

Hospital and Health System Innovation Summit: LESSONS LEARNED: DILIGENCE, DETOURS AND DATA, OH MY

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Industry leaders shared first-hand lessons learned from their work on recent innovation related projects. We covered a range of case studies, highlighting lessons learned around mission alignment, conflicts of interest, diligence considerations, data ownership and de-identification, and strategies for protecting a minority investor.

Mission Alignment



It is essential for a hospital and health systems to adopt a formal innovation strategic plan that aligns with its overall strategic mission and vision and clearly articulates it specific innovation goals and prioritizes focus areas. Hospital and health systems pursue innovation initiatives largely to support the clinical mission and drive revenue growth and diversification.

Partnerships are Essential Partnerships Drive and Shape Innovation.

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There is widespread recognition that today's complex, multi-dimensional and technology-driven innovation requires partnerships and collaborations among stakeholders who bring different resources and expertise to the effort. Very rarely, if ever, can any single stakeholder provide all the ingredients and resources. However, picking the right partners and the right partnership/collaboration approach is key. "I think a key step is figuring out what are the role of partnerships. And then thinking about what that portfolio looks like over time and how it contributes to innovation," said **Mai-Tal Kennedy**, Principal, Vantage Partners. "What types of partnerships you're going to want to have in your innovation center, and then how you build to be able to meet the needs of those relationships."

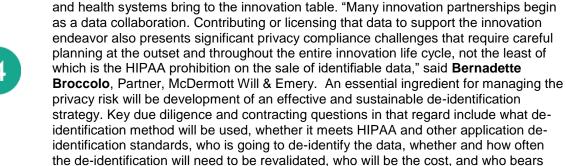
Understand Possible Conflicts of Interest

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Conflicts of interest must be evaluated at the front end and continuously revisited and re-evaluated during the full life cycle of the innovation, from early research & development and design and implementation of co-investment vehicles through commercialization and deployment in the hospital/health system's clinical and operational setting. "The potential for conflicts in commercialization of home grown innovation can be particularly challenging and complex if investment interests, royalties and compensation arrangements exist between and among the hospital and health systems, its officers and directors (and/or their families), and employed and

voluntary members of the medical staff," said **Bernadette Broccolo**, Partner, McDermott Will & Emery. Failure to properly identify, assess and manage conflicts can undermine the integrity of research data supporting commercialization, which in turn can result in denial or withdrawal of FDA pre-market approval, create research subject and patient safety risks (and associated liability), lead to false claims liability and civil money penalties in connection with the submission of claims for reimbursement for the innovation by government reimbursement programs. An equally important and very real consideration is that failure to manage conflicts is of great interest to the media and the plaintiff's bar and can also create significant reputation and public relations risk not only for a hospital and health system but also for other stakeholders as well. Oversight of potential conflicts in innovation by an independent committee with board authority has proven to be an effective step in achieving a disciplined and effective conflict of interest management plan.

Data Strategy Supporting Innovation



Robust, complex data of various types is one of the most valuable assets hospitals



the risks associated with impermissible re-identification.

Emerging health technology companies often fail to make clear what problems they are trying to solve. To be successful, it needs to be clear what problem you want to solve and you need to be adept at convincing health systems they want to buy your solution.

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