Maverick Health Policy

MYMAVERICK RECAP

April 6, 2023

Digital Health

DIGITAL HEALTH INVESTMENTS

- A Rock Health Q1 digital health funding report showed U.S. markets received $3.4B in funding across 132 deals. While this quarter exceeded both Q3 and Q4 of 2022, 2023 funding is on pace to be the lowest level of annual funding since 2019 following the collapse of Silicon Valley Bank, seizure of Signature Bank, and interest rate hikes.
- **Prysm Capital**, a growth equity fund founded by BlackRock alumni, announced a $305M inaugural fund with plans to invest in healthcare and technology.
- **Wellth**, a digital health startup offering small financial rewards to consumers for completing health-related tasks, raised $20M in series B funding.
- Healthcare software company **Florence**, developer of solutions to address clinical capacity, raised $20M in seed funding.
- **Mantra Health**, a provider of virtual mental health services for college students, secured $5M in series A extension funding following its partnership with online peer-to-peer platform **Togetherall.**

- **Sensate**, a digital wellness platform helping users combat anxiety and stress, <u>raised</u> $3.2M in seed funding to develop its subscription app and patented infrasonic therapy.

ARTIFICIAL INTELLIGENCE NEWS

- On April 4, 2023, in a meeting with the President's Council of Advisors on Science and Technology, President Biden <u>commented</u> on the benefits and risks of AI and urged Congress to pass a data privacy bill.
- The FDA <u>published</u> draft guidance to <u>provide</u> a regulatory pathway pertaining to AI/ML device modifications for ensuring the safety, efficacy, and efficient development of AI/ML devices.
- The Future of Life Institute wrote an open letter – endorsed by Elon Musk, Steve Wozniak, and many other AI experts – which <u>called</u> for a six-month pause on large-scale AI development due to AI's potential short-term and long-term risks. More <u>here</u>.
- The Coalition for Health AI (CHAI), a coalition focused on health equity in AI that includes Johns Hopkins, Mayo, Duke Health, Microsoft and Change Healthcare, <u>released</u> a framework, "Blueprint for Trustworthy AI Implementation and Assurance Guidance Healthcare," to ensure the safe, effective, and equitable implementation of AI in healthcare.
- In an interview with *NEJM,* ChatGPT -- OpenAI's natural language chatbot -- <u>"discussed"</u> how it will be used in healthcare, including potential privacy concerns and patient reactions.
  - A *STAT News* article <u>identified</u> the misleading claims about ChatGPT's clinical prowess, citing a recent Stanford University <u>study</u> that found 60% of ChatGPTs answers to clinical questions disagreed with human specialists or weren't relevant.
- VP of **Microsoft Healthcare** Paul Lee <u>wrote</u> an article describing the benefits, risks, and limitations of using AI chatbots in healthcare.
- **Northwell Health** <u>entered</u> into a seven-year agreement with **Philips** to incorporate Philips' AI-based patient monitoring platform into its 21 hospitals and 850 outpatient facilities.

ARTIFICIAL INTELLIGENCE INVESTMENTS

- Paris-based **Kiro**, a digital medicine company developing an AI-based platform for improved lab test result interpretation, <u>raised</u> €13.8M in a series A funding round to prepare to enter the U.S. market.
- The University of Virginia <u>received</u> $5.9M in grant funding from NIH to discover and enhance AI capabilities in healthcare.
- Copenhagen-based **Tenton.ai**, a startup aiming to develop and deploy a fully virtual nurse in the U.S., U.K., and Europe, <u>raised</u> €4.8M in a funding and angel investment round.

Interoperability & Health IT

FEDERAL NEWS

- Key <u>cybersecurity provisions</u> in the end-of-year federal budget bill went into effect March 29, 2023. Effective immediately, the FDA <u>requires</u> medical device manufacturers to provide cybersecurity assessments as part of their premarket device submissions.

