Maverick Health Policy

MYMAVERICK RECAP

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NEWSLETTER CONTENTS

Digital Health

DIGITAL HEALTH INVESTMENTS

- Health care investment firm Patient Square Capital, founded by former KKR executive Jim Momtazee, raised $3.9B for its debut fund. To date, the firm has invested $1.5B across nine development stage companies, including Access Telecare, a telemedicine company.
- **Paradigm**, a clinical trials data and patient-matching platform, raised $203M to expand its existing platform and scale its partnerships with health systems and life science companies. More here.
- **Pearl Health** raised $75M in its Series B funding round to promote its value-based approach to health technology, which synthesizes health data to promote effective triaging methods.
- **Clearsense**, a software company that provides healthcare analytics and data management solutions, received $50M in a series D financing round. Clearsense partnered with **UPMC** Enterprises in September 2022 to integrate UPMC's unstructured data platform into Clearsense's data management platform.

- In a Series B funding round, Toronto-based FHIR solutions provider **Smile Digital Health** obtained $30M to address interoperability in healthcare.
- **Free From Market**, a personalized nutrition startup aimed at treating chronic diseases using a "Food as Medicine" approach, raised $2.1M in a seed funding round.

ARTIFICIAL INTELLIGENCE NEWS

- The National Institute of Standards and Technology (NIST), part of the U.S. Department of Commerce, released its (non-healthcare-focused) AI Risk Management Framework, to identify trustworthy characteristics in AI-based tech to help mitigate risks in this growing field. More here.
- A new report released by **McKinsey** asserted that greater use of AI in healthcare could save the U.S. billions of dollars each year. Despite this, AI adoption in healthcare has been low because of physician and patient mistrust.
- **OSF HealthCare** partnered with **High Alpha Innovation** and **Alpine Health Systems** to develop an AI-based platform that streamlines hospital discharge processes.
- **Microsoft** announced its partnership with Vietnam-based **VinBrain**, an AI healthcare software company, to improve data sharing, product validation, and R&D.
- A recent op-ed in *STAT* discussed the pros and cons of using ChatGPT in healthcare, including its use in educational and clinical settings.
- **NYU Langone** and the University of Toronto released a gene-editing AI tool that may serve as an alternative to CRISPR.
- **HCA Healthcare** claimed that AI improved its cancer treatment services by triaging patients effectively from diagnosis to treatment.

Interoperability & Health IT

FEDERAL NEWS

- According to an ONC data brief, more than 50% of hospitals shared health information electronically and integrated it into their EHRs in 2021 – a 51% increase from 2017.
  - Notably, the report found that rural and small hospitals still struggle to address interoperability and electronic healthcare information exchanges.
- Troy Tazbaz, formerly of **Oracle**, will serve as the next Director of Digital Health at the FDA.
- The Health Innovation Alliance, a multi-stakeholder coalition that advocates for increased access to technology-enabled care, urged Congress to consider several policies that would modernize our health system, including investing in a modern public health infrastructure and using AI to detect and prevent fraud.

INDUSTRY NEWS

- **Veradigm**, formerly **Allscripts**, announced its EHR network data containing deidentified information on millions of patients, will be available in the Observational Medical Outcomes Partnership (OMOP) Common Data Model (CDM) data standard for real world evidence (RWE) clinical research.

- A study published in the *Annals of Family Medicine* found that increased utilization of Health Information Exchange (HIE) by primary care providers may substantially improve health outcomes.

PUBLIC HEALTH DATA

- As more evidence that the public health emergency is over, the Federal Reserve announced that COVID-19 public health data will no longer be considered in its overall economic risk calculations.
- The New Jersey Department of Health received a five-year, $80.5M grant from the CDC to modernize its data analytics infrastructure, as part of CDC's initiative to strengthen U.S. public health systems.
- An op-ed in *STAT News* outlines how racial and ethnic demographic data gaps persisted throughout the COVID-19 pandemic, causing inaccuracies and disparities in epidemiologic research and public health responses.

DATA PRIVACY AND SECURITY

- In an effort to flex its enforcement muscles over consumer data privacy, the FTC is seeking to levy a civil monetary penalty of $1.5M against **GoodRx**, a company that allows users of its app to track and get alerts about their prescription medications. See more here, here.
    - The U.S. Department of Justice filed a proposed order with a California court on the FTC's behalf, alleging that GoodRx violated the Health Breach Notification Rule between 2017-2020.
    - The proposed order, which must be signed by a judge to take effect, alleges that GoodRx shared personal identifiable information -- like health conditions and prescription medications -- with third parties, like **Facebook**, and also used the information to target people with health-related ads.
    - GoodRx is denying the allegations and claims that it acted years ago to protect its users' privacy.
- The FBI finalized its infiltration of **Hive Ransomware**, a top-five ransomware group that hacked a number of hospitals across the U.S. and abroad.
- **Logan Health** reached a $4.3M settlement following a 2021 data breach that impacted more than 213,000 patients.
- Russian hacking group **Killnet** claimed responsibility for a recent cyberattack that disrupted more than 17 hospitals and health systems across the U.S.

Payers & Providers

DRUG PRICING

- A federal appeals court ruled in favor of drugmakers over HHS, saying that drugmakers are allowed to limit 340B drug discounts to contract pharmacies at safety net hospitals. This ruling overturned two previous court decisions in favor of HHS and upheld one in favor of AstraZeneca. This is the first of three appeals court decisions on this matter.

- o **Sanofi**, **Novo Nordisk**, and **AstraZeneca** sued HHS after the agency accused the companies of violating the requirements of the 340B program by making such restrictions.
    - o The companies said the law establishing the 340B program does not require drugmakers to provide drug discounts to hospitals' contract pharmacies, which have multiplied significantly over the last several years.
- **Amgen's** Amjevita, a biosimilar for **AbbVie's** rheumatoid arthritis drug Humira, launches this week and is seen as a major test for biosimilars in the U.S. market. The drug is listed at two different prices, explained here.
- A *USA Today* article explains that many drug companies may be using high inflation rates to justify increasing drug prices before rebates are due to Medicare.
- A newly released study estimated Medicare would have saved $26.5B if the Inflation Reduction Act's negotiation provisions were implemented from 2018-2020, suggesting the program will likely yield significant savings in its first few years.
- A group of researchers compiled recent federal actions and policy recommendations designed to improve the resiliency of the drug supply chain.

HEALTHCARE TRANSPARENCY

- Two senators reintroduced the PBM Transparency Act, requiring PBMs to disclose pricing processes and any charge differences for affiliated pharmacies to the FTC in an annual report.
- The Georgetown University Center for Children and Families released a report on the implementation of the Transparency in Coverage rule, which included several recommendations for CMS to make the payer data more accessible for researchers.
- Payers continue to push back against the Trump-era price transparency proposed rule, saying the requirements will cost 26 times more than estimated and place too large a burden on health insurers.
- An Illinois neonatal surprise billing news story gained national attention this week, which may impact the future implementation of the No Surprises Act.

PAYERS

- On Wednesday, February 1, 2023, CMS released the Advance Notice for Medicare Advantage and Part D payment updates and other policy changes. (Fact sheet here).
    - ○ Plans have a month to submit comments (by March 3, 2023) and the final 2024 rate announcement will be published by April 3, 2023.
    - ○ The notice proposes a rate increase of 2.09% but also includes changes to Star Ratings and risk adjustment methodologies (see RADV audit rule below), that add up to an overall rate increase of 1.03%.
    - ○ CMS is also seeking comment on a "universal foundation" for aligning quality measures across federal programs.
- On January 30, 2023, CMS released its much-anticipated final rule that will change the methodology of Risk Adjustment Data Validation (RADV) audits. During these audits, CMS conducts a retrospective review of MA plans' diagnosis data to identify whether plans were overpaid.

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- - Health plans, including trade associations ACHP and AHIP, immediately pushed back on the final rule's risk adjustment methodology. Part of this pushback is related to CMS' retrospective review, which was originally set to begin in 2011. In the final rule, CMS says that audits will begin with Payment Year 2018. One news outlet referred to the decision to forego auditing previous payment years as giving "insurers immunity for seven years of coding errors."
- During the open enrollment period, a record-breaking 16.3M people enrolled in ACA, including 3.6M people who acquired a plan for the first time following expanded healthcare subsidiaries.
- The Biden Administration proposed a rule to increase access to contraceptives, especially for people whose insurers or employers do not cover them. This rule would reverse a Trump-era policy, forbidding employers to claim "moral" reasons for denying coverage.
  - On February 1, 2023, 20 attorneys general sent a warning letter to CVS and Walgreens that their states believe that distributing mail-order abortion pills is illegal under both federal and state law.
- The GAO released a report analyzing Medicare Advantage supplemental benefits, finding about one-third of plans are offering benefits added in the last 4 years. GAO recommended changes to future data collection, with the support of HHS.
- **Blue Cross Blue Shield Association** released six policy recommendations to control healthcare costs, potentially saving $767 billion across ten years. The policy proposal targeted hospital costs, prescription drug costs, and FFS reimbursement.
- **Cigna** filed a lawsuit against former executive Amy Bricker and her new employer **CVS** on claims that she violated her non-compete agreement.
- In a recent Leapfrog survey, employers indicated a general dissatisfaction with their health plans; only 57% claiming their plan delivers quality care.

