

4sight Health Roundup Podcast  
Checking the Industry's Pulse after Epic's AI Announcement  
8/28/25

David Burda:

Welcome to the 4sight Health Roundup podcast, 4sight Health podcast series for healthcare revolutionaries, outcomes matter customers count and value rules. Hello again, everyone. This is Dave Burda, news editor at 4sight Health. It is Thursday, August 28th. We're still not talking about the Epstein Files on today's show, or occupying US cities with a deputized private army controlled by the president. But we are talking about Epic's plans to roll out a host of AI powered tools through its EHR system used by most of the country's hospitals and health systems. Maybe we are talking about a private army controlled by a president. Let's find out with Dave Johnson, founder and CEO 4sight Health. And Julie Murchinson, partner at Transformation Capital. Hi Dave. Hi, Julie. How are you two doing this morning, Dave?

David W. Johnson:

Doing fine, but a little bit confused. I'm wondering whether when the National Guard comes to Chicago, it will make it easier for us to find parking in my neighborhood. <Laugh>

Burda: (25:40):

<Laugh>. Well, they are picking up garbage. Maybe the next step is call dibs on your parking spot there in front of your house.

Julie, how are you?

Julie Murchinson (25:59):

I'm well. I'm just trying to figure out how it became Labor Day weekend.

Burda: (26:04):

That's all <laugh>. Yeah. Yeah. Did sneak up on us fast, that's for sure. Now, before we talk about Epic and artificial intelligence, let's talk about red wine. One of my favorite topics today is National Red Wine Day, if you didn't know. And so Dave, is it red or white? And if it's red, what kind?

Johnson: (26:25):

Well, it's definitely red for me. And I particularly like the Roan valley wines like [Jig and Dass and Chateau nif to pop] from France. We did a back roads bike trip, well, long time ago through the Lair Valley, and it was back roads, right. So it was nice. And I gotta tell you, it was pretty tough to get back on the bike after long wine filled lunches at local vineyards, <laugh>. But that's what we did.

Burda: (26:51):

Ah, a little wobbly. Fun. That's great.

Murchinson: (26:54):

That's dangerous.

Burda: (26:55):

<Laugh>. Yeah. <Laugh>. Julie. How about you, red or white? And if it's red, what kind?

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Murchinson (27:00):

I go with the season. I'm an old school Chardonnay and Pinot Noir girl, but I'll drink a lot of different types of red, so I'm, I'm not, I used to love the, like, really heavy gritty on the tongue taste. Now I'm a little bit lighter and, and fruitier.

Burda:

Well, it's red for me. And drier the better I, the brand doesn't matter. The vineyard doesn't matter. That's unless I'm wearing a white shirt, then it's white because I'm a spiller. Right. That's how I choose my wine based, on what I'm wearing.

Murchinson (27:58):

That's smart.

Burda: (27:59)

Yeah. Have you ever seen a red wine stain on someone's shirt at a big event? I mean, it's a killer, right?

Murchinson (28:04):

Not great.

Burda: (28:05):

Not great. Okay, let's talk about Epic and AI, which some fear may be a killer for any healthcare AI competitors. And there's your transition. All I know about this situation is what I've read in the healthcare trade press. I have no firsthand knowledge of it. I'm not steeped in knowledge about EHR systems or healthcare technology other than my ability to sign on to my own patient portal. But let me tell you what I do know and get your reaction. Epic held its annual users group meeting August 18th through 21st at its campus in Verona, Wisconsin, just outside of Madison. The theme was sci-fi. At the meeting, Epic's founder and CEO Judy Faulkner announced that the company has about 200 AI tools in development to help patients, clinicians, and insurers. At least three of those tools are AI assistants. One is called Emmy to help patients use their MyChart portal from Epic. Another is called ART to help clinicians access patient health information and write clinical notes. Yet a third is called Penny to help provider organizations manage their revenue cycle. Epic also is adding AI capabilities to its Cosmos database of de-identified patient data called from users Epic EHR Systems. That's what I know based on what I read. I'm sure there's lots more to this. Now, let's talk about what you know and think. Dave, what's the good and bad for health systems that use Epic? And what's the good and bad for health systems that don't use Epic?

Johnson: (28:23):

You know, Dave, I'm just gonna completely ignore your question and talk about what I wanna talk about on this topic.

