As Epic's dominance grows, its iron grip is choking innovation in health technology

The vendor uses sharp-elbowed tactics to control hospitals' tech choices

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This is the first story in a series, Inside Epic's Empire. Ross and Trang are investigating how the growing dominance of Epic, the nation's most successful electronic health records vendor, is impacting competition and innovation amid the AI boom. They interviewed more than 50 people, including former Epic employees, app developers, and hospital executives for this story.

Highlights

Epic Systems Corp., the nation's dominant seller of electronic health records, relies on fierce and uncompromising business tactics to drive adoption of its technology products by U.S. hospitals.

A STAT investigation found that Epic's practice of selectively withholding access to patient data has disadvantaged rival software developers and put one company in charge of determining who thrives and who withers in the market for health technology innovation.

Epic says it provides more connections to its data than required by federal law and has won praise for its support of its many hospital customers. But executives at some of those hospitals, along with app developers, said Epic's growing market power is blocking adoption of the most beneficial software products.

By most measures, Epic Systems Corp. is a runaway success. Its record-keeping systems, invented at the dawn of personal computers in a Wisconsin basement, are now ubiquitous inside the nation's largest hospitals. The company collects more than $6.5 billion a year in revenue, wins the lion's share of new contracts, and holds data on some 8 in 10 Americans. Almost nothing happens in this technology universe without Epic's involvement — or approval.

But the company's increasing dominance is driven by fierce and uncompromising business tactics that have crushed competitors, thwarted innovation, and put a single, privately held business in charge of patient data needed to power medicine's next generation of technology.

A STAT investigation found that Epic, the nation's largest seller of electronic health records, is selectively withholding access to these data to the disadvantage of rival software tools, leaving its own products unchallenged. Executives of 12 companies that Epic showcases on its app marketplace for hospital customers told STAT that the software giant has undercut their businesses by denying access to crucial data interfaces and technical specifications, spreading negative rumors about their products, or charging high fees for access.

While complaints about Epic's behavior have begun to trickle into private lawsuits, these long-simmering tensions are taking on new urgency as artificial intelligence makes deeper inroads into health care. Hospitals, increasingly, want to use the latest and most effective AI tools — regardless of who makes them — to improve patient care and run their businesses more efficiently. But Epic's refusal to fully allow connections to its data means that third-party companies, and the health care providers who want to work with them, often find themselves locked out.

Innovation, it turns out, must wait for Epic.

“It’s very clear Epic owns the market,” said one senior executive at a hospital that’s been a longtime Epic customer. The executive spoke on condition of anonymity out of fear of retaliation from Epic. “Its prices are extraordinary. It has killed innovators left and right — it’s time for a change.”

STAT previously reported that the Federal Trade Commission is scrutinizing Epic for potential violations of antitrust law as part of a broad inquiry into its business practices. Several attorneys general are also examining the company, and Texas has filed a lawsuit accusing Epic of anticompetitive conduct.

For companies trying to build features on top of patient data that Epic manages — and address the record-keeping burdens imposed by its software — the path to market is often filled with barriers. Among those who got stuck in the morass was a company called Quench. Founded in 2023 to address clinician burnout, the company built an AI tool to automate responses to ballooning numbers of messages patients send to doctors through Epic’s MyChart software.

Just as the company was emerging, Epic announced plans to release a similar tool. Quench’s first customer, a midwestern hospital system that uses Epic’s electronic health record, canceled plans to test its product, as Epic’s version promised to be natively integrated and cheaper.

A study later concluded, however, that Epic’s product increased the time clinicians spent reading messages and did not save time on replies. Meanwhile, with no viable path to market, Quench’s product folded. “It was extremely obvious to me that this was just a land grab,” said Karl Swanson, a co-founder of Quench, adding that Epic’s clout with hospitals meant it didn’t need to build an effective product to box out his company.

