



MYMAVERICK RECAP

March 2, 2023

NEWSLETTER CONTENTS

Digital Health

Digital Health
Investments
Artificial Intelligence
Investments
Artificial Intelligence
News

Interoperability & Health IT

Federal News
Industry News
Public Health Data
Data Privacy And
Security

Payers & Providers

Drug Pricing
Healthcare Transparency
Payers
Providers
Payers and Providers
(M&A)
Value-Based Care
Health Equity & SDOH
Medicaid

Virtual Health

Federal News
New Launches And
Partnerships
Other Telehealth News

Digital Health

DIGITAL HEALTH INVESTMENTS

- *STAT News* reports that **Mindstrong**, a well-capitalized mental health startup, is failing after trying to go to market too fast -- according to interviews with 10 former Mindstrong employees.
- **Cerebral**, the online prescription company that stopped offering prescriptions for controlled substances after the Department of Justice investigated, is undergoing a third round of workforce layoffs in less than a year.
- Virtual sleep care platform **Better Night** raised \$33 million in a funding round led by **New Spring**.

ARTIFICIAL INTELLIGENCE INVESTMENTS

- AI-powered revenue cycle solutions provider **CodaMetrix** raised \$55M in a series A funding round to expand their automated medical coding services into new specialties.

ARTIFICIAL INTELLIGENCE NEWS

- The FDA is asking for responses to its [Request for Information](#) on how to incorporate AI into the current regulatory framework for pharmaceutical manufacturing as outlined in a [new discussion paper](#). The deadline for comments is May 1, 2023. More [here](#).
- The publisher of the *New England Journal of Medicine*, NEJM Group, [announced](#) that it will launch a new monthly publication to assess and evaluate AI in clinical medicine.
- A *Wall Street Journal* article [examined](#) the use of AI in healthcare settings, including helping doctors diagnose new cases of heart failure at Mayo, and identifying hospitalized patients who are most at-risk for sepsis at Sinai Hospital in Baltimore.
- The University of Washington [launched](#) the Institute for Medical Data Science, overseen by the UW School of Medicine, the College of Engineering and the School of Public Health, to focus on the intersection of artificial intelligence, machine learning and healthcare.
- A physician and contributing writer to the *New Yorker*, Dhruv Khullar, [explores](#) how AI and machine learning can help treat and diagnose mental illnesses.

Interoperability & Health IT

FEDERAL NEWS

- The HHS Office of Civil Rights (OCR) [announced](#) new restructuring efforts to manage the increasing number of HIPAA and HITECH complaints and compliance reviews more effectively.

INDUSTRY NEWS

- The **Digital Medicine Society** [released a digital health regulation toolkit](#), with a library of digital health regulations and decision tools, to help founders of devices and software solutions better understand the landscape.
- A **Rock Health** [analysis](#) stated that patients are more willing to share health data with physicians, but general trust in healthcare technology companies is decreasing.
- As ONC's **TEFCA** is set to launch this year, the program's Recognized Coordinating Entity **The Sequoia Project** [added](#) four new members to its board of directors.
 - In an interview with *Politico*, Don Rucker – former National Coordinator at the ONC and now CSO at 1upHealth – [discussed](#) the current state of TEFCA and the challenges of implementing it.
- The **GoodRx**-FTC settlement was [finalized](#) and GoodRx will pay a civil monetary penalty of \$1.5M for violating the FTC Act and the Health Breach Notification Rule by illegally sharing patient data with advertisers.
- A **Definitive Healthcare** report [predicted](#) **Epic**, **Oracle Cerner**, and **Meditech** could integrate native remote patient monitoring capabilities into their EHR systems to gain an even greater competitive advantage in a rapidly shifting market.
- **Epic** [partnered](#) with consumer experience company **Press Ganey** to integrate patient experience data into MyChart, its EHR solution.



PUBLIC HEALTH DATA

- The CDC and Prevention's Office of Public Health Data, Surveillance, and Technology plans to expand interoperability capabilities to modernize access to public health data.
- An article in *Axios* revealed the vulnerability of private health information, especially in a post-Roe era, noting that PHI – including reproductive health data – is often available on unregulated digital platforms.