Burda: (28:30):

Excellent. Excellent.

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Johnson: (28:30):

First off, Rock Health and their weekly report had a very clever headline. It went “epic, goes ape for ai,” you know, Art, Penny and Emmy.

Speaker 2 (28:40):

Ah, very good. Yeah.

Johnson: (28:44):

But before I get to Epic and and Judy and all the announcements I'm gonna make a little stop at Jackson Hole, Wyoming and Ruth Porat, the president and Chief Investment Officer at Alphabet and Google gave a speech there that I thought was just excellent. She's our kind of person, very clear thinker, systemic, definitive easy to follow, really, really good. The topic of her speech was AI's transformative impact. And as it happened, she focused on health and finance as the two sectors with the densest data sets. And she specifically, first half of her speech was on health notice, not healthcare. And she identified three areas of focus. The first was advancing science. And it's really getting at the ability of AI to help understand how the human body works at the molecular level. Second thing she said was early detection, and basically early detection is risk management. And she describes this as having a horizontal vision across data. It's what we talk about a lot here on the roundup which is the ability of the machines to do pattern recognition and what I like to call preemptive diagnostics. And then the last was operational effectiveness. And this is the whole ability to move from population based treatments to personalized protocols. And she kind of got to the end of this after also a long discussion on finance and said, obviously these three buckets overlap but talked about the incredible importance of executive curation. She quoted a colleague of hers at Google's who said, if you try to let a thousand flowers bloom, you get a thousand dead flowers. So it's really important for leaders of companies to curate AI and determine its best use cases and guide the company. Really, really thoughtful remarks. So, back to Epic, back to Judy. So you gotta give Judy credit for executive curation. Focus on assistance in clinical areas, in patient experience in back office Art, Emmy and Penny. Let's call 'em Art, Penny and Emmy, so we can just go ape over the whole thing ourselves. But the clinical assistance piece, I think probably has the most of all these. And David Feinberg, the health chair at Oracle has been talking about this for years. Oracle shifted its focus to making, the clinical EHR easier for doctors. And anytime you get David in a room, he talks about the thousands of letters he's receiving about how much easier this approach makes the daily life of physicians. So I think give Judy credit for executive curation and focusing on assistance. But it's not clear what, if anything, they will charge for these services. You know, they're not cheap. You know, the clinical assistant is a partnership with Microsoft, and, you know, they're investing fortunes in ai. They want to get a return for it. The Epic model historically has been to charge high base prices, raise them very slowly, and then offer additional capabilities for free. And what this has done is kind of stifle innovation and, and kill off competitors. What I fear is the result will be mediocre, good enough products like, but that's, that's been the pattern up to now. And also at this conference epic shared a preprint of an academic study at Yale that is evidently very effective at predicting a patient's next medical event. It's the kind of thing we dream about, right? Figuring out who's really at risk for an acute intervention. And they're able to do this through their Cosmos PLAs form, which allows Epic users to share data and conduct research on it. And while that's great, it still reflects Epic's walled garden approach to data sharing, generally

speaking, you have to be inside the tent in order to play. And Judy ed her talk when describing the study, made an implicit threat that if you're not part of the tent, you're, you're gonna fall behind on medical research. Just wrong. A few weeks ago when we discussed the White House's Health Tech initiative, we wondered whether Big Tech will do to Epic, what Epic has done to smaller health tech companies. I still think that's an open question. But whatever happens, the tech focus has to shift disproportionately toward health and away from healthcare. Using science to find the foundations of disease incredible. But the real power comes in early diagnosis and prevention. That's a fantastic vision, and we just can't let Epic get in the way of that vision becoming reality.

Burda: (36:56):

Yeah. So the, the, the price issue is whether you're gonna have a choice, right? Right. You can buy them separately for a separate fee, or they're gonna be part of what you buy. And when you buy the whole thing, that price is gonna be higher and you get 'em no matter what. Right? Yeah. Interesting. Yeah. Thanks Dave.

Johnson: (37:16):

And I might, if I had to guess, it's the latter.

Burda: (37:19):

Julie, any questions for Dave?