Epic declined to answer STAT’s questions or make any of its executives available for an interview. The company provided a statement noting that KLAS, a market research firm, gave Epic the highest rating of all electronic health records for supporting customers’ software integration goals. It also emphasized that Epic provides triple the number of standard data interfaces required by federal law.

“Thousands of developer-created apps exchanged data with Epic customers in the past year using the technology and resources available through Open.Epic and our Vendor Services,” the statement said. “Hundreds of billions of data exchanges occur annually between Epic and other applications.”

But in health technology, as in the delivery of care, the volume of transactions may be less relevant than whether the most beneficial products and services are reaching patients.

STAT’s investigation is based on more than 50 interviews with leaders of health technology companies, hospital executives, consultants, investors, and former Epic employees. Reporters also reviewed Epic’s service agreement with external technology vendors, its communications with certain companies, private pricing information, and lawsuits and complaints filed with federal regulators about its information sharing practices. Many spoke on the condition of anonymity out of fear of business or legal repercussions from Epic, which retains the right to cut off companies from its data for multiple reasons, including for making inaccurate or deceptive statements about Epic.

Even as many of those interviewed described Epic’s practices as ruthless and harmful to innovation, they also credited the company for its extraordinary success. Rival technology companies and health data experts acknowledged that Epic has built the most technically proficient electronic health record for hospitals and the industry’s largest public library of connections to patient data. They also marveled at Epic’s growth, its disciplined business execution, and its ability to influence public policies that govern the health technology marketplace.

And some who follow the company closely said its business tactics, which might escape notice if employed by a smaller company, have caused those aggrieved to caricature the company as a monopolistic villain.

“Most people tend to simplify it down to [Epic] being uniquely evil,” said Brendan Keeler, a former Epic employee who writes a popular blog on health data exchange. He disagrees. “I think it’s the fact that they’re market dominant and thus have a higher bar” to share data and serve the public interest.

Epic's growing market power

Epic's power stems from its increasing control over the data that supports the health technology ecosystem. Founded in Madison, Wis., in 1979, its record-keeping software now covers 55% of the nation's inpatient hospital beds, up from 21% in 2012, according to a recent analysis. The gap between Epic and its closest competitors is only widening.

By turning on and off access to those data — and keeping certain pieces of it locked away — the company can heavily influence who thrives, and who withers, among application developers.

One executive compared the dynamic to Amazon's ability to determine which products get traction on its online shopping marketplace, where it can control whether products made by Amazon, or an outside vendor, get the most visibility. If an outside vendor begins to book more sales, Amazon can also develop its own version, and offer a lower price. While these tactics have been enormously successful for Amazon, they have also thrust the e-commerce giant into the center of a federal antitrust lawsuit.

Participants in Epic's app marketplace find themselves in a similar vise. Every summer, Epic's founder and chief executive, Judy Faulkner, invites legions of hospital customers to the company's sprawling 1,670-acre campus — framed by sculpted dinosaurs, tin robots, and giant squids — to get a preview of its upcoming product releases. Each announcement stakes out ground where Epic can drive demand by offering cheaper products that are seamlessly integrated into its systems.

"They've created an incentive structure for health systems that then favor integrating Epic functionality as opposed to functionality from third parties," said Julia Adler-Milstein, a professor at University of California, San Francisco, who wrote a JAMA perspective concluding that EHR companies have an advantage over third-party AI vendors even though their products are often more limited. She added that those dynamics raise questions about whether "patients get care that uses the best technology."

Various studies in recent years have pointed to deficiencies in Epic products that have gained widespread adoption despite their limitations. One of the most glaring examples was an AI model it developed to warn of sepsis, a life-threatening reaction to infection. One study found that the model, which gained rapid uptake by hospitals, produced frequent false alarms and often failed to flag sepsis in advance.

Epic's desire to push hospitals toward its own products appears to be less about money than it is about control. The company offers software features at a significant discount so that its hospital customers are less likely to engage with outside technology firms that might interfere with the software system it has spent decades building.