DATA PRIVACY AND SECURITY

- The FTC issued a statement warning **Amazon**, which just acquired primary care practice chain **One Medical** for \$3.9B, that it must keep personal health information of patients private.
- On March 1, 2023, the U.S. House Energy & Commerce Innovation and Data Subcommittee hosted a hearing titled "Promoting U.S. Innovation and Individual Liberty through a National Standard for Data Privacy, which addressed whether federal law should preempt state law. Hearing memo here.
- Law firm Akin Gump released an article about the increase in regulatory activity to combat "dark patterns" used in web design to influence consumer choice, including the FTC's proposed rule on data privacy oversight.
- An early draft of an upcoming White House cybersecurity document disclosed the Biden Administration's strategy to hold large companies responsible for designing secure products and digital ecosystems, marking a departure from previous voluntary policy.
- The FBI identified the healthcare sector as having experienced the highest incidence of ransomware attacks in 2022, though cybercrime payments dropped 40% across the board.
- In its newly released report, **Research and Markets** predicted a growing market for multi-cloud security solutions leading to 2027, with a compound annual growth rate of 18.7%.
- HHS recommended healthcare organizations patch the GoAnywhere software flaw following last week's mass-hacking attack by the Russia-linked ransomware gang Cl0p.
- A recent **Cynet** report revealed work-related stress experienced by Chief Information Security Officers accounted for 74% of healthcare security retention issues.

Payers & Providers

DRUG PRICING

- The U.S. House Republican-led Oversight and Accountability Committee sent letters to the pharmacy-benefit managers (PBMs) of **CVS**, **Cigna** and **UnitedHealth Group** requesting documents about drug-price rebates they negotiate and fees they charge.
- In a continued effort to curb high drug prices, four Democratic Senators sent a letter to the U.S. Patent and Trademark Office (USPTO) director urging stricter oversight on **Merck's** efforts to extend patents on the cancer drug Keytruda.
 - In this week's *Time* magazine, an op-ed written by representatives of a patient advocacy organization and a think tank focused on drug pricing, outlined big



pharma's "egregious abuse of a broken drug patent system" and its impact on drug prices.

HEALTHCARE TRANSPARENCY

- Last week, CMS announced that effective Feb. 27, 2023, independent dispute resolution (IDR) certified under the No Surprises Act will recommence their role in resolving payment disputes involving out-of-network services and items furnished before Oct. 25, 2022.
 - After a court ruling in Texas held that the process was skewed in favor of health plans, CMS temporarily suspended the arbitration process and plans to issue further guidance to govern disputes that occurred after October 25, 2022.
- President Biden spoke about healthcare costs on a trip to Virginia Beach this week, saying that his proposed federal budget will lower costs while congressional Republican proposals will cut Medicaid and the Affordable Care Act coverage.
- A Washington state family was told the No Surprises Act did not apply to its \$121,887 co-insurance bill for an emergency pregnancy complication that required a 51-day hospital stay and a surgical procedure. The out-of-network provider, **Providence's Swedish Medical Center**, had a "participating provider" contract with **Regence BlueShield** of Washington that allowed a 50% co-insurance for out-of-network services -- regardless of the emergent nature of the services.
 - If there had been no contract between Regence and Swedish, the No Surprises Act would have prohibited those charges.
 - After the family appealed to the Washington State Insurance Commissioner and Kaiser Health News investigated, Regence covered the bill.
 - As a result of this case, both a Washington state representative and a CMS spokesperson stated they will be exploring how to cover No Surprises Act loopholes.
- Price transparency startup **Turquoise Health** launched Extracts, its new contract negotiation tool which provides users with personalized price data subsets from machine-readable files.
- **FAIR Health**, a New York-based non-profit that focuses on consumer healthcare cost transparency, published a report about cost-comparison tools on its websites (fairhealthprovider.org and fairhealthconsumer.org). They explain how older adults with serious health conditions need to engage in shared decision-making about their health care.
- New York City hospitals are pressured by state lawmakers and SEIU to disclose hospital prices, but the local hospital association says that providers comply with the federal hospital price transparency rule.

PAYERS

- In a *Health Affairs* article, experts pushed for CMS to strengthen the RADV final rule, arguing that the audit process must be expanded and expedited to ensure Medicare's fiscal viability.
 - Patrick Conway, former CMS Chief Medical Officer and CMMI Director, who is now an **Optum** executive, commented on CMS' RADV rule and Medicare Advantage (MA) plan revisions, arguing that care for low-income and dual-eligible groups would deteriorate if relevant code sets are eliminated.



