

Seattle web startup slices red tape at doc's office

Clarity promises to ease costs of exchanging information about patients

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Doctors face much the same problems as other small businesses, including steep administrative expenses.

That burden is a market opportunity for a new Seattle tech company, Clarity Health Services Inc., that aims to help doctors whack those costs.

Clarity sells a web-based service to physicians with the promise that it will cut the cost of making patient referrals from one doctor to another — a time-consuming and error-prone process that includes back-and-forth contacts with insurers.

A 2007 study by state Insurance Commissioner Mike Kreidler concluded that 30 cents of every dollar received by doctors' offices and hospitals in Washington is consumed by administrative expenses related to dealing with insurers.

A typical small family-medicine practice of three or four doctors needs a full-time employee just to handle referrals, said Peter Gelpi, Clarity's CEO, who claims Clarity's service can reduce referral management expenses by as much as 80 percent.

Referrals involve exchanging information on the patient's insurance, medical history and physician chart notes about diagnosis, treatments and imaging test results. Clarity's service enables doctors to collect all the information in one place. Doctors can access and update this electronic repository, thereby averting the exchange of wrong or incomplete information and redundant documents, problems that often happen during referrals.

Dr. Bill Roes, one of two primary-care doctors at The Key Medical Center, near Tacoma, pays Clarity \$100 a month for its service.

"It saves me time," Roes said of the service. "It's certainly worth that expense for us."

Gelpi said Clarity's service requires no software to buy and maintain, and doesn't force doctors to change how they work with documents, faxes and telephones. Doctors can deliver information in any form they want.

Still, it's far too early to know whether Clarity will make it big.

The 15-employee company launched its referral management service just last year. Northwest Physicians Network, representing 475 doctors in Pierce County and south King County, is testing it, as is Franciscan Health System, a hospital organization based in Federal Way.

Julie Nelson, Franciscan's director of patient registration services, said Franciscan's four hospitals and its physician clinics recently started a three-month pilot, before committing to a contract.

About 100 Northwest Physicians Network doctors currently are testing Clarity's system, which now holds information on 130,000 patients.

Clarity charges primary-care doctors \$100 a month and specialists \$300 a month.

Rick MacCornack, Northwest Physicians Network's chief systems integration officer, estimates Clarity can save primary-care doctors \$2 for every \$1 spent on the service, and specialty doctors \$3 for every \$1 spent.

Clarity is not Gelpi's first tech company. He was founder and general manager of online education company Apex Learning, and founder and chief operating officer of Envision Inc. He led corporate operations at Adobe Systems and was international operations director at Aldus Corp.

Clarity's vice presidents — Arif Kassam, Jeff Thiel and Eric Bean — also boast substantial tech backgrounds and startup experience.

On the strength of all of this, Clarity apparently has attracted considerable capital, though Gelpi declines to say how much.

In an email, he said, "We went out for our Series A (angels) round last October and have just launched our Series B (institutional: family funds, VCs, strategic partners) that will get the company to profitability ... Our aim is to close the Series B by the end of first quarter 2010."

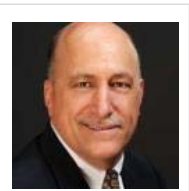
Al Higginson, chairman of Hubspan Inc. and F5 Networks, is one of Clarity's investors.

Clarity, he said, "just makes a ton of sense to me."

In part, that's because Hubspan does much the same thing Clarity does but in a different market. Hubspan is a tech company that electronically expedites the exchange of data, information, documents — invoices, purchase orders, shipping notices for instance — with a web-based platform now serving some 15,000 companies nationally and internationally.

Clarity does a lot of the same things, but for doctors, Higginson said.

"It's a well-thought-out answer to a problem in the marketplace."



Gelpi

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