- - Beginning October 1, the agency will issue refuse to accept (RTA) decisions based on cybersecurity concerns.
  - A Government Accountability Office (GAO) report found that between March 2018 and September 2021, the Department of Veterans Affairs (VA) signed off on 39% of IT contracts without CIO approval

INDUSTRY NEWS
- Leavitt Partners released a report outlining steps multiple stakeholders can take to strengthen pharmacy data interoperability.
- A new study published in *JAMIA* found that EHR configurations which limit physicians to one open patient record at a time have no significant decline in clinician efficiency or in the accuracy of orders, despite fears to the contrary.
- **Patientory**, creator of a blockchain-based, HIPAA-compliant, private medical data ecosystem, launched an application enabling patients to earn money for their health data.
- Medical imaging sharing company **Clearpath** integrated its product with five EMR platforms, including **Epic** and **Oracle Cerner**, allowing facilities to integrate patient records with imaging and other records from fragmented health information systems.
- **Hint Health**, a digital direct primary care company, launched its EHR platform, Hint-All-In-One, combining its membership management and billing platforms into a single service.
- **Forbes'** 2023 list of the 50 most transformative CIOs included 10 healthcare tech leaders, including CIOs from the FDA, CVS, and Eli Lilly.
- Global interoperability program **Lyniate** rebranded under its founding name, **Rhapsody**.

PUBLIC HEALTH DATA
- The U.S. National Institute on Aging announced plans to fund a six-year, $300M project to create an Alzheimer's research database to facilitate better data access, collection, and exchange for researchers studying the disease.
- **McKinsey & Company** published an article on data gaps in women's health, emphasizing how critical data is to healthcare innovation and advancement.

DATA PRIVACY AND SECURITY
- University of Pennsylvania researchers analyzed hospital website data transfers and published a report in *Health Affairs* showing their surprising conclusion: 98% of U.S. hospitals share patient data with third-party companies such as Meta, Alphabet, and Adobe.
- *Becker's Hospital Review* listed hospitals and health systems facing lawsuits for allegedly sharing personal health information through their use of pixel tracking technology.
  - Pixel tracking on **NewYork-Presbyterian Hospital**'s public facing website may have exposed information about 54,000 individual patients. The hospital used the technology to streamline communication, monitor engagement, and enhance patient experience.
- Asset management developer **Eracent** offered its Cyber Supply Chain Risk Management application to healthcare organizations for no cost to combat cybersecurity attacks. The tool can automate the scanning of medical devices to determine vulnerabilities.

- Two Microsoft executives spoke at ViVE, sharing their views about healthcare's urgent cybersecurity vulnerabilities. They noted smaller health systems are often the easiest targets for cyberattacks due to their relatively unprotected networks.
    - Vasu Jakkal, VP of Microsoft's security business, suggested health systems take a zero-trust approach to cybersecurity and assume hackers have already infiltrated their networks.
- Healthcare organizations continue to experience the effects of third-party vendor **Forta**'s GoAnywhere vulnerability. For example, **Blue Shield of California is** notifying more than 63,000 individuals of a data breach stemming from its February cybersecurity incident.
- Digital marketing firm **Rise** faces a proposed class action lawsuit following the November 2022 healthcare data breach that compromised data belonging to more than 54,000 patients.

Payers & Providers

HEALTHCARE TRANSPARENCY
- Lawmakers criticized HHS Secretary Xavier Becerra for blaming physicians for the backlog of surprise billing arbitration disputes.
- During a hearing, the U.S. House Energy and Commerce Committee health subcommittee members asked experts how to increase hospital price transparency compliance.
- Experts at the ViVE conference voiced their concern over the effectiveness of price transparency rules, highlighting the rarity with which patients use these tools and the administrative burden of data refinement.
- During a U.S. Senate Finance Committee hearing last week, the president of PBM **CapitalRx**, the only PBM official to testify, outlined a plan to restructure the PBM industry using the National Average Drug Acquisition Cost (NADAC) index to improve transparency.

PAYERS AND PROVIDERS (M&A)
- **CVS** officially acquired **Signify Health**, a tech-focused home healthcare company, for a transaction value of about $8B, to expand home service accessibility.
- Following the FTC and DOJ decision not to challenge the deal, **CVS** anticipates it will close with **Oak Street Health** by July after the antitrust waiting period has elapsed.
- Des Moines, Iowa-based **UnityPoint Health** and Albuquerque, New Mexico-based **Presbyterian Healthcare Services** have signed a letter of intent to merge their 40 hospital facilities across four states.
- The **Sanford Health**-**Fairview Health Services** deal has been postponed for the second time, pushing the merger beyond the original delayed date in late May.
- **VMG Health** published its 2023 Healthcare M&A Report to analyze consolidation trends and notable deals among ASCs, private equity, urgent care, and behavioral health, among other sectors.

