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GE launches \$6B Healthymagination healthcare Initiative

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[PRESS RELEASE]

GE announced that it will spend \$3 billion over the next six years on healthcare innovation that will help deliver better care to more people at lower cost. In addition, the company will commit \$2 billion of financing and \$1 billion in related GE technology and content to drive healthcare information technology and health in rural and underserved areas. These investments are the foundation of GE's healthymagination initiative, which is built on the global commitments of reducing costs, improving quality and expanding access for millions of people.

Under healthymagination, by 2015 GE will:

- Invest \$3 billion in research and development to launch at least 100 innovations that lower cost, increase access and improve quality by 15 percent. GE will also apply its expertise in services and its suite of performance improvement tools for impact in these areas. These actions will strengthen GE Healthcare's business model.
- Work with partners to focus innovations on four critical needs to start: accelerating healthcare information technology; target high-tech products to more affordable price points; broaden access to the underserved; and support consumer-driven health.
- Expand its employee health efforts by creating new wellness and healthy worksite programs while keeping cost increases below the rate of inflation.
- Increase the "value gap" between its health spend and GE Healthcare earnings to drive new value for GE shareholders.
- Engage and report on its progress. GE will engage experts and leaders on policy and programs and create a GE Health Advisory Board, which will include former U.S. senators Bill Frist and Tom Daschle and other global healthcare leaders.

Healthymagination will draw on capabilities from across GE, including GE Healthcare, GE Capital, GE Water, NBC Universal, the GE Global Research Center as well as the GE Foundation, the philanthropic arm of GE.

"Healthcare industry is an important industry that is challenged by rising costs, inequality of access and persistent quality issues," Immelt said. "Healthcare needs new solutions. We must combine technology with innovations and smarter processes that help doctors and hospitals deliver better healthcare to more people at a lower cost. "Healthymagination is our business strategy that seeks to help people live healthier lives, support customer success and help GE grow," Immelt said. "We will invest in innovations that measurably improve cost, access and

quality. That means lower-cost technology for more customers, products matched to specific local needs and process expertise to help customers win.

"This reflects the new opportunities we see in healthcare," Immelt said. Our newest innovations - low-cost digital x-ray machines, portable ultrasounds, more affordable cardiac equipment - will save costs for doctors, hospitals, the government, families and businesses. This will help level the playing field in health care. With our technology, rural and urban areas and developing countries can have access to the best technology, affordably.

"We saw the same type of tipping point four years ago when we launched our successful environmental initiative, ecomagination," Immelt said. "We learned that technical innovation can drive solutions and value for customers, investors, employees and the public. We will bring the same integrated approach to healthcare, focusing all of our expertise, labor and imagination on its success."

GE Healthcare President and CEO John Dineen said, "This is the right time to reposition our healthcare business, given the changes and challenges in the industry. Our customers are looking for productivity and solutions. We will focus on the products, the process excellence and the partnerships that broaden access to healthcare and reduce its cost."

Former U.S. Senator Tom Daschle, who will serve on GE's healthymagination advisory board, said, "We can only find real solutions in health care when business, government and their partners work together. The commitments GE made today on access, cost, and quality are a great start toward demonstrating their leadership in this debate. I look forward to working with them."

INNOVATIONS FOCUSED ON COST, ACCESS AND QUALITY

GE will more than double its research and development spending on healthymagination products, totaling \$3 billion by 2015, meaning at least half of GE Healthcare's spending will be on innovations that:

- Reduce by 15 percent the cost of procedures and processes with GE technologies and services.
- Increase by 15 percent people's access to services and technologies essential for health, reaching 100 million more people every year.
- Improve quality and efficiency by 15 percent for customers through simplifying and refining health care procedures and standards of care.

In addition to the \$3 billion spend by GE Healthcare, GE Capital will provide \$2 billion in financing for advancing healthcare IT and several GE businesses will spend \$1 billion over the next five years for partnerships, media content and services related to healthymagination.

Oxford Analytica, an independent, Oxford-based international research and consultancy firm, is reviewing GE commitments in products and services innovations to determine if they meet healthymagination standards. To date, Oxford Analytica has qualified seven GE products that yield 15 percent improvement in cost, access and quality, with 20 more in the pipeline. GE's goal is to qualify 100 healthymagination innovations by 2015.

