Maverick Health Policy

MYMAVERICK RECAP

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NEWSLETTER CONTENTS

Digital Health

DIGITAL HEALTH INVESTMENTS

- As part of its ongoing restructuring that included hundreds of employees being laid off over the last year, **Olive**, an Ohio-based healthcare AI company, is divesting its payer utilization management / electronic prior authorization service line to focus on its health systems revenue cycle operations.
- After securing $53M in Series B funds last year, **Vytalize Health** raised another $100M *to help* small and independent clinical practices take on risk for value-based care arrangements. Enhanced Healthcare Partners and Monroe Capital led the raise, bringing total funding to just over $170 million.
- After surveying 150 leaders of the largest healthcare companies, a new Lazard study shows that mental health, software, and primary care investments will increase and value-based payments will become the dominant reimbursement method over the next five years.

ARTIFICIAL INTELLIGENCE INVESTMENTS
- As part of the National Institutes of Health's Bridge to Artificial Intelligence program, a large number of health systems, including **UPMC** and **Mayo**, are participating in a multi-system data sharing program to incorporate AI into intensive care units (ICUs).
    - The four-year data-generation project is supported by a $23.5M grant, creating a network of university health systems that will support a comprehensive repository of data for AI research from more than 100,000 critically ill (de-identified) patients. The project includes AI workforce training events, a set of standards for ethical use of AI in critical care, publicly available AI tutorials and guidelines for a collaborative approach to medical AI research.
- AI-powered pharmacology platform, **MDI Health,** raised $20M to help prevent adverse drug reactions in patients with multiple medications.
- **IncludeHealth**, a musculoskeletal technology platform company, received $11M for its AI virtual physical therapy.

ARTIFICIAL INTELLIGENCE NEWS
- A new survey conducted by Pew Research found a majority of U.S. adults would not be comfortable with AI as part of their medical screening, diagnosis or treatment.
- An AI-based mental health support app – which offers mental health services for veterans – received a $1M grant from the U.S. Department of Veterans Affairs.
- The different roles AI may play in healthcare, specifically ChatGPT, is explored in this *Politico* article.
- After the FDA said it would more closely regulate AI-powered clinical decision support tools as medical devices, the Clinical Decision Support Coalition filed a petition asking the FDA to withdraw its final guidance on the subject, arguing regulators are overstepping their bounds.
- Researchers from Stanford University and UCSF developed an AI model for adverse neonatal outcomes to improve infant mortality rates and health outcomes.

Interoperability & Health IT

FEDERAL NEWS
- ONC launched a Social Determinants of Health (SDOH) Information Exchange Toolkit to provide information on the SDOH information exchange landscape to stakeholders.
- The ONC 2023 Standards Version Advancement Process (SVAP) comment period opened to allow certified health IT developers to voluntarily update their offerings.
- A leaked draft of an executive order will direct the General Services Administration to expand its internally-developed digital identity and authentication service, Login.gov, to cut down on fraud / identity theft in public relief programs.

INDUSTRY NEWS
- **Google Cloud** partnered with **Redox**, an interoperability startup founded by three **Epic** engineers, to integrate health data from legacy EHR systems into Google Cloud products.

- A new **Health Information Management Association** (HIMA) study revealed a lack of standardization and integration of the SDOH data required to advance interoperable health equity.
- **Deloitte** received a one-year, $6.3M contract from the National Institutes of Health (NIH) to provide professional IT services.

PUBLIC HEALTH DATA

- On February 27 - 28, 2023, the CDC Foundation will convene a joint event with the CDC and the ONC to accelerate public health data modernization through public private partnerships. The CDC Foundation is planning to build on its data modernization focus by establishing a Public Health Protection Data Systems Group, to accelerate adoption of scalable data systems that serve the public's health.

