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Startup surfs transparency wave

Nashville Business Journal - by [Linda Bryant](#) Nashville Business Journal

Startup health care technology company change:healthcare is riding the wave of what's often referred to as health care "price transparency."

The company has radically revamped its online Medstimate service, which discloses pricing for services from more than 1.5 million doctors and hospitals and price ranges for more than 10,000 medical services.

Previously consumers paid \$24.95 a year for the service, and businesses paid \$1 per employee.

Now it's free.

The company's business model will focus on charging employers -- primarily companies with more than 1,000 employees -- for customized use of its extensive health data. Ads on the Web site are an additional revenue source.

"This is about helping people to become better consumers," says Robert Hendrick, co-founder and chief operations office at change:healthcare. "We felt like we really needed to give people the idea of a fair price range. It's time to pull back the curtain."

Started in 2006 by Hendrick and business partner and CEO Christopher Parks, change:healthcare received \$1 million from Nashville investment firm Solidus in 2007.

The company projects between \$6 million and \$9 million in revenue within three years, Hendrick says.

"That's a very conservative estimate," he says. "We have at least that much in the pipeline now."

Customers can use Medstimate to reveal price transparency on everything from major surgery to a month's supply of medication.

For example, a Medstimate search shows price ranges at local hospitals for colon cancer treatment vary greatly, depending on the hospital. At Vanderbilt University Hospital, the range is \$49,054 to \$53,653. At Saint Thomas Hospital it's \$22,258 to \$24,344.



Todd Stringer, Nashville Business Journal

Change:healthcare's
Christopher Parker
and Robert Hendrick.

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Prices for 30 doses of cholesterol-lowering Lipitor are \$81.89 at **Drugstore.com**, \$83.99 at CVS and \$89.99 at Walgreen's, according to the site.

The Medstimate program doesn't offer an analysis for why the same service or item costs more at one place and less at another. It's meant just as a starting point for the consumers who are making decisions about their health care.

Hendrick says he's not trying to persuade consumers to always go for the least expensive alternative because there can be valid reasons for paying more. But the information derived from a Medstimate

inquiry should help someone make a more informed health care decision, he adds.

The pricing data at [change:healthcare](#) is being released in phases.

Hospital and outpatient negotiated price data on all physicians, dentists, chiropractors, medical clinics and nursing homes nationwide have been compiled and are available at the site.

More detailed price ranges for these services will be integrated into the site market by market over time.

Chris Hartnett, a registered representative at employee benefit firm Roussel and Associates, recently signed up for [change:healthcare](#)'s corporate support package to help with the claims management work he does for clients.

"I don't believe we need to just throw up our hands and do nothing about the price of health care," Hartnett says.

"I like what this company is doing -- they are independent," he adds. "They have no stake in the game,

they aren't a hospital or insurance company."

Inspired by their own personal stories of trying to navigate through mountains of medical bills, the partners say they have more than an opportunistic business interest in the company.

"It's a mission for both of us," Hendrick says. "We are going to do our best to try to make a difference. We're going to help one consumer at a time."

Medstimate is packaged with MedBillManager, another of the company's products.

MedBillManager is an online program that provides users with a secure way to organize and manage medical bills. There are also numerous portals that offer information and opinions about medical providers, pharmaceuticals, medical issues and insurance.

The company operates from a condo in Hillsboro Village and has a 24-7 approach to doing business.

Two expert programmers work from Denmark, another works from one in Montreal. There are also five programmers in the Nashville office and one in Birmingham.

"I see code being logged in at 3 a.m.," Hendrick says. "It's always busy."

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