Murchinson (37:37):

Well, Dave, that was, that was deep. You know, there's so many things I could ask you about your thoughts here, but the, the Epic went ape so great because it is a takeover the world strategy. But if you talk to health systems today, they'll say loud and clear that the tech isn't the hard part. It's all the care redesign and getting clinicians and staff to trust and adopt technology and, and all that. Do you think that, I mean, I hear where you're going with Ruth for, believe me, but do you think that the Epic announcement is gonna help the issue that health systems can't quickly change themselves? Like, are the, is is all this gonna make it that much easier?

Johnson: (38:26):

I think the tools will undoubtedly be helpful and effective that healthcare professionals will use them as they become easier to access, and they get great results from them. You know, the trouble is no matter how great AI is, it can't automate the way, the fundamentally broken system that the US healthcare operates under one that rewards treatment and penalizes prevention that makes consumers an afterthought that requires gargantuan resources to fight overpayment. That's what really has to change.

Burda: (40:23):

Well, I know if you give me a better frying pan, I'm still gonna be a lousy cook, so

Murchinson (40:30):

<Laugh>, there you go.

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Burda: (40:31):  
Right?

Murchinson (40:31):  
That's what I was looking for.

Burda: (40:38):  
All right, Julie, it's your turn. What's the good news, bad news for other companies with healthcare AI solutions competing for health systems, attention, and what's the good news, bad news for the healthcare technology market overall?

Murchinson (40:55):  
Well I don't even know where to start, but the bad news is, to me, questionable business ethics that this announcement, you know, shows that Epics MO is to partner with market leaders and then take their time to decide whether they wanna compete with those partners. I mean, it, it also also basically says that it know they plan to do all or most of many other categories, as Dave said, which is potentially bad news for having a competitive and, you know, continually innovative market like we always talk about here. However, there some good news here from my discussions with health systems, which is one, health systems are increasingly seeing the forest thru the trees. They wanna solve today's problems today, and they're learning a lot about how quickly epic, and, you know, potentially a few other EMRs can service those needs. They don't wanna wait. And two, you know, a lot of the action oriented agentic AI that Epic announced is not quite there. And the, I saw a great study on this. So first, straight from the horse systems mouth in July, we convened a health system round table with AI leaders that focused on ascribes agent governance, ROI, how you innovate around the EMR, all of that. And, you know, a couple things came out of it. Many health systems believe that the modern agent AI, and these are AI leaders, right? So a lot of these folks were, you know, fairly technical that agent AI is gonna challenge EMRs that have been built on legacy architectures that just aren't adapted for the AI era. And Epic was certainly one highlighted, you know, two I thought this was the most poignant one system pointed out that EPIC is just not valuable for driving differentiation because every health system uses the same system, effectively. So many of the leading systems are adopting third party solutions for important system differentiators, right? Strategic differentiators, and this is important, especially, you know, given the MyChart Central announcement, that's certainly gonna impact the front door differentiation for health systems everywhere. You know, the reality is there'll be smaller systems that are hanging on by a string and in survival mode that will simply wait for Epic. They have to, they don't have a choice. And that's, you know, we get that. The majority, however, they know that they're in a fierce battle with not only other systems in their, you know, immediate markets but you know, in competition with the novel care delivery models that are eating away at their margin. So they have to differentiate and Epic is not seen as something that actually helps that. So I thought that was really a thoughtful, a way of thinking about it. Which brings me to number three. Health systems have developed a variety of approaches to innovate with third party solutions, you know, despite EMR challenges, and they're getting pretty sophisticated about it. If they're really focused on reducing consumer and physician friction, systems that are really focused on that have been able to power through some of this. Some systems are partnering with, you know, third party innovative solutions. When they