DATA PRIVACY AND SECURITY

- The annual HHS Office of Civil Rights' (OCR) HIPAA breach report showed an increase in violations between 2017 and 2021. More here.
  - In 2021, OCR received 609 notifications of breaches affecting 500 or more individuals, a decrease of 7% from 2020.
  - These reported breaches affected a total of approximately 37,182,558 individuals. The most commonly reported category of breaches was hacking.
  - OCR resolved two breach investigations with resolution agreements, corrective action plans, and monetary payments totaling $5,125,000.
- A report from healthcare analytics company **Protenus Breach Barometer** found the number of patient EHRs breached increased by 18% in 2022, totaling 59.7M records.
- Two of the largest Louisiana health systems currently face a class action lawsuit alleging the companies shared the personal health information of hundreds of thousands of patients by
- using **Meta** Pixel tracking codes on their websites,
- Tennessee-based **Community Health Systems (CHS)**, one of the largest providers in the United States, reported a data breach impacting over a million patients that was caused by the popular file-transfer software GoAnywhere MFT, developed by **Fortra**.
  - Russia-based ransomware group Clop claimed responsibility for the hacking campaign and touted breaches in over a hundred organizations using **Fortra's** technology.

Payers & Providers

DRUG PRICING

- In a letter to the MedPAC Chairman, the AHA commented on MedPAC's discussion about Medicare Part B drug payments during its January 2023 public meeting, stating that the Commission should reject modifications to the current average sales price (ASP)-plus-6% methodology, and explore other initiatives such as extending inflation caps and rebates to generic Part B drugs.

- During a Senate Commerce Committee hearing, members underline criticized PBM's lack of transparency, scrutinized anti-competitive practices, and questioned why PBMs 'even exist,' in the latest bipartisan call for pricing transparency. More here.
- A cystic fibrosis drug made by Vertex is at the center of the drug coupon debate -- the fight over drug companies' copay assistance programs that help patients afford medicines by paying for out-of-pocket and deductible costs. Health insurers and PBMs are using copay accumulator tools to disincentivize consumers from taking higher-priced drugs.
- A study published in *BMJ* examined the relationship between high drug prices and R&D investments, finding that R&D funding costs do not justify high drug prices. Instead, funding for R&D should be diverted from marketing, business development, or administrative budgets.

HEALTHCARE TRANSPARENCY
- During a Senate Commerce Committee hearing, a bipartisan chorus of senators criticized PBM's lack of transparency, scrutinized anti-competitive practices, and questioned why PBMs 'even exist'.
- Following a report by a patient advocacy group that only 24% of hospitals adhere to transparency requirements, Senator John Kennedy (R-LA) introduced the Hospital Transparency Compliance Enforcement Act, which would double monetary penalties for hospitals that fail to comply with these requirements.
  - This legislative proposal comes after CMS published its intention to take aggressive additional steps to identify and penalize hospitals that are not in compliance with the hospital price transparency rule.

PAYERS
- In response to insurers' claims that revised MA payment processes will cut their revenue, HHS Secretary Becerra stated that the changes will actually increase insurer payments by 1%, dismissing insurers' claims as 'disinformation.'
  - The HHS released a statement asserting that the changes will support seniors and people with disabilities, citing the revisions' reduction of MA overpayments.
  - **AHIP** released a published statement to the proposed 2024 MA Advance Notice in which President and CEO Matt Eyles refuted HHS's claims for the changes. The trade association cited real-world consequences for the more than 30 million patients who increasingly rely on MA plans.
- A *Health Affairs* study, which analyzed ACA market trends from 2015-2019, compared individual and small-group healthcare spending growth factors to analyze ACA efficacy.
- A Kaiser Family Foundation report analyzed how CMS' prior authorization proposed rule will impact how payers approach transparency and administrative processes.
- In a letter to CMS, 70 lawmakers advocated for MA reforms and proposed prior authorization revisions, patient-centered risk-scoring models, and MA coverage for providers with Medicare-approved rates.
- **According to a new Chartis Group report, nonprofit health plans are losing MA market share to for-profit health plans which** represent 71.8% of all beneficiaries.