- An Avalere analysis of risk adjustment under the Part D benefit redesign found the CMS risk-adjustment model underestimated the plans' liability. These inaccuracies may incentivize health plans to choose loss mitigation strategies as their catastrophic phase liability rises under the Inflation Reduction Act.
- A Kaiser Family Foundation (KFF) analysis of insurers' 2021 financial performance found that while MA insurers spend a similar share of their premiums on benefits as other insurers in other markets, the gross margins—which include profits and administrative costs—of MA plans are higher. The KFF brief concluded that these strong financial returns may be the reason why the MA market has grown so dramatically over the last decade.
- An eHealth survey found that 43% of Medicare beneficiaries are worried about premiums, but 75% are distressed about out-of-pocket costs, reflecting growing affordability concerns.
- A *Becker's* article analyzed why plans for special needs and dual-eligible individuals are the fastest-growing forms of MA.
- A *JAMA Health Forum* study found that MA beneficiaries are less likely to be hospitalized for preventable conditions than those with traditional Medicare.
- **Humana** announced it is leaving the employer group market to pursue government-based opportunities – particularly relating to MA – and outcome-focused initiatives.
- **BrightHealth**, an insurtech, which spent more than \$700 million last year to end all of its exchange and MA insurance lines, announced this week that it must raise a significant amount of capital by the end of April or face insolvency.
- Medicare Advantage insurtech **Clover Health** maximized revenue and substantially diminished its losses in 2022, reporting an \$84M loss in Q4 compared to a \$187M loss in 2021 Q4.
- AdvaMed published its policy priorities for 2023, including urging CMS to make it easier for breakthrough devices to get insurance coverage and lobbying Congress to pass the VALID Act so the FDA would have more authority to regulate lab-developed tests.
- A Peterson-KFF Health System Tracker report found that over time, insurance claims for ED and physician office visits have become costlier and more complex, impacting both consumers and health systems alike.
- A judge issued a temporary injunction against Amy Bricker, claiming the executive's new role at **CVS** violates her non-compete at **Cigna**, the latest move in the ongoing dispute.
- Despite legal challenges from **BCBS North Carolina**, **Aetna** is expanding its provider network ahead of its takeover of the NC state health plan, according to its presentation to the plan's trustees.

PROVIDERS

- In its comment letter, the AHA argued against the FTC's recent proposed rule to ban noncompete clauses and urged the agency to exclude the hospital sector from its proposal.
- CMS instructed arbitrators to resume processing out-of-network payment disputes that occurred before October 2022. (see more above in the transparency section)
 - A bipartisan group of 14 U.S. Senators representing rural regions of the United States (including Senators Warner and Kaine of Virginia, Senator Blackburn of Tennessee, and Senator Manchin of West Virginia) urged CMS in a letter to extend the Low Wage Index Hospital Policy, which increases payments to hospitals in low-wage areas.



- Senator Bill Cassidy (R-LA.) announced plans to introduce a bill that will address health workforce shortages by reducing administrative burdens, among other things.
- Illinois nurses filed a class action lawsuit against **Ascension Health**, claiming the payer's cost-cutting policies undercut their wages unfairly.
- **UPMC** agreed to pay \$8.5M to settle a Medicare false claims lawsuit resulting from allegations that a surgeon scheduled multiple complex surgeries at the same time.
- According to a new *JAMA* study, family caregivers reported worse care experiences at for-profit compared to those at not-for-profit hospices.
- **Moderna** reported \$2.8B in expenses tied to lower demand for its COVID-19 vaccines and a shift in demand for its bivalent boosters.
- **Mayo Clinic** saw a 50% decline in operating income due to investment losses and higher expenses, including labor and non-labor costs.

PAYERS AND PROVIDERS (M&A)

- Several planned deals between providers were abandoned recently, a few due to threatened investigations by the FTC.
 - Law firm McDermott, Will & Emery published its 2023 Outlook of mergers between health systems, saying that providers should consider whether the FTC may challenge "cross-market" mergers, when systems operate in different geographic regions but have anti-competitive effects because of common national or multi-state payer customers.
- Nonprofit health systems Trinity Health's MercyOne and Genesis Health System finalized their merger, so that the Davenport, Iowa-based Genesis' five hospitals will become part of MercyOne -- which has 18 hospitals. the nonprofit health systems announced Wednesday.
- Nonprofit health system **ProMedica** is selling Heartland – its hospice and home care branch – to **Gentiva**, the largest U.S. hospice company.
- Telemedicine provider **Teladoc Health** reported a net loss of \$13.7B in 2022 due to an impairment charge related to the shrinking value of its **Livongo** acquisition.

VALUE-BASED CARE

- **UnitedHealthcare** is expanding its partnership with **Somatus**, a value-based company focused on kidney care, to five more states, increasing Somatus's total operating locations to 36 states.
- A *Health Affairs* article outlined the challenges and opportunities ACOs will face in the coming months including how they can further health equity and foster multi-payer collaborations.

HEALTH EQUITY & SDOH

- The ONC released a 77-page toolkit on initiating and maintaining community-based SDOH data exchange, citing multiple case studies and examples, including **CommonSpirit Health's** use of EHR platforms and universal social screenings as a model.
- According to a *Health Affairs* article, MA and Medicaid start-ups should focus on health equity and SDOH to see more grant funding opportunities from the 2022 HHS Equity Action Plan.



