



MYMAVERICK RECAP

May 4, 2023

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Digital Health

DIGITAL HEALTH INVESTMENTS

- **Define Ventures**, an early-stage venture capital firm that funded digital health companies like **Hims & Hers**, **Unite Us**, and **Cohere Health**, closed two new funds totaling \$460M to invest in incubation, seed, series A and series B stage startups. More here.
- **Patient Square Capital**, a healthcare investment firm, committed \$300M to form **Elevage Medical Technologies**, a new strategic support company for growth-stage medtech companies.
- At Fortune Brainstorm Health, an invitation-only conference, some investors maintained a positive outlook on the future of healthcare venture capital, while others predicted less capital available and a smaller number of firms in the coming decade.
- **Kindbody**, a tech-focused fertility care startup, received a \$25M investment from **Morgan Health**.
- **Uwill**, a mental health and wellness solution for colleges, raised \$30M in series A funding.
- **Healthy.io**, a smartphone-based kidney and wound testing company, raised \$50M in series D funding.

- **Intrinsic**, a retail health and personal care products company, raised \$15M in equity funding to acquire women's consumer health brands and shift its focus exclusively to women's health.
- **Practice Better**, a practice management software company raised \$27M in growth funding.

ARTIFICIAL INTELLIGENCE NEWS

- Vice President Kamala Harris and the White House Office of Science and Technology Policy are hosting a meeting today at the White House with developers of generative AI (**Google**, **Microsoft**, **OpenAI**, **Anthropic**) to discuss a plan to keep generative AI products safe. More here, here.
 - Other officials who will be at the meeting: Chief of Staff Jeff Zients, Dep. Chief of Staff Bruce Reed, National Security Adviser Jake Sullivan, National Economic Council director Lael Brainard, WH Counsel Stuart Delery, Domestic Policy Adviser Susan Rice, Commerce Secretary Raimondo.
- Some stakeholders believe AI implementation will, or needs to, slow down:
 - Large language model and AI implementation within healthcare systems will slow down over the next 6-12 months, according to Steven Lin, a physician and executive director of the Stanford Healthcare AI Applied Research Team.
 - Geoