



## MYMAVERICK RECAP

### February 16, 2023

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## Digital Health

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### DIGITAL HEALTH INVESTMENTS

- After unveiling its in-network virtual platform for mental health treatment in children, New Jersey-based **Fort Health** finalized a \$4.5M funding round to expand its market.
- **Marker Learning** raised \$15M in Series A funding to support its quality learning disability assessments and treatment platform.
- **Faro Health**, a cloud-computing solution for smart clinical trials, secured \$20M in an additional funding round.

### ARTIFICIAL INTELLIGENCE INVESTMENTS

- A number of health systems, including Mayo Clinic and MGH, received a \$23.5M grant to incorporate AI into intensive care units (ICUs).
- **GE HealthCare** will acquire **Caption Health** to improve precision care and technological diagnostic tools, the company's second tech-based acquisition.

## ARTIFICIAL INTELLIGENCE NEWS

- The U.S. General Services Administration (GSA) launched the Applied AI Healthcare Challenge, a competition that encourages companies to develop AI-based tools to improve health outcomes in several areas, like mental health and opioid addiction.
- A W.H.O. report detailed the benefits and challenges of using AI in mental healthcare, highlighting the potential issues AI might pose.
- Digital healthcare platform **Doximity** launched a beta version of a ChatGPT tool to streamline workflows and address physician burnout. There are so many additional articles this week on how ChatGPT is able to assist with health care challenges, we list them here, here, here, here.

## Interoperability & Health IT

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### FEDERAL NEWS

- On February 13, HHS and ONC recognized the inaugural cohort of Qualified Health Information Networks (QHIN) within the Trusted Exchange Framework and Common Agreement (TEFCA) as the companies work together to create a new standard of interoperability. More here.
  - ONC granted **Epic** approval to join the health information exchange framework that includes **CommonWell Health Alliance, eHealth Exchange, Health Gorilla, Kno2** and **KONZA National Network**.
- ONC announced the news that more than 95% of health IT developers met the compliance deadline to provide customers with FHIR-based APIs as part of the ONC Cures Act Final Rule.

### INDUSTRY NEWS

- The Connectivity Standards Alliance (CSA), a group of 600 organizations including Apple, Google, Amazon, Samsung, and Verizon, announced that it is building standards and certification program for health and wellness technology. CSA will support aging-in-place and independent living by utilizing data generated from connected smart home devices and later expand to other home health and wellness devices and use cases, like remote patient monitoring, chronic condition management, and acute care in the home.
- For the thirteenth consecutive year, KLAS Research named **Epic** as the top Overall Software Suite in its annual Best in KLAS report.
- The AMA Future of Health report urged hospitals and health systems to implement simple, patient- and physician-centric technology platforms and care models to realize the full potential of digital health. **Kaiser Permanente, Mayo Clinic, and One Medical** are cited as examples of companies that prioritize effective digital health integration.
- **Orion Health** secured HITRUST and DirectTrust security accreditation for its population health and precision medicine platform, Amadeus.
- **UnitedHealthcare** announced a wellness-focused rewards program that allows beneficiaries to earn credits through physical activity and healthy sleep patterns. Members



could earn up to \$1,000 per year by completing wellness tasks logged through wearable devices.

## DATA PRIVACY AND SECURITY

- A Duke [study found](#) that data brokers are taking advantage of telehealth and therapy apps to collect and sell Americans' mental health data. Duke researcher Joanne Kim called for a more comprehensive national privacy law, or at least an expansion of federal rules governing health data to include consumer information to guard against misuse by brokers.
- HHS' Health Sector Cybersecurity Coordination Center (HC3) released a [guide](#) to help health care organizations protect their internet-connected devices and networks from [Distributed Denial of Service attacks](#), which make their network unusable by flooding it with traffic.
- HHS, FBI, and CISA [issued](#) a [joint cybersecurity advisory](#) with the government of South Korea warning healthcare organizations of North Korean state-sponsored threats.
- As detailed in a [Wall Street Journal article](#), medical device manufacturers face increasing [pressure](#) to protect their products from cybersecurity attacks as the healthcare industry faces data privacy breaches and new FDA minimum cybersecurity standards for devices.

## Payers & Providers

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### DRUG PRICING

- For the new [Medicare Prescription Drug Inflation Rebate Program](#), CMS released [initial guidance](#) to implement that part of the Inflation Reduction Act, which requires rebates to the Medicare Trust Fund if drug prices exceed inflation. This is an [excellent summary](#) by Hogan Lovells; more [here](#), [here](#), [here](#), and [here](#).
- The CMS Innovation Center (CMMI) [launched](#) three new payment models (for Medicare Part B, Part D, and Medicaid) [designed](#) to lower drug costs. Fact sheet [here](#); FAQs [here](#). See more [here](#), [here](#).
- According to [analysis](#) published in *JAMA*, employer-sponsored plans [pay up to 30 times](#) more than Medicare does for physician-administered drugs.
- Texas Tech professor and former Congressman Jason Altmire [wrote an op-ed](#) in *The Hill* to defend PBMs prior to a Senate [hearing](#) this week.

### HEALTHCARE TRANSPARENCY

- CMS officials wrote [a blog post](#) published in *Health Affairs*, noting that at least 30% of hospitals are not complying with price transparency regulations that have been in place for two years. CMS is exploring how to streamline enforcement efforts.
  - A Kaiser Family Foundation [analysis detailed](#) some of the challenges with hospital price transparency, including the 'confusing' nature of reporting platforms.
- Following the Texas court's [ruling](#) that the dispute resolution process under the No Surprises Act unfairly favors insurers, CMS [announced](#) that it is putting the process on hold while it works to evaluate and update it. More [here](#).



- CMS released [initial guidance](#) for the new [Medicare Prescription Drug Inflation Rebate Program](#) to implement a part of the Inflation Reduction Act, which requires rebates to the Medicare Trust Fund if drug prices exceed inflation. More [here](#), [here](#), and [here](#).

## PAYERS

- CMS [responded](#) to concerns Medicare Advantage and Part D payments will be increased by as much as 2.27% according to the recent [CY 2024 Advance Notice](#), claiming its internal estimates remain at a 1.03% increase.
  - In its comment letter, AHIP [told](#) CMS it has serious concerns about the impact of the 2024 Advanced Rate Notice and proposed changes to the Star Ratings program. AHIP claims that policy changes could reduce benefits and increase premiums without improving quality.
  - In a joint comment letter, 119 physician societies -- led by the AMA -- [encouraged](#) CMS to improve the coverage criteria used by Medicare Advantage health plans for medical necessity determinations. Doctors are particularly concerned about the heavy paperwork burden and that plans are using prior auth processes to delay care. The groups also said that plans should “gold card” doctors with high prior auth approval rates, allowing them to skip the prior auth process altogether.
- The CMS Innovation Center (CMMI) [launched](#) three new payment models (for Medicare Part B, Part D, and Medicaid) [designed](#) to lower drug costs. Fact sheet [here](#), FAQs [here](#).
- The Better Medicare Alliance [commissioned](#) Avalere Health to [report](#) on how the proposed MA payment cuts will mean a decrease in per enrollee spending.
- A *Health Affairs* [study](#) found that MA enrollment [grew](#) by 337% between 2006 and 2022, while traditional Medicare enrollment dropped by 2.9% during that same period.
  - Experts suggested setting MA prices through a competitive bidding process, rather than using traditional Medicare benchmarks, to accommodate this growth.
- Senator Wyden, Senate Finance Committee chair, is [urging](#) CMS to finalize a proposed rule that would prohibit deceptive marketing practices by Medicare Advantage plans, including [having](#) “ghost provider networks.” More [here](#).
  - *The American Journal of Managed Care* [reported on a study](#) of California provider directories, which found that mental health provider directories are highly inaccurate.
- The U.S. Department of Justice [collected](#) about \$2B in False Claim Act settlements in 2022 Medicaid fraud. MA overpayments and illegal kickbacks accounted for about \$1.7B.
- A report from the U.S. Consumer Financial Protection Bureau [found](#) that the number of people with medical debt on their credit reports decreased by 17.9% between 2020 and 2022.
- According to an [analysis](#) published in *JAMA*, employer-sponsored plans [pay up to 30 times](#) more than Medicare does for physician-administered drugs.
- According to an [analysis](#) by the Employee Benefits Research Institute, individuals with Medicare Advantage generally [require](#) fewer retirement savings to cover healthcare costs compared to individuals with traditional Medicare.
- **Centene** [paid](#) Medi-Cal a \$215M settlement for allegedly attempting to overcharge Medicaid programs for prescription drugs.



- A *Fierce Healthcare* report analyzed 2022 payer profits and revenue and found that **UnitedHealthcare** accrued the highest profit margin.
- To address health professional workforce issues, **Aetna** will fund a clinical mental health counseling master's program at West Virginia Wesleyan College.
- **ChenMed** and **Humana** continued their senior-focused partnership and agreed to a five-year deal to provide **Humana** MA enrollees with ChenMed's primary care resources.
- **Oscar Health** partnered with **Associated Medical Care** to support its +Oscar Campaign Builder tool, which would ease providers' administrative burdens and streamline workflows.

## PROVIDERS

- CMS released a proposed rule that would require nursing homes to disclose details on their ownership and management by real estate investment trusts or private equity firms.
- The AMA, alongside 118 other physician organizations, wrote a letter to CMS in support of reforms to the prior authorization process for medical treatments.
- According to a survey by the **American College of Healthcare Executives**, workforce shortages ranked as the #1 worry of hospital CEOs, particularly a shortage of RNs.
- An AHA report recommended that hospitals partner with Big Tech companies like **Amazon** and **CVS** and prioritize convenience, access, and virtual care.
  - According to the report, disrupters are estimated to control 30% of the primary care market by 2030.
- The AHA reported that **CVS Health's** acquisition of **Oak Street Health** raised antitrust issues, noting that groups like the American Economic Liberties Project have started to complain that the deal will impede competition and ultimately hurt consumers.
- A *JAMA* study found that health system profitability and wealth depend on the ability of these health systems to negotiate prices with commercial payers.
- Senator Tammy Baldwin questioned **Ascension**, one of the largest non-profit health systems, about whether its investments are being directed to improve patient care. Senator Baldwin's letter [here](#).
- **Kaiser Permanente** reported a \$4.5B net loss in 2022, which they attributed to severe staff shortages, increased medical expenses, and investment losses.
- **Tenet**, a for-profit hospital chain, expects to grow its revenue in 2023 due to limited labor costs and the expansion of its surgery centers.
- **Henry Ford Health**, Michigan State University, and the Detroit Pistons owner, Tom Gores, are planning to invest \$2.5B in new health facilities across Detroit, including a joint medical research center, and numerous hospital expansions.
- The **Chartis Group** predicted an increase in rural hospital closures in 2023 as pandemic relief funds dwindle. According to their report, nearly 51% of rural hospitals have a negative operating margin, and many facilities have been eliminating services.

## PAYERS AND PROVIDERS (M&A)

- Christine Wilson – the sole Republican commissioner on the FTC – announced her resignation as FTC Commissioner. In a *Wall Street Journal* op-ed, Wilson detailed her reasons for leaving, including her dissatisfaction with FTC chairman Lina Khan.



- **Sanford Health** and **Fairview Health Services** announced a two-month delay in their merger following a request from the Minnesota Attorney General to postpone it.
- **CommonSpirit Health** and **AdventHealth** are dissolving their longtime **Centura Health** joint venture -- one of Colorado's largest hospital networks. CommonSpirit will take control of most of the 20 hospitals.
- **In Q2, CVS** will issue bonds for 'general corporate purposes' to fund its anticipated \$8B acquisition of **Signify Health**, a home health company.