PAYERS

- CMS <u>released</u> the 2024 Medicare Advantage and Part D advance notice about capitation rates and risk adjustment changes prior to submitting bids. Fact sheet <u>here</u>.
    - Many stakeholders across the industry – including <u>ACHP</u> – <u>supported</u> the change, while BCBSA <u>expressed</u> concerns.
    - Several media outlets and law firms explained the notice; *Modern Healthcare* article <u>here</u>, *HealthPayerIntelligence* <u>here</u>, Proskauer brief <u>here</u>.
- To address alleged overpayments to MA plans, Senators Bill Cassidy and Jeff Merkley <u>introduced</u> the <u>No Unreasonable Payments, Coding or Diagnoses for the Elderly (UPCODE) Act</u>. The Act would, in part, develop a risk adjustment model that uses two years of diagnostic data instead of just one year.
    - Mark Miller, former MedPAC executive director and now EVP of healthcare at Arnold Ventures, told <u>Becker's</u> that the bill follows the MedPAC's <u>recommendations</u> for preventing overpayments.
    - The proposed legislation follows <u>a letter</u> sent to CMS by Don Berwick and Scott Armstrong and other influencers who <u>wrote in support</u> of the advance notice proposed changes.
- In *Braidwood v. HHS*, a Texas federal district court <u>held</u> that some of the ACA's preventive service mandate – the Essential Health Benefits, which requires plans to provide preventive services like cancer and depression screening with no cost-sharing – is unconstitutional.
    - Many plans <u>responded</u> to the decision saying they will continue to cover ACA-mandated free preventive services.
    - HHS <u>filed</u> an appeal, asserting the ruling would discourage patients from seeking care.
- A <u>report</u> from the Robert Wood Johnson Foundation <u>found</u> that in 2023, ACA benchmark premiums increased by 3.4%. This trend is in contrast to the dip in average benchmark premiums between 2019-2022, which decreased by 2.2%.
- The annual Social Security and Medicare Trustees Report <u>found</u> the Medicare Hospital Insurance Trust Fund will become <u>insolvent</u> by 2031, three years later than the 2022 report predicted.
- In an updated MA <u>analysis</u>, **Chartis** <u>found</u> MA enrollment increased from 2.3M to 2.7M from 2022 to 2023, citing health plans' strategic focus on risk adjustment and high quality.
- **UnitedHealthcare** <u>announced</u> that it will cut 20% of its current prior authorizations and reduce codes to improve compliance with MA and Medicaid plans that <u>streamline</u> the process for providers and beneficiaries.

PROVIDERS

- CMS <u>released</u> a proposed rule that increases nursing home payments by $3.7%, and will accept comments until June 5, 2023. (fact sheet <u>here</u>)
    - In a <u>joint letter</u> to CMS, AHA and the American Health Care Association urged the agency to consider ways to solidify the nursing home workforce other than implementing staffing minimums because of the potential ripple effect on the entire healthcare system.

- Hospital groups are lobbying Congress to prevent a reversal of the ACA ban on physician-owned hospitals, arguing that these hospitals cherry-pick patients.
- *Axios* reported that hospitals tend to charge patients who pay in cash less than those who are commercially insured.
- A new study published in *Health Affairs* found that between 2010 and 2018, of the 325 unprofitable rural hospitals, 7% closed, 17% merged with another organization, and 77% continued to operate. Of those continuing to operate, about half returned to profitability.
- A Kaufmann Hall report showed that hospital margins are beginning to stabilize following large variations throughout the COVID-19 pandemic.
- **Envision Healthcare**, a physician services company that has historically relied on out-of-network billing prior to the passage of the No Surprises Act, signed an in-network deal with **Aetna**, following years of lawsuits with **UnitedHealthcare** and the threat of bankruptcy.

VALUE-BASED CARE
- Attendees of the ViVE Conference heard from current and former CMMI leaders, who encouraged leaving behind traditional models in favor of promoting equity, data transparency, and collaboration with private payers.
- An AAMC analysis found that while value-based care models reduce costs and improve care quality, they must also consider diverse populations' needs to promote equitable outcomes.

