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ALEX MAIERSPERGER: A company global in nature, working across hospitals, health plans, life sciences companies, labs, venture capital, and more. Who is it? You're going to find out here shortly. I'm Alex Maiersperger, host of the SAS Health Pulse podcast. And today, we're joined by Bryan Vaughn, Senior Vice President-- Hospitals and Health Systems at Labcorp. Welcome, Bryan.

BRYAN VAUGHN: Hey, welcome, Alex. Good morning. Great to be with you.

ALEX MAIERSPERGER: We're excited about this one. This may just be me, but when I think of Labcorp, it's easy to have that image of a location where you get your lab work done, right? Maybe it's pre-employment drug screening or pre-employment checks. But it's so much more than that, right? Can you tell me a little bit more about the Labcorp story?

BRYAN VAUGHN: Sure. My first experience with Labcorp was also a pre-employment drug screen at one of the patient service centers. So a lot of people, obviously, get to know the company by going to one of our patient service centers or one of our retail sites.

The company, just to tell you a little bit about it, it's a little over 50 years old. We've had a grand total of four CEOs in that time period. And it really has origins starting in the basement of a hospital in Burlington, North Carolina. And as the company grew up, it really was one of the players that built what we know as the clinical reference lab industry today in North America.

The company grew up in the sort of '80s and '90s, commercializing PCR technology. The company got into expanding the PSC network, the logistics footprint, and becoming this national platform. And then on top of that platform in the '90s, 2000s, and even today, acquiring specialty scientific companies and capabilities-- so endocrinology labs and oncology labs and tests and coagulation or infectious disease, and really bringing those tests to the patients and providers and the hospitals that we serve across the country and North America today.

And then if you fast forward to who Labcorp is now, not only is there that business people know-- and that's primarily in the US and Canada around getting your lab testing or your pre-employment drug screening done. But we also we have 60,000 colleagues around the globe. We operate in about 100 countries. And we have an early development business with scientists and physicians and labs working with biotech companies on new molecule development really early in the development phase of pharmaceuticals.

And then we service pharma companies and biotech companies as they go through clinical trials. We're actually the largest lab in the world in serving those clinical trials. So the company today looks a lot different than that hospital laboratory in the basement 50 some years ago. But the common thread, as you think about the company, is always looking to science and innovation and to try and bring those new advancements in science and medicine to patients and to providers so that they can access those latest things. So that really is the company's story in a nutshell.

ALEX MAIERSPERGER: So you're the very best person to answer this question, that nature of storied history and global evolution that you touched so many parts of the health care and life sciences ecosystems. So it gives you a great perspective on something I'd love to hear about. On the main stages at conferences right now, you hear a lot about the convergence of life sciences and health care. Basically, sort of pharma, hospitals, insurers maybe playing a little bit nicer than they have in recent years.

Is that actually true? Is it benefiting patients? Is this just like a conference panel mainstage thing where it's sort of more sizzle than steak, and it's just a case of the big need to get bigger, and so vertical integration and things? Or is there really health care and life science convergence going on right now?

BRYAN VAUGHN: Yeah. I think-- I go to a lot of conferences. Obviously, I work in this part of health care that is 3% or so of what health care is, in laboratory diagnostics. But it's hugely important as it ripples across the systems for clinical decision making. So I see a lot of the health care industry.

I go to a lot of conferences, too, like I'm sure you do, Alex. There's certainly a lot of talk of partnerships and big ideas at these conferences. Certainly, some of them are what an old mentor of mine would call "press release" type of partnerships, that maybe the press release is the biggest part of the partnership and there's not a whole lot done thereafter.

But there are also-- and this is one of the things that I love about the work I get to do. I work a lot with health systems. And I get to work with leaders and clinicians and business people and IT professionals that really are deeply invested in how could we move ourselves forward in making health care more affordable, making health care more accessible, making health care work better for consumers, making health data work better for consumers?

And when you get to work with those people who are deeply invested in, how could we put something together that can last for years-- when I get to work with the Ascension transaction-- how do we put together with the leaders around the table something that we could look back on and say, it's still here? Maybe it looks a little different, but it's still here in 10 years or 15 years. And when that's the attitude, it's a lot of fun. It's rewarding.

And I think that's one of the things that is out there. Maybe you don't hear-- it's not the same sizzle that you hear at some of the conferences. But there are great people out there trying to drive that forward each and every day.

I'll give you one example. As we think about partnerships with health systems, one of the things we can do-- since health care cost is such a challenge-- I think health care in the US is $4 trillion, 18% of GDP. It's not affordable. It's not accessible enough. So you have health care inequity out there. One of the things we can do in our partnerships, we can take something that-- I'll give you an example, a lipid panel, cholesterol test-- that maybe used to cost the health system $35. And I'm just making that up. But maybe that was what the payer, the employer, and everybody-- that's what it cost.

When we are done with our partnership and that test comes in to a Labcorp patient service center or a Labcorp lab, perhaps it costs the system $10. So that $20 or $25 of savings ripples through to the health plan, to the employer, to the patient who might have a high-deductible health plan, who's paying that whole piece out of pocket. And nobody loses in that transaction. So the health system wins in the transaction and is able to lower their cost structure. The payer wins. The patient wins. Labcorp wins as well.