- The National Grocers Association sent a letter to the Biden administration criticizing payer health programs for permitting benefits cards usage at chains, but excluding independent grocers.
- HHS hosted its inaugural Black Health Summit to highlight disparity mitigation efforts in vaccine uptake and maternal mortality.
- **Equiva Health** launched Equiva ACP Connect with **Infiniti Mobile**, to expand ACP access for low-income groups by subsidizing digital service prices and promoting broadband access.
- A partnership between healthcare startup **Homeward** and **BCBS Minnesota** aims to improve health outcomes and access in rural areas. This is **Homeward's** second state partnership to reduce disparities.
- Cleveland-based Center for Health Affairs, a hospital advocacy organization for NE Ohio hospitals, and **Amazon Web Services** established a SDOH Innovation Hub to analyze data and drive policies that address structural disparities.
- **Walmart** partnered with **CareSource** on a health disparities project which offers screenings and wellness services to underserved communities.
- According to a new CDC report, Black Americans are almost two times more likely to go to the ED for mental health issues compared to White Americans, exemplifying disparities in mental health issues and care, and highlighting the severity of the mental health crisis.

MEDICAID

- CMS released a proposed rule in response to the Consolidated Appropriations Act of 2021 to update the regulatory requirements of Medicaid's hospital-specific Disproportionate Share Hospital (DSH) cap calculations for state Medicaid programs.
- According to a report released by the Georgetown University Health Policy Institute, nearly 6.7M children may lose coverage during the Medicaid unwinding, although 72% of them will remain eligible for Medicaid.
- A Kaiser Family Foundation analysis found that rural hospitals in states that have not expanded Medicaid face a higher financial burden than those in states that expanded.
- Supplemental Nutrition Assistance Program (SNAP) benefits will end this week, and eligible low-income individuals will no longer have supplemental emergency funds to purchase food.
- A *Health Affairs* article outlined the benefits of Medicaid and healthcare startup partnerships, noting collaboration can align payments with health outcomes and share intervention efficacy data.
- Idaho officials are reprimanded by CMS for disenrolling individuals from Medicaid during the pandemic when the state was unable to identify a place of residence.
- Arkansas aims to complete Medicaid redeterminations in six months – when the deadline is twelve months – raising concerns about how the rush will impact beneficiaries. More on this here.

Virtual Health



FEDERAL NEWS

- The U.S. Drug Enforcement Administration is proposing to rescind PHE-era rules allowing physicians to prescribe powerful drugs via telemedicine. Now, patients must have an in-person visit before being prescribed controlled medications. More here, here.
- The AHA expressed its support for a telehealth expansion bill that requires the HHS, MedPAC, and MACPAC to provide recommendations on expanded telehealth use during the COVID-19 pandemic.

NEW LAUNCHES AND PARTNERSHIPS

- **Moffitt Cancer Center** partnered with **Memora Health** to adopt their virtual care platform – which facilitates triaging and 24/7 communication – to streamline patient care.
- **SimpliFed**, a virtual breastfeeding counseling service provider, partnered with **Byram Healthcare**, which supplies breast pumps to support new and expecting parents.
- **Langone Health** incorporated HIPAA-compliant **Voyce**’s language interpretation app into its Epic EHR system to provide access to interpreters for more than 240 languages.
- **Navitus Health Solutions** engaged **Amazon Web Services**’ cloud-based technical foundation to increase transparency and empower client users.
- **Regence** health plan partnered with **Equip**’s family-based treatment to provide young patients with a virtual eating disorder treatment care team.
- **NYU Langone Health** will expand its adoption of **OneView Healthcare**’s “MyWall” technology, which allows patients to video chat, contact providers, and use language interpretation services from their hospital bed.

OTHER TELEHEALTH NEWS

- A **Rock Health** and **Stanford University** analysis found that when it comes to simple health care – like getting prescriptions or receiving care for minor ailments - many Americans prefer telemedicine over in-person care, while the opposite is true for more major health problems – like chronic conditions or mental health issues.
- Hospitals and health systems - like **Shriners**, **Rush University System for Health**, and **LLCMC Health** - started using **TikTok** to spread public health and health literacy messages to younger patients and parents of young patients.
- Virtual care company **BetterNight** received \$33M in funding to provide patients with comprehensive virtual sleep therapy.
- Positive Peers, an app created by **MetroHealth**, assists HIV-positive individuals with management tools, health information, and community relationship-building through direct messages.