If Epic were driven purely by profit motives, it could have entered the public markets, taken venture capital funding, or acquired smaller innovators to drive growth. But Faulker, who has famously vowed to never go public, never acquire a rival, and never be acquired, has traded those opportunities to preserve the primacy of Epic's homegrown electronic health record, a platform that many describe as capable but far from cutting edge. "It's not a great product," one health care executive said of Epic's EHR. "It's just better than the others."

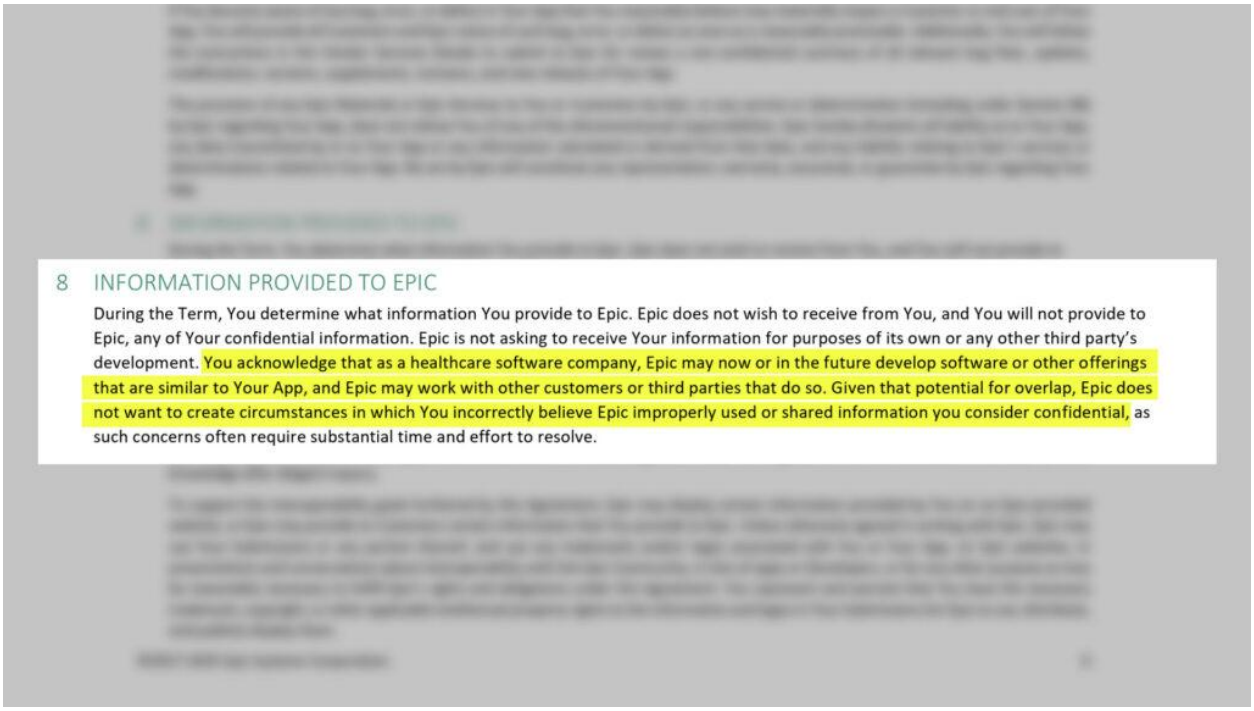
Even as it has established more conduits for third-party vendors to access the patient records and clinical work it manages for hospitals — largely in response to federal regulations — Epic remains an incredibly powerful gatekeeper. To get access to certain pieces of data, technology companies that want to work with Epic's hospital customers must sign a "vendor services agreement" with Epic that binds them to terms that would be hard for any competitor to accept.

Among them is one that requires a signer of the agreement to forsake any rights to guard their intellectual property against encroachment by Epic. "You acknowledge that as a healthcare software company, Epic may now or in the future develop software or other offerings that are similar to Your App," states a copy of the agreement provided recently to an external company. Epic periodically updates the terms and language in the agreement.

Other EHR companies include similar intellectual property provisions in their contracts, but their lack of market share among large hospitals

renders the terms less consequential. Third parties seeking access to Epic's systems face something of a catch-22: Either sign away the right to protect their inventions, or get blocked from accessing data they need to build a successful business and serve their customers.

"If you want to work with a health system that uses Epic, you have to be part of vendor services. There's just no other way," said an executive at a vendor that signed the agreement. "These things are so one-sided — and they don't need to be."



8 INFORMATION PROVIDED TO EPIC

During the Term, You determine what information You provide to Epic. Epic does not wish to receive from You, and You will not provide to Epic, any of Your confidential information. Epic is not asking to receive Your information for purposes of its own or any other third party's development. You acknowledge that as a healthcare software company, Epic may now or in the future develop software or other offerings that are similar to Your App, and Epic may work with other customers or third parties that do so. Given that potential for overlap, Epic does not want to create circumstances in which You incorrectly believe Epic improperly used or shared information you consider confidential, as such concerns often require substantial time and effort to resolve.

Vendors who want to integrate deeply with Epic to serve hospital customers must sign an agreement that requires them to forsake the right to protect their inventions from future encroachment by Epic. Here's how that was phrased in a copy of a 2025 vendor services agreement shared by a developer.STAT

The self-appointed gatekeeper

Once they gain entry into Epic's software ecosystem, some vendors suffer a kind of slow suffocation.

While Epic maintains hundreds of interfaces to exchange data with outside parties, crucial categories of information — such as certain medication records and details about patients' medical problems — are

only available through proprietary interfaces that Epic keeps hidden from view. That opacity, while protective of privacy, allows the company to determine whether, and at what price, to grant access to rival app developers.

“The whole thing is a farce,” said one company whose request for data access was recently rejected, with Epic asserting that it could get the data it wanted through another, albeit less direct, pathway.

Epic's decade of rebranding its app marketplace

From open APIs in 2014 to curated vendor programs in 2025

1. **2014**

   Epic launches its first standards-based APIs on open.epic.com to allow third parties to connect to its data systems.

2. **2015**

   Epic announces plans for App Exchange in February to create a menu of software applications that connect to Epic's data, as well as tools and technical support to encourage development of additional apps.

3. **2017**

   App Exchange is rebranded and launched in March as App Orchard. The marketplace charges developers a percent of their revenue to be listed in the new marketplace.

4. **2018**

   Epic halts enrollment in App Orchard in December amid high demand from developers and concerns about privacy and security related to some applications.

5. **2021**

   App Orchard is rebranded as the App Market. The number of participating developers swells to more than 800.

6. **2022**

Epic temporarily shuts down the App Market in December and announces a plan to overhaul the marketplace.

7. 2023

Epic announces plans to launch Showroom, a new online list of applications that connect to its data systems. It also launches a “Partners and Pals” program to offer deeper technical integrations to startups and codevelopment opportunities for select third-party companies.

8. 2024

Showroom is launched in January, along with a separate department, Vendor Services, for companies that want deeper integrations and access to proprietary APIs linked to non-public data elements. Companies must apply and pay an annual fee to become part of vendor services. The Partners and Pals program is rebranded as Workshop.

9. 2025

Epic closes Workshop and announces plans to transition participants to it Toolbox, a program that provides deeper integration opportunities for certain vendors. Epic also announces plans to launch its own AI charting tool that competes with some of the applications that participate in Toolbox.

Chart: J. Emory Parker/STAT • Source: STAT reporting

Application developers looking for access are routed through Epic’s vendor services department, a business unit that forms a bottleneck in the flow of data between Epic’s systems and outside parties. The unit is staffed by a small group of employees charged with fielding questions from hundreds of app developers that tap into its data to serve Epic’s hospital customers.

Replies are slow. Many days, even weeks, can elapse between responses to vendors’ inquiries, even when a hospital wants the vendor to get access, according to email chains obtained by STAT. Sometimes, Epic simply refuses to open its gates.

Scott Rossignol, a former Epic project manager who now advises companies seeking to integrate their software with the health records giant, said he was told by Epic that a data interface requested by one of his clients related to pharmacy services did not exist. But he later found out that Epic had provided access to the interface to another company.

“That’s picking winners and losers, which I think is anticompetitive,” said Rossignol, a partner at Farseen Advisors. “The fact that they’re hiding it from a paying customer is hard to stomach and feels a lot like information blocking.”

One former Epic employee said that concerns over outside vendors accidentally introducing an error into the patient record has historically fueled caution in Epic’s vendor program, especially as demand exploded during the Covid-19 pandemic and Epic was less able to intimately understand and service each vendor’s products. Those concerns contributed to the program’s many stops and reboots under the names App Orchard, App Market, and now programs called Vendor Services and Showroom.

While a startup could interpret the many requirements of Epic’s vendor program as being deliberately anticompetitive, the former employee said the program’s hurdles serve a legitimate purpose. “It’s creating friction, in Epic’s view, for the result of being safer,” the person said, adding that Epic sees developers’ frustration as an acceptable trade-off.

One denial letter reviewed by STAT cited a risk to Epic’s intellectual property and trade secrets, a common refrain from a company that has become notorious for fiercely guarding access to its software environment. Historically, Epic has considered any information about how its systems operate — even screenshots of its interface — to be proprietary.

The CEO of one vendor recalled getting a warning from Epic after the vendor gave its hospital customers a list of Epic data elements they needed to provide a certain application. “Even for that, we got called into the principal’s office again, saying, ‘You cannot name anything that is in our database because that’s our proprietary knowledge,’” the CEO recalled. “What that means is every health system has to figure out from scratch how to provide that data, increasing barriers for new companies. And there is no opportunity to have any discussion about it.”

The gaps in data access are enabled because of limitations in federal law. Under the 21st Century Cures Act — a measure designed to streamline access to medical information — Epic and other sellers of electronic health records are only required to make certain data elements publicly

available. EHR vendors can also invoke exceptions to withhold key information and charge fees for access to both public and private interfaces, known as APIs.

Depending on usage, the fees — paid directly by a third-party vendor or passed through to a hospital — can cost hundreds of thousands of dollars per year, according to vendors, consultants, and hospital employees.

Epic has repeatedly emphasized how many free connections — over a thousand — it offers. But vendors maintain that this appearance of openness is a mirage, because essential pieces of data remain unavailable. For example, one former Epic employee now working as a consultant said an appointment management app can schedule and confirm an appointment using Epic's public APIs. However, there isn't one for canceling an appointment, leaving third-party developers without a way to make a functional app.

Though it appears to want to increase data exchange, the ways Epic implements this often disproportionately benefits itself. Last week, Epic announced new "connectors" that will let its AI agents communicate with third-party applications. But while it emphasized that the new feature will let Epic's agents pull information from third-party apps, as well as write information into hospitals' apps, it does not appear that the new connections will enable third-party AI agents to read and write data into Epic's system. Epic did not answer clarification questions from STAT.

Vendors on Epic's marketplace said the company complies only minimally with federal regulations, resulting in functionality that meets the letter but not the spirit of the law. "Epic does a good job of straddling the line," an executive of one software vendor said, adding that the company enables basic integrations, but stops short of providing data and specifications needed to develop truly beneficial products. The CEO of another marketplace vendor who has encountered the same challenges described Epic as "James Bond-esque" in its behavior.

Sharp-elbowed tactics

When a vendor successfully navigates the integration challenges and has a foothold in the market, Epic sometimes uses other tactics to persuade customers that Epic's solution is the safer option. One antitrust lawsuit filed against Epic last year by CureIS, a managed-care software developer, alleges Epic "defamed" it as part of a strategy to win shared customers back to Epic's tools.

The company accused Epic of falsely telling hospital customers, including Sutter Health, Sharp HealthCare, and Advocate Health, that CureIS's software posed a risk to their data security. "Epic made these false statements with malice and only for the purpose of harming CureIS's reputation and relationships," the complaint states. "Epic had no legitimate basis to raise security concerns, and Epic was fully aware that any security-based justifications for blocking integrations with CureIS were entirely pretextual."

Epic has denied CureIS's allegations and is defending the lawsuit.

However, STAT found that other vendors have experienced similar conduct. One executive said Epic told hospitals that continued use of the vendor's software would degrade the performance of their IT systems. An executive with another vendor said Epic employees spread false rumors to hospital customers that the vendor's products failed to perform at certain facilities it had never worked with.

People who have spoken with FTC investigators examining Epic said part of the inquiry focuses on Epic's leverage over hospital customers and its ability to box out competitors who want to work with them.

Experts say the company's control over hospitals' data systems means clinicians are as much captives of the company as they are its customers. "There's this culture of obedience," said Leo Celi, a physician and professor at Harvard Medical School who authored a recent analysis on Epic's market power. He said Epic has become so deeply ingrained in the industry that its business practices, and lack of meaningful integration with outside parties, are simply accepted as unchangeable realities. "Clinicians all know this," Celi said, "but they feel powerless."

One IT executive at a major urban hospital that's long used Epic said the company has gotten a "bad rap" for being unwilling to integrate. "I've

always found the process very possible; Epic is very willing and open to listen to their clients," the executive said.

But in the same conversation, the executive also acknowledged that Epic will sometimes push back on a customer's choice of third-party vendor if it competes with Epic's native capabilities, and require the hospital to justify its decision to use a third-party company.

In some situations, Epic flatly refuses to support the integration. That means the hospital either has to change its plans, the IT executive said, "or you find a different way to accomplish the goal" by creating a custom interface.

In their Epic contracts, hospitals typically commit to long-term deals that cost upward of $1 billion. Even if a hospital wanted to switch to another vendor, doing so would cost hundreds of millions of dollars in fees and lost productivity for employees, while also potentially risking disruptions in patient care.

Keeler, who has generated a large online following for his frequent LinkedIn posts on Epic, said the company has continued to carefully guard its data even though it could remain a market-leading company if it opened them.

"They have every advantage in the world, and so they'll continue to win because people choose bundled solutions," Keeler said.

Epic's advantage is on display every August, when more than 20,000 hospital leaders flock to the rolling fields outside Madison, Wis., to learn about what the company is building next.

All roads lead to Epic

For most companies, a product road map is a useful internal tool to steer dollars and development priorities. Epic's road map functions more like a warning to rivals with popular products.

“If there is a truly innovative AI tool, Epic will just figure out how to create a clone,” said Roxana Daneshjou, a Silicon Valley health technology investor.

Once it announces plans to do so, Daneshjou said, the company that created the original product will often lose customers and investors because of the expectation that many hospitals will adopt Epic’s version, due to the ease of integration and cheaper cost.

“It’s much harder to get funding when investors are sitting there thinking that Epic could run you out of business the next day if they decide to,” Daneshjou said. “So that basically kills a whole area where innovation could be happening.”

Companies have to find ways to coexist with Epic in this environment, even if it means cutting into their potential revenue. SeamlessMD sends patients reminders, educational materials, and symptom monitoring surveys, which competes with Epic’s Care Companion feature. Instead of completely losing business from hospitals that want to be “Epic-first,” the company began working with Epic to offer a slimmed-down version that complements Epic’s tool.

To Joshua Liu, SeamlessMD’s CEO, its dynamic with Epic isn’t debilitating; it’s motivation to make a better product. “My perspective on this is probably very different than some other companies that might feel like all they do is compete with the EHRs,” he said. “Our job as the company is to earn the partnership, and so if we want more health systems to use our core offering, then we have to just keep making sure our core offering is better, better, better over time.”