FOR CUSTOMERS

GE will work with partners to address four critical healthcare needs to start:

Target technology toward lower-cost outcomes - To reduce the impact of technology on costs, GE is broadening the way it develops new products. GE today announced two new initiatives:

- GE will launch 50 low-cost products that offer powerful technology capabilities with simple operation and application targeted to achieve 15 percent lower cost, on average. These "only what is needed" products will be tailored to areas where access to healthcare technology is limited.
- GE's Performance Solutions service business has set a target of \$1 billion in reduced cost for customers over the next five years to help hospitals become more efficient through process redesign.

Make health IT faster and more productive - GE will seek to increase the use and capability of electronic medical record (EMR) technology and other information technology that speed communications, limit variation and control costs. GE today announced two new initiatives:

- GE, Intermountain Healthcare and the Mayo Clinic have developed physician decision support through IT in the form of evidence-based care and today said they will launch it commercially in 2010. This system provides access to the highest standards of care, anywhere.
- GE Capital will provide \$2 billion in financing to help health providers in rural and underserved areas get access to more innovation that improves health and reduces the cost of care. GE will focus financing to assist in the adoption of EMRs and health information exchanges (HIEs). About half of those practicing medicine in the U.S. do not have access to these technologies. GE's financing will help healthcare systems adopt EMR and HIE before 2011 in time to qualify for federal financial incentives. By accelerating EMR and HIE adoption, GE expects to help remove \$28 billion in cost from the health system while improving access to better and more affordable care.

Create innovation for all - More than two billion people do not have access to basic elements of a healthy life such as clean water or the ability to see a doctor or visit a health clinic. To address this need, GE has created a suite of maternal and cardiac care products for rural and developing markets. GE today announced two new efforts:

- GE will expand its maternal infant care product offerings by 35 percent and will invest and scale its work with Grameen Bank to 10 countries by 2015. GE previously partnered with the Nobel Prize-winning organization and has now agreed to the joint goal of creating a sustainable rural health model that reduces maternal and infant mortality by more than 20 percent.
- GE, through its Developing Health Globally initiative, is expanding the number of public health clinics it supports in developing markets from 30 to 100, starting with six new clinics in Cambodia in 2009.

Facilitate consumer-driven health and prevention - Chronic diseases like diabetes and hypertension kill 1.7 million Americans a year - affecting seven out of every ten people. The cost of managing these diseases is rising rapidly. To help address these needs, GE recently announced a partnership with Intel to provide products to remotely monitor the health of seniors and those with chronic conditions. GE also announced these new initiatives:

- NBC Universal and NBC News will make a significant commitment to bring timely, actionable health and wellness content to consumers in the form of more than 5,000 televised reports

annually on health and wellness and companion online tools.

- MSNBC will launch a new, daily program dedicated solely to health information, beginning in June. The program will be anchored by health expert and NBC News Chief Medical Editor, Dr. Nancy Snyderman. She will tackle everything from health and wellness tips and medical breakthroughs to in-depth looks at health policy.
- The renowned Cleveland Clinic will join with GE and NBC to conduct research that seeks to better understand important factors that move consumers from being aware of a health condition via the media to actually changing their behaviors for the better.

FOR EMPLOYEES

GE Vice Chairman John Rice will lead an effort to create an innovative culture of health to help improve the health of GE's employees and retirees and to contain costs. GE will partner with governments and other companies to build a "healthy work site" certification program. GE will turn its 175 health centers into wellness clinics and increase the use of employee incentives and decision support for health and prevention. It will provide personal health records to employees to identify health risks and track behaviors. GE also will make its worksites smoke-free.

As a result of these efforts, GE will seek to lower the growth of its healthcare costs below the rate of inflation. This should make many of these sites more competitive in global markets.

"We're going to get better at promoting employee health at the 600-plus GE locations around the world," Rice said. "By making the well-being of our employees a priority and giving employees the tools they need to make healthy choices, we're going to control our own costs."

FOR INVESTORS

Like ecomagination, GE believes its healthcare initiative will be good for investors. Healthymagination is designed to position GE Healthcare to grow organically over the long term at 2 to 3 times GDP. In addition, GE has a positive healthcare "value gap" of \$500 million. This is the difference between earnings in GE Healthcare and employee healthcare costs. GE plans to grow this gap in the future as it drives innovations that solve customers' problems and create healthier and more productive work sites.

FOR THE PUBLIC

GE announced today the formation of GE Health Advisory Board, to include membership by former U.S. Senators Bill Frist and Tom Daschle and other healthcare experts. The board will advise GE on its health efforts, investments and policy and will participate in regular public reporting on GE's performance.

Immelt said, "Healthymagination initiative is consistent with our global growth strategy of aligning our businesses with the greatest growth opportunities of the next decade. Our focus on the environment and affordable healthcare will be our pillar strategies for growth into the next decade."

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