And there's not enough of that in health care. It's very, very hard to do. But we're actually lowering the cost of something that's provided today. And that's a fun place to be.

ALEX MAIERSPERGER: It's rare to have a win-win-win in the health care nature like you said, about the cost control and opportunities there. So wonderful example.

BRYAN VAUGHN: Sometimes you have to have a win-win-win-win. Or maybe there's four or five wins that you have to have. And that's why it's extremely hard. But there's also a lot of people dedicated to trying to find that out.

ALEX MAIERSPERGER: You gave the example of a specific panel test. You talked about your personal experience of your first interaction being a pre-employment drug screen or those things. Labcorp has a lot of data on a lot of individuals, I would guess, between switching jobs and cholesterol checks. I'm somewhere in a data set maybe 10 to 15 times throughout my life so far.

When I go into my local physician office or health system, are they predicting some of the things that might be occurring in me based on the past experiences I have or based on the data that's available to them? Are you doing that?

BRYAN VAUGHN: Yeah. We do sit on a massive data set of laboratory testing, tens of billions of lab results within Labcorp. I wouldn't say we are predicting things based on that data. We sometimes don't if we have all of your data. But it is extremely exciting what could be coming with that when you think about the power of big data and where artificial intelligence models are going. I think we're a little ways away from that being in regular, routine, clinical use, your doctor is using the artificial intelligence algorithm to help them make a decision about what may be next for you.

But we certainly are thinking about those use cases and investing in those use cases and have an artificial intelligence team and people working on that. I think, to maybe make it real for you and your listeners, when we think about data and technology today and what we can do-- I'll give you maybe a couple of examples.

One example you mentioned-- you mentioned you maybe had 10 or 15 lab experiences. I had my annual physical in July. And quick PSA-- get your annual physical. Know your cholesterol numbers and your A1Cs and things like that. But I obviously had my testing done at Labcorp. And I got my results back. And one of the things that was on my report was my results from last year. And I got to see how my lipids had changed not in a favorable direction. So I need to get to the gym and eat fewer French fries.

But that's just a very-- it's a small nudge, right? It's surfacing some data to show me how I've changed since last year. And we recently had a story-- an example that was brought to light-- of a physician that was able to look up a patient's prior result for a workup he did on a new patient. And he found that a hemoglobin level had changed and gone down dramatically. And it wasn't out of the reference range, but it had changed since a prior result.

And this physician, being curious and knowing that something might be amiss there, did some more testing on the patient and ended up finding out, through additional testing, that the patient had early stage esophageal cancer, and referred that person and got them into the right care early. And it makes you wonder, if they hadn't had that prior result, what would the physician have concluded?

So we're thinking about use cases like that, of how do we surface information we do have today so that clinicians that are making decisions for patients can find those ways in which they can really help their patients and impact patient care? Obviously, as you think about where that could go with artificial intelligence, there's way more sophisticated places that could go. But I think today, those are also some of the simple use cases and the ways in which small things can make a big difference in patients' lives.

And I'll give you one other example in a way we use our data. There's lots and lots of talk about care pathways and appropriate utilization of lab testing. And you really can hardwire all of these things into the EMRs today and tell doctors, here's the care pathway and the right lab orders. But you got to be careful with that because you can barrage the clinician with clicks and EMR alerts that actually make their workflow and their lives much more difficult.

So we can look at data on the backend-- and we do this regularly today-- and look at ordering patterns and find where particular physicians or particular types of tests might be over-utilized or utilized inappropriately. And maybe it's not utilized inappropriately across the board. Maybe it's within a few providers who don't or their EMR might have the wrong test loaded in it. I mean, we find all of these unique reasons.

But rather than going and programming something for everybody, we can be much more targeted with an educational intervention. Hey, you don't need to order nine different tests in the panel. Two might be sufficient. Get the results back from those, and it would save resources, save cost, be faster turnaround time, and ultimately better for patient care. So those are some of the ways-- surfacing lab data back to physicians so they can see trends over time, or looking at ordering patterns to see where something is overutilized or even perhaps underutilized so that patients get the best care that they can get.

ALEX MAIERSPERGER: You referred to it as a small or simple thing, but obviously an impact in a patient's lives of the cancer diagnosis or a potential issue that arises earlier than otherwise would have been found obviously has just massive impacts for that individual family and, potentially, society as a whole for generations to come. And so, incredible to hear those stories of impact-- and then you talked about just the opportunities of AI. And there's potentially no bigger buzzword than AI right now. And you talked about having a team being able to point new and emerging technologies at this data set with your partners, all the things that you do.

I love hearing about the story of just all of the impact across hospitals, health systems, pharma, life sciences. You talked about that convergence already. We'd love to hear what brought you to Labcorp. You're on the health systems and partnerships side. And now you're into AI, and now you're working on different use cases. How did you end up in that role, both at Labcorp and where you are now?