- BCBS Massachusetts announced that it will <u>continue</u> reimbursing telehealth at the same rate as in-person care, even after the PHE ends.

PROVIDERS
- During a Senate HELP Committee hearing, Senators <u>discussed</u> ways to address healthcare workforce shortages, including expanding the Graduate Medical Education program and increasing the number of teaching health centers.
    - A *New York Times* <u>article</u> follows three nurses who left their jobs and explored how hospitals could maintain their nursing staff.
- CMS <u>reported</u> that 70% of hospitals are compliant with price transparency rules.
· CMS is <u>accepting applications</u> from acute care hospitals, physician groups, and Medicare ACOs to participate in its value-based Bundled Payments for Care Improvement Advanced model through May 31, 2023.
- Rural hospitals across the U.S. are <u>preparing</u> for the Medicaid unwinding – a transition that will cause a greater burden on struggling hospitals.
- A new <u>report</u> from the Substance Abuse and Mental Health Services Administration (SAMHSA), shows that the number of mental health patients admitted to the hospital <u>exceeds</u> psychiatric inpatient bed capacity.
· In a new <u>report</u>, the American Hospital Association named the seven biggest disruptors of the healthcare industry (including UnitedHealth Group, Amazon, Apple, and retail giants) and suggests competitive options for traditional providers to explore.
· The Premier CEO published a blog post in *Health Affairs* naming five must-do health policy reforms, including e-prior auth and addressing workforce shortages.
- **Kaiser Permanente** reached a tentative <u>agreement</u> with Hawaii mental health clinicians, ending a 172-day strike against Kaiser's handling of patient services and clinician relationships.
- **CommonSpirit Health**, a Catholic health system, <u>reported</u> a $474M operating loss in its second fiscal quarter of 2023, citing staffing shortages, rising costs, and declining acuity, among other contributing factors.

PAYERS AND PROVIDERS (M&A)
- After the FTC <u>decided not</u> to challenge the deal, **Amazon** <u>acquired</u> primary care provider **One Medical for** $3.9B. The deal gives Amazon access to One Medical's 200+ medical offices in 26 markets. More <u>here</u>, <u>here</u>, <u>here</u>.
- Early last year, **UnitedHealth Group** <u>announced</u> it planned to acquire home health provider **LHC** for $5.4B. This week, the **LHC Group** <u>announced</u> that it will cease trading on the Nasdaq on February 22, 2023, leading to speculation that the acquisition will be complete before the market opens on February 23, 2023.
- **Aledade**, a public benefit corporation and the largest network of independent primary care practices in the country, <u>announced</u> that it is <u>acquiring</u> **Curia**, a value-based care analytics firm that uses AI in its patient engagement programs. Aledade will use the increased data access to optimize primary care workflows.
- **Elevance Health** <u>closed</u> its <u>acquisition</u> of **BioPlus**, a specialty pharmacy company that will join the insurer's PBM branch to cater to individuals' specialized drug needs.

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- EHR provider **Elation Health** announced its acquisition of **Lightning MD**, a medical billing service, aiming to redirect resources from billing processing to clinical practice improvement.
- SUNY Upstate Medical University and **Crouse Health System** called off their merger after a months-long FTC investigation – which resulted in an 88-page report – and will instead pursue 'strategic affiliation.'

VALUE-BASED CARE
- In a letter to Congress, the American Medical Group Association (AMGA) urged lawmakers to advance value-based care by implementing a stable Medicare payment system and supporting continuous telehealth coverage and patient engagement.
- An **Optum** study found that value-based models in Medicare Advantage drive better outcomes and increased efficiency for patients over fee-for-service models.