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see a capability on Epic's roadmap, it looks to be six to nine months out because they know it means longer. They're using just a more detailed framework of the EMR strengths and weaknesses to drive more specificity into these discussions around what they're really trying to accomplish with a particular department functionality. You name it. And some are even, which I thought was interesting, fast tracking epic pilots to drive quicker rollout decision making because they wanna get epic piloted so they can see what it can and can't do, and can actually really compare that to what they're seeing in the market. So some of the systems are getting really, really good at this. Okay, now second, this goes a little bit deeper. Ethan Gough (sp?) from Stanford shared a recent study that they published in New England Journal of Medicine called the Med Agent Bench. That would indicate that Epic's roadmap is not even technically feasible today. So why Epic intends to, you know, leapfrog this ambient scribe world and embed these agents, right? And agents will use patient context to perform real time actions, which is, you know, what we think agents can do. So the question is, is that possible? And Stanford basically built a virtual EHR with a hundred realistic patient profiles, which translates to about 750 - 800,000 records of labs, vitals, meds, et cetera. And then they built 300 tasks developed by physicians that required structured API calls. So the, you know, LLM had to act like a real agent, not just answer questions, things like retrieving the latest HVA1C or ordering a repeat test, you know, depending upon the age of the patient or recording blood pressure, whatever it is. And the results were really interesting. So they tested, you know certain types of systems: Claw, GPT four, and Deep Seek all scored somewhere between 62 and 69% accuracy lama and withdrawal for 46 and 4% accuracy. So their takeaway is that agents are really good at retrieving information, but performing actions that they're really not so good at this yet. So why does this matter? You know, what's on Epic's roadmap is, is all agentic. And this study would tell you that the technology isn't quite there yet. So, you know, if you're building an AI scribe business or you're in the clinician co-pilot business or clinical trials management real world, some of those types of technologies could be in trouble because some of the agentic announcement doesn't necessarily affect you know, isn't required for Epic to compete with those types, types of businesses. So I might be concerned if I'm running one of those businesses right now. However, for all the real agentic stuff, you know, I think Healthcare Tech is gonna have a thriving market for years to come because Epic is far from making this announcement reality. And most systems are under pressure to innovate and differentiate today and quickly, and they're figuring out how to do it.

Burda: (48:07):

What did you say, the horse system's mouth did I catch, catch that around <laugh>?

Murchinson (48:17):

That's good, Dave. I like that.

Burda: (48:18):

That was excellent. I'm stealing it. Thanks Julie. Dave, any questions for Julie?

Johnson: (48:24):

You were suggesting that maybe the industry's moving away from Epic a little bit, which I haven't really thought about, but it's pretty interesting and we obviously spend a lot of time

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discussing Epic on the Roundup appropriately. So, so here's my question. When all is said and done, does Epic stand for Enhanced Productivity and Care, or more often does it stand for Erase Productivity and Care? Which one's more accurate?

Murchinson (49:55):

Oh, Dave; let me try to figure out if I can answer this in a politically correct way. I think for years Epic has been in the bucket of erasing productivity. And for the first time within the last few years of what it's developed, it's moving in the direction of enhancing productivity. There is no doubt. But Dave, I do believe that some of the leading systems are finding ways to adopt better technologies and perhaps Epic will ever be able to create in certain areas. And Epic is gonna catch up with the market in areas, you know, where Cosmos can really be a game changer for, or the scribe technology that, you know, at the end of the day is a phase in our, in our cycle here. So I don't know, they're, they're moving in the right direction, I hate to say.

Burda: (51:11):

Thanks Julie. Well, for me, it's pretty simple. You know, competition in healthcare is good for healthcare consumers, and if this move by epic limits competition in anyway, it's not good for consumers, you know, higher prices, less choice or quality poor service are the outcomes. And I think we all agree that we've had enough of that over the years. So let's see how it plays out. Now let's talk about other big healthcare news that happened this week. And there sure was a lot of it. Julie what else happened this week that we should know about?

Murchinson (51:50):

Well, I don't know how many people are following at this level, but as in the Trump administration are about to appoint a new Medicaid director and one of the health tech executives is you know, in the front running. So I'll let you go Google and figure out who that might be, but pretty interesting that they're bringing more tech execs in.

Burda: (52:14):

Hmm. Okay. We'll find out. Dave, what's your big story of the week?

Johnson: (52:20):

Well during the end of the Nixon administration, there was something called the Friday Night Massacre; we had a Wednesday night massacre last night at the CDC. And whether she was fired or resigned isn't clear, but Susan Minarez, the recently confirmed CDC director is no longer there. And then in short order afterward, the medical director for the CDC, the director for the National Center for Emerging Infectious Diseases, and the director for the National Center for Immunizations and Respiratory diseases; they all resigned as well. So it's an open question whether there's any real leadership at the CDC anymore. And, and what brought the, about these resignations was violent disagreement with RFK over the use of vaccines in this country. And the CDC has always been a rational voice for vaccines. Doesn't appear to be true anymore.

Burda: (54:03):

Joe's Vaccines are gonna pop up on every corner. <Laugh> <laugh>, what a world. Thanks Dave, and thanks Julie. That is all the time we have for today. If you'd like to learn more about

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