HEALTH EQUITY & SDOH
- BCBSA and the National Minority Quality Forum (NMQF) recommended that the White House Office of Management and Budget should update its data collection methods to help insurers and providers create targeted health solutions for underserved patients.
- A *JAMA Health Forum* study found incorporating community-level social risk factors into Medicare risk adjustment models had an insignificant impact on value-based payment disparities, likely due to barriers to health access.
- The "Community Connection Program" at Tower Health Hospital, which connects marginalized populations with SDOH screening services, will serve as a best practice model for CMS when it starts requiring screenings in 2024.
- **MEDITECH** will collaborate with the Institute for Health Metrics (IHM) to help community hospitals grow their health equity data and provide hospitals nationwide with clinical and SDOH data and grant funding opportunities.

MEDICAID
- Medicaid redeterminations officially began on April 1, 2023, with Arizona, Idaho, South Dakota, and New Hampshire among the first states to begin eligibility determinations.
- The National Association for Medicaid Directors outlined the challenges for states, workforce and otherwise, that will make Medicaid redeterminations challenging.
- An analysis published by the Kaiser Family Foundation highlighted the coverage gap for beneficiaries in states where Medicaid has not been expanded, and cited the potential benefits of adopting Medicaid expansion.

- In an interview with *Fierce Healthcare*, Aimée Dailey, president of Medicaid at **Elevance Health** outlined its plan for helping states with Medicaid redeterminations.
- A **Healthcare.com** survey found that 39% of Medicaid members were unsure of their coverage eligibility and 47% will use the ACA Special Enrollment Period to get marketplace coverage.

Virtual Health

FEDERAL NEWS
- Six bipartisan U.S. representatives and senators introduced the Telehealth Expansion Act, which would allow those with Health Savings Accounts (HSAs) to receive telehealth access without having to meet their deductible.
- Healthcare organizations denounced the DEA's proposed rules to restrict telehealth prescribing flexibilities, arguing that these rules will limit access to healthcare and ultimately hurt patients and providers. More on this here.
    - Organizations including the American Telehealth Association, the AHA, and the Alliance for Connected Care drafted comment letters in opposition to these rules, which can be found here, here, and here.
    - These organizations cite increasing evidence that virtual prescribing benefits patients, especially those with opioid use disorder.

NEW LAUNCHES AND PARTNERSHIPS
- To improve drug access and equity, **Uber Health** launched its same-day prescription drug delivery service, which facilitates deliveries from a range of pharmacies - including those that dispense medications covered by the 340B program.
- **Google Cloud** and **Pager**, a virtual care collaboration platform, partnered to improve data exchange and communication between patients and providers and to reduce digital fragmentation. More here.
- **Accarent Health** partnered with **ChristianaCare** to add their bariatric surgery services to the Accarent Health web-based platform, which allows customers to compare the prices of a range of procedures. More here.
- The Veterans Health Administration's Office of Healthcare Innovation and Learning collaborated with innovative therapy company **Penumbra** to offer virtual-reality based rehabilitative care to veterans.

OTHER TELEHEALTH NEWS
- A report published in the *Practice of Medicine* found that the majority of consumers prefer in-person care to telehealth, citing a lack of physical exams and the perceived lower quality care associated with telehealth.
- Amidst the collapse of the **Silicon Valley Bank**, c-suite digital health executives are apprehensive about the economy but they still have faith in the future of virtual health innovations. More here.

- An article in *KHN* reveals that telehealth patients are often charged hospital facility fees, even when they're not seeing a provider in a traditional clinical setting.
- **FAIR Health's** Monthly Telehealth Regional Tracker found states' telehealth use increased 7.3% from December 2022 to January 2023. Audio-only telehealth fell in all regions, but specifically 16.6% in rural areas. More here.
- **DaVita** and **Medtronic** launched their new resource, **Mozarc Medical**, which will offer new kidney care technologies and at-home kidney care.
- After the tornadoes in Mississippi, **Teladoc** stated it will provide virtual care, free of cost, to residents who specifically need prescription refills for non-narcotic drugs. More here.