PROVIDERS
- Following the end of the PHE:
  - Providers will no longer receive Medicare reimbursement boosts for COVID-19 inpatient admissions.
  - CMS extended the Acute Hospital Care at Home initiative through 2024, which enables hospitals to offer acute care to patients at home.
  - CMS will continue to permit staffing flexibility to combat workforce shortages.
- Law firm King & Spalding highlighted changes CMS made to the Medicare cost report for hospitals and those that impacted hospital reimbursement including uncompensated care, bad debt, and medical education.
- During its quarterly investor call last week, **HCA Healthcare** stated plans to invest $4.3B in capital spending, focusing on clinical equipment, service line expansion, and acquisitions in the outpatient space. Labor costs remain a top issue for the health system.
- The Minnesota Attorney General's office halted the 58-hospital merger between **Sanford Health** and **Fairview Health Services**, stating the deal is moving too fast and neglecting its impact on surrounding communities and health systems.
- A report by Kaufman Hall signals hospitals' financial margins seem to be improving, but financial challenges are likely to continue into 2023 unless health systems prioritize better workforce management and effective payer negotiations.

- - Recent AMGA survey results reflect increased labor cost pressures—staffing ratios continue to decline while expenses rise.
  - Press Ganey recognized 95 healthcare organizations for demonstrating excellent patient experience, workforce engagement, and clinical quality. More here.

VALUE-BASED CARE
- **Pearl Health** raised $75M in its Series B funding round to promote its value-based approach to health technology, which synthesizes health data to promote effective triaging methods.
- **CVS ACO** announced a partnership with **RUSH University System for Health** to expand access to clinical services in the Chicago area.

HEALTH EQUITY & SDOH
- A report released by GAO found that HHS was largely successful in promoting health equity when delegating pandemic relief funds. Over half of the pandemic relief funds went to populations hit hardest by COVID-19.
- **Spatially Health**, an SDOH tech startup, teamed up with Florida-based **ACO Health Partners** to help the provider organization identify social determinant issues and develop an actionable health equity plan.
  - This partnership follows the establishment of CMS' ACO REACH Model, which includes new health equity compliance requirements.
- **CVS Health** launched its Community Equity Alliance initiative to address health disparities in underserved populations. As part of this initiative, they partnered with a number of community-focused organizations.
- The **Health Care Cost Institute** released its new data dashboard, Health Care Vitals, to showcase inequities in healthcare services like telehealth, cancer screening, respiratory hospitalizations, and others.
- An article in *Becker's* summarized how different payers – like **BCBS** and **Elevance Health** – are investing in the promotion of health equity and SDOH.

MEDICAID
- CMS approved a first-of-its-kind section 1115 waiver granting California the ability to extend certain Medicaid coverage to incarcerated beneficiaries.
- During last week's MACPAC meeting, the Commissioners voted on two recommendations to improve the collection of race/ethnicity data and also heard several presentations about the oversight of managed care as a growing segment of the Medicaid program and focus by the Commission.
- Kaiser Family Foundation published two new issue briefs on the population demographics and spending/enrollment trends of the Medicare-Medicaid dual-eligible program.

Virtual Health

FEDERAL NEWS
- Providers are concerned that removing telehealth privileges will leave patients without care when the PHE ends in May. The omnibus bill approved a two-year extension for telehealth services, but to be successful, licensing requirements need to allow physicians to treat across state lines. More here, here.
- The AHA urged House and Senate telehealth leaders to continue telehealth flexibilities enacted during the COVID-19 pandemic.
- In an article released by the *Advisory Board,* experts commented on the future of telehealth coverage and what should be done to make COVID-19-era telehealth legislation permanent.

NEW LAUNCHES AND PARTNERSHIPS
- **Impact**, a virtual care collaborative, launched an online directory of 139 virtual care companies like **Amazon Clinic**, **CVS Health**, and **Amwell**.
- **CVS Health** launched a new virtual primary care and mental health service, in which physicians, nurse practitioners, and pharmacists can support patients and provide referrals to CVS MinuteClinic. More here.
- **Orlando Health** plans to initiate an advanced remote patient monitoring system as a virtual provider network to improve patient outcomes, prevent hospital readmissions, and accelerate drug development.
- **Blue Shield of California** partnered with **Accolade** to release its Virtual Blue health benefits plan, which will expand members' access to virtual health services.

OTHER TELEHEALTH NEWS
- A study by the UCLA Latino Policy and Politics Institute found that race, age, language, and technology access barriers led to healthcare disparities linked to telehealth use during the pandemic.
- A **Kaiser Permanente** analysis noted that 11.8% of video telehealth and 12.5% of phone telehealth were followed by an office visit. Less than 2% of telehealth visits led to an emergency room visit, suggesting telehealth does not often lead to follow-up care.