BRYAN VAUGHN: Sure. Sure, but yeah. I mean, my story, to give you the flyby, I got first interested in health care-- I was in college. And I spent two summers working at a health care venture capital firm in Nashville, Tennessee. And I don't if any of your listeners are in Nashville. But there's a lot of health care in Nashville and a lot of experience and, especially, health care services.

And I got to spend a couple of summers looking at entrepreneurs, entrepreneurial businesses, portfolio companies of this venture firm. And I was just blown away. I was hooked very early on how dynamic, interesting, and complicated the health care industry really is. I ended up going into an investment banking analyst program where I did health care services merger and acquisition advisory work, mostly sell-side M&A work.

And one of my early experiences on that was representing a company that was a medical records company-- like paper medical records. This is hard-- this was only 20-ish years ago. It's hard to imagine that today. But they had a business where they would go in and manage all of the medical records for a health system. And they could make very good profit themselves and save the health system a ton of money, right? It was one of my first examples in my career of seeing sort of a win-win-win situation, a good savings for the hospital or health system, a good business model for the partner. And by the way,

they were able to retrieve records and find records and get records and get them to the clinicians better, faster, cheaper than the prior system.

So I got to see things like that as I spent several years in investment banking, and again, just got deeper into understanding hospitals, long-term care, lab, imaging. I got to touch a lot of different things over my time there. I ended up going to business school at Duke, which brought me to the Carolinas. And then I found this company down the road in Burlington called Labcorp. And there were a few really smart people that I got to meet there and talked about the company and what it delivered.

And I'm kind of a health care cost guy at my core. I'd like to spend my career and my purpose trying to think about what we can do to really bend the cost curve in health care. And it sort of occurred to me as I went through business school training that lab and generic drugs were some of the cheapest things and highly, highly valuable to patients and clinicians. And I was just fascinated by this company called Labcorp that had this amazing infrastructure, this much lower cost than the other ways of getting lab testing in the US.

Plus, this innovation engine, because of where genomic and molecular testing and all of the research was just exploding around that. So I came to Labcorp 14 and change years ago. And it's been a great ride ever since.

ALEX MAIERSPERGER: I love how you so clearly articulate, again, that win-win-win. You can see the passion of, here's something that I see makes a difference in the business world, but makes a difference for an individual life. And here's how I'm going to pursue that. And it's so cool to hear that navigation of the system.

We've had quite a bit of optimism. We usually approach this the other way. But we have talked about real examples of impacting patient lives, the real possibilities of emerging and new technologies on data and technology. There's been a lot of optimism, I think, sprinkled in. I imagine there's also the reverse of that. There's also a lot of challenges in your daily role and in the world that you see. So whether it's regulation, competition, culture of the overall health care system, what's something that needs to change in your world for the benefit of patients?

BRYAN VAUGHN: Yeah. I am an optimist. I'll stick with the optimistic tone of this. I won't give you Bryan's policy prescription. If you play golf, I think you have to be an optimist a little bit.

You know, Alex, as I step back and I think about the health system and the health care system in the US, anyway, it's so expensive. It's also very complicated. And so our biggest challenge everywhere in health care, in my view, is inertia. There's a lot of pressure on the status quo right now. I think that's a good thing because it forces people to be creative. It brings out innovation. It brings out, how do we find where 1 plus 1 equals 3? And I think that's a good thing on the health care industry.

It's tough as well, but also good for the long-term, because I have a lot of faith that we can and will evolve the system. My two areas where we could do more-- and I don't if this is through policy or regulation or just leadership across different organizations. But one of the things I'm very encouraged by is I work with lots of health systems. And they have more and more physician and clinician leaders. And I think one of the things, if we want health care to get better, is we need to see more of those people in leadership roles, in executive roles.

And we also need to do a better job training those-- they get great clinical training in all of their medical education. But we also need to give them a dose of business and policy and regulatory and all of that to help those, when they do get into those executive and leadership roles, to help them understand the

broader system. I think that trend is happening now. And anything more we can do to encourage physician and nurse and therapist leaders will only be good for the system.

My second example that I'm bullish on being a force for good longer term, although it could be painful for some in the short-term, is price transparency. And I think with where regulations are now, essentially, health care prices are out there. They're buried in these unbelievably complex files. I can't open them on my computer or look at what health care prices are. But smart people, technology companies, I think, will figure out how to surface these prices in ways that help people make better decisions. And I think it will help balance out the value equation in health care and say, why should thing A cost three times as much if I go to provider A versus provider B?

And so those are my two things-- physician and clinicians being in leadership roles. I think it's a great trend. And price transparency-- I think continuing to nurture that, I think both of those things are good for health care, good for Labcorp, and good for patients long-term.

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ALEX MAIERSPERGER: We are tremendously fortunate to have you as a guest on the SAS Health Pulse podcast. And as a society and a health care system, we're tremendously fortunate to have your thoughtful approach and optimism shine through in making a difference every day in patient lives. So Bryan, thank you so much for being here.

BRYAN VAUGHN: Absolutely. Thank you for having me, Alex. This has been fun.

ALEX MAIERSPERGER: And to all those that are listening or watching, we're so appreciative of your time. Thank you. Please join us in the conversation. Send us an email at healthpulsepodcast@sas.com. We're rooting for you always.