HEALTH EQUITY & SDOH
- CMS proposed a benefits expansion to include mobility devices, a significant step to mitigate disparities for disabled individuals.
- An ONC brief explored how standardized clinical decision support (CDS) that includes SDOH factors can advance health equity and improve health outcomes by meeting interoperable Health IT standards.
- A NORC and American Health Information Management Association (AHIMA) report recommended that the HHS should work to establish a standardized methodology for SDOH data collection within EHRs, given the number of health systems that assess it.
- According to a *Health Affairs* analysis, ACO geographic benchmarks overlook nuances – and thus hide inequities - and should therefore focus on smaller regions to better capture disparities and predict life expectancy.
- The NIH awarded researchers from **Cleveland Clinic** and **MetroHealth** $3.14M in grant funds to use "digital twins" (virtual patients built from E.H.R. data) to analyze social determinants of health that lead to health disparities.
- **Blue Cross Blue Shield of Louisiana** announced plans to launch a health equity-focused foundation and distribute some payments to its needy enrollees. Funding for these efforts results from the $3B sale of BCBS Louisiana to **Elevance Health revealed last month.**
- An AMA article outlined how Current Procedural Terminology (CPT) codes can be used to ensure SDOH are considered when calculating payment services and coordinating patient care.

MEDICAID
- A Robert Wood Johnson Foundation and Urban Institute analysis found that 65% of adults are not aware that their eligibility for Medicaid could end, highlighting potential coverage issues and challenges states will face when conducting Medicaid redeterminations.
- Lawmakers in West Virginia are considering a sliding scale 'buy-in' program for low-income individuals who do not qualify for Medicaid but are up to 200% of the federal poverty level.
- Arkansas Governor Sarah Sanders asked the federal government to approve work requirements as a state Medicaid qualifier, four years after the state's work requirement was struck down.

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Virtual Health

FEDERAL NEWS

- CMS updated its list of telehealth services for calendar year 2023, which removes the 151-day restriction on this list of Medicare telehealth codes. Given this update, these telehealth codes will now be active through December 31, 2023.

NEW LAUNCHES AND PARTNERSHIPS

- Virtual behavioral health company **Talkspace** launched the Talkspace Engage portal to provide downloadable clinical resources for employees to improve their mental health and well-being.
- **Baptist Memorial Health** launched Triage, Navigate, Treat, and Transport. The emergency telehealth service designed for rural communities will potentially save $8M for the **TennCare** system.
    - To expand inpatient telehealth services, **Baptist Memorial Health** partnered with **LookDeep Health**, a company that utilizes AI for patient monitoring, to improve the quality of care. More here.
- **Emory Healthcare** adopted **Linus Health**'s digital cognitive assessment tools to facilitate early diagnosis of Alzheimer's and dementia.
- **AARP** partnered with **Luna**, an at-home physical therapy company, to expand access to physical therapy services for its 38M members. Sixty percent of patients using PT services are over 50 years old.
- The **Medical University of South Carolina** implemented a Listening to Women and Pregnant and Postpartum People (LTWP) telemedicine program, which reduces the stigmatization surrounding feminine mental health care by replacing face-to-face screenings with text message-based telehealth services.

OTHER TELEHEALTH NEWS

- The American Telemedicine Association (ATA) released a list of 12 telehealth company finalists for the ATA telehealth innovators challenge.
- **Rock Health**'s 2022 Digital Health Consumer Adoption Survey revealed that telehealth is at an 80% adoption rate, audio-only telehealth is preferred over video chats, and the use of clinical wearables has not increased.
- **Axena Health** received a $25M investment to improve access to digital, at-home pelvic physical therapy. The company targets strengthening women's pelvic floor muscles through a vaginal motion sensor connected to an app to treat incontinence. More here.
- **OSC OnCall** expanded its digital hospital to include care for patients transitioning out of the ICU and who meet medical, geographic, and insurance requirements. This sector of **OSF HealthCare** uses iPads and bracelets to connect patients with providers immediately. More here.
- **Link Ventures** plans to use its $150M investment to focus on advancing digital health companies. More here.