But Epic has other levers that can induce customers to use its products over third parties’. That power is plainly visible during its annual user conference, where the EHR giant awards customers with “gold stars” and “honor roll” designations for those that adopt its preferred products and software features.

The highest achievers on the honor roll also get the biggest financial discounts and grants from Epic, sums that climb into the high six figures.

For outside companies who struggle to integrate with Epic — and get their products to work in its environment — an already steep hill becomes an impossible climb. Without the friction and these added inducements, “You wouldn’t hear health systems going around saying things like, ‘We have an Epic-first AI strategy,’” said Adler-Milstein, the professor at UC San Francisco.

“There’s basically a club to keep their customer base Epic-first,” said one CEO of a health technology company whose core software capabilities have appeared on Epic’s road map. “It’s exactly the equivalent of Microsoft bundling Internet Explorer.”

In 2000, a federal judge ruled that Microsoft ran an illegal monopoly by tying its dominant Windows operating system to the Internet Explorer browser, and blocking the development of rival software that could challenge its core products. The landmark case resulted in a settlement that, among other things, required Microsoft to share its APIs with third-party companies.

Picking winners and losers

Amid health care’s AI race, Epic has sought to expand its bundle to include products that have gained the most traction with hospitals. One of the most closely watched examples is its foray into the market for AI scribes, a technology designed to alleviate the clinical documentation burden created by Epic’s own record-keeping software.

Without a scribe product of its own in 2023, as many clinicians were struggling with burnout coming out of the Covid-19 pandemic, Epic was under intense pressure from customers to respond to rising demand for a solution. Typically averse to partnership with outside companies, it announced plans to launch a “Partners and Pals” program.

Abridge, an upstart scribe developer, became Epic’s first pal.

“It’s one thing to see the power of generative AI, but another to experience draft notes and structured data directly returned into the

clinical workflow — from documentation to order entry and beyond — all inside Epic," Shiv Rao, Abridge's CEO, said in announcing the deal.

With Epic casting its lot with Abridge, and buying an equity stake in the company, competing AI scribe makers saw demand from Epic's hospital customers plummet. "It decimated my Epic business," said an executive at one rival company. "Gone. There was nothing left."

Meanwhile, Abridge's business took off. Between 2023 and 2024, Abridge went from having a few hospital customers to deployments in more than 100 hospitals nationwide, including giants such as Emory Healthcare and Johns Hopkins, both large Epic clients. In early 2024, Abridge closed a massive fundraising round, raking in $150 million from investors en route to a multibillion dollar valuation.

But later that year, the EHR vendor cashed out its investment in Abridge, shuttered its Partners and Pals program, and then made a stirring announcement: Epic was planning to develop its own AI scribe.

A former Epic employee said that at the time it formed the partnership with Abridge, Epic didn't think it could ever stand up a similar application. But by 2025, AI had advanced so far that it began to make sense for Epic to, as it had for decades, develop its own tool.

Abridge declined to comment.

Epic's AI scribe, Chart with Art, was formally unveiled at its annual meeting with hospital customers in August. The sudden reversal left Abridge's customers grappling with a set of uncomfortable questions. Will Abridge, now a rival to Epic, get the same level of integration and data access it enjoyed previously? Should hospitals just switch to Epic's product instead? If they do, will it work as well as the one Abridge spent a decade developing?

J.D. Whitlock, chief information officer at Dayton's Children's Hospital, an Epic customer, said those questions remain unanswered. Even if Epic's product isn't as technically proficient, he said, the company's place in the market means it has a luxury no other technology developer possesses to the same degree: time to get it right.

“You get around to like version three of Epic’s new thing, and now it’s got 95% of the features of a third party, and it’s a significant cost savings,” he said. “And it’s just better integrated with Epic because it’s Epic.”