP HealthConnect EMR system — based on software from Epic — in 2010. Under Mr. Halvorson’s leadership, Kaiser also became a leader in electronic connectivity between physicians and patients, with more than 12 million annual “e-visits” in place of in-office clinical visits, and more than 100 million lab reports, test results and care updates digitally sent to patients by their Kaiser providers as of April 2014. Mr. Halvorson has been the recipient of several major honors, including the 2013 HISTA Health Care IT Lifetime Achievement Award and America’s Health Insurance Plans Inaugural Lifetime Achievement Award, among others. Mr. Halvorson has established himself as a prominent voice in the healthcare reform conversation, and has authored five healthcare reform guidebooks. In 2012, he published “KP Inside: 101 Letters to Us at Kaiser Permanente,” a compilation of letters he wrote to Kaiser Permanente employees each week since September 2007. He’s also served as an advisor to the governments of Uganda, Great Britain, Jamaica and Russia on issues such as health policy and financing. ■