

At HLTH 2023: General Catalyst's HATCo Introduces a Radically Ambitious and Transformative Model for Healthcare

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At the heart of our healthcare system lies two core, yet competing, philosophies: (1) clinical decisions must not be driven by profit, and (2) dollars drive behavior and, by harnessing this revenue, clinical outcomes can be vastly improved while the costs to the system of unnecessary care can be dramatically reduced. Here at HLTH, venture capital firm General Catalyst announced it is seeking to change that paradigm with the launch of its Health Assurance Transformation Corporation (HATCo), seeking to transform healthcare with global risk arrangements while leveraging data and technology.

HATCo desires to create a new blueprint for national care delivery transformation via a tightknit collaboration of technologists, caregivers and capital. And it just might. By leveraging partnerships

with more than 20 health systems in 43 states, a recent acquisition of a health system with a long term strategy, and the promise of innovative technology solutions, including artificial intelligence-driven data analytics, HATCo is well-positioned to succeed.

HATCo calls its single model a “clicks and mortar” approach, whereby digital transformation will enhance revenue and drive profitability. HATCo expects to create new revenue streams for health systems and free up existing revenue by leveraging technology and innovation to lower existing costs. For example, HATCo may deploy artificial intelligence solutions to analyze medical records and identify patients that are in early stages of renal failure. Using artificial intelligence, clinicians could work with patients to prevent or slow the advancement of the costly, chronic condition. Similar innovations could free up revenue for health systems to then reinvest in additional innovations that will in turn further lower costs, allowing additional revenue to be reinvested into other technologies that can better serve their respective communities.

A core feature of HATCo’s central strategy is to take on global risk for *both* governmental and commercial payors. In general, accepting global risk for governmental payors and programs, such as for Medicare Advantage, can lead to consistent revenue and increased profitability year-over-year due to a manageable patient population. However, commercial plan populations frequently fluctuate, are less predictable, and generally have higher volumes of acute healthcare services rather than chronic condition management services. HATCo’s sophisticated data analytics and extensive partnerships with hospitals across the country could be the key to mitigating this challenge.

HATCo is not alone in the technology-driven value-based

transformation market for health systems—Kaiser Permanente announced the launch of Risant Health earlier this year. Risant Health similarly is oriented towards transforming health system care delivery with a focus on accelerating into value-based care by leveraging innovative technologies in addition to Kaiser Permanente's established value-based care expertise.

Whereas HATCo will offer a single model and blueprint for health system transformation, Risant Health intends to offer a platform with an array of tools for nonprofit health systems from which those health systems may pick and choose. Upon regulatory approval, Geisinger will become Risant's first health system partner, and Risant will move forward with proving its value-based care model and expertise so that it can in turn offer that model and related technology and services to local, community-based health systems. Similar to HATCo, Risant Health will leverage innovative data analytics to accomplish its value-based transformation goals.

For HATCo and Risant Health, data analytics and value-based care will go hand-in-hand, as their use of data analytics may help health systems unlock major care delivery and patient population insights that drive better care and better outcomes, ultimately lowering total costs of care, which is precisely the goal of value-based care.

Bottom line: Sophisticated technology, including AI-driven data analytics, combined with deeper collaboration across health systems, may be the new capstone of health system transformation.

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