## VALUE-BASED CARE

- Analysts and industry leaders outlined challenges **CVS** may face after its recent primary care acquisitions -- like **Oak Street Health** -- emphasizing that value-based care requires human capital from an already-strained primary care workforce.
- **Signify Health** announced plans to join the CMS Advance Investment Payments (AIP) incentive program to support providers in rural and underserved communities through advanced funding for infrastructure and resources.
- ACO **Pathways Health Partners** partnered with **PointClickCare** to launch its value-based care platform, which utilizes live patient data updates to ease communication with providers and hasten care access.

## HEALTH EQUITY & SDOH

- According to a *Health Affairs* study, ambulance transport destinations differ for White and non-White patients, thereby potentially fueling health disparities.
- **Novant Health** received \$1.5M from the Golden LEAF Foundation to expand its medical residency program in rural North Carolina and improve rural healthcare outcomes and reduce disparities.
- A *Health Affairs* article argued that opioid lawsuit settlement funds should be redirected to substance use treatment for incarcerated individuals to promote equitable rehabilitation outcomes.
- The **Humana Foundation** announced efforts to improve food insecurity and support vulnerable populations like seniors, children, and veterans through three major initiatives.

## MEDICAID

- The CMS Innovation Center (CMMI) announced three new models to lower drug costs, including permission for state Medicaid agencies to pay for cell and gene therapies by delegating authority to CMS to create multi-state arrangements with manufacturers.
- The Biden Administration will allow some states to direct Medicaid funds to certain food programs as a part of its "food is medicine" approach.
- The Kaiser Family Foundation collaborated with the Association for Community Affiliated Plans (ACAP) to conduct a survey of Medicaid MCOs to determine how they plan to help with the unwinding of the continuous enrollment as part of post-PHE changes. More here.
  - *Managed Healthcare Executive* interviewed ACAP's long-time CEO, Meg Murray.
- North Carolina General Assembly Republicans introduced a new Medicaid expansion bill, House Bill 76: Access to Healthcare Options, that would expand Medicaid coverage to 600,000 individuals.



- An analysis published by the Kaiser Family Foundation acknowledged the importance of Medicaid managed care organizations (MCOs) for delivering care and mitigating the effects of unwinding when the PHE ends.

## Virtual Health

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### FEDERAL NEWS

- In an interview with Politico, Representative David Schweikert, co-chair of the Telehealth Caucus and chair of the Ways and Means Oversight Subcommittee, discussed the future of virtual care, including the potential of technology to cut costs and streamline care.
- The American Academy of Family Physicians (AAFP) sent two letters to Congress in response to a request for feedback on the Creating Opportunities Now for Necessary and effective Care Technologies for Health Act. In their letters, they urged Congress to simplify payment processes and address telebehavioral health issues.

### NEW LAUNCHES AND PARTNERSHIPS

- **Included Health** and **Solv** partnered to integrate virtual and in-person care, to help patients coordinate both virtual and in-person, and to provide same-day appointments using a singular, consumer-friendly platform.
- **Penn Medicine** invested in digital health startup **Twentyeight Health** to offer virtual reproductive health services that will expand access to reproductive care.
- **Lifepoint Health** collaborated with **Midi Health**, a digital women's health company, to offer virtual care support for women experiencing menopause and perimenopause.
- **Samsung Galaxy Watch5** partnered with **Natural Cycles** to develop an FDA-registered algorithm consumers use to track their menstrual cycle and fertility status using temperature-based technology.

### OTHER TELEHEALTH NEWS

- A study published in the *American Journal of Obstetrics and Gynecology Maternal-Fetal Medicine* found that telehealth may help reduce disparities in postpartum care.
- In an interview, the *Chief Healthcare Executive* and CEO of **TimelyMD**, a telehealth company focused on providing mental health services to college students, discussed the growing demand for virtual services in the higher education market.
- A UC Davis study found that telemedicine may allow providers to better coordinate care for critically ill pediatric patients at rural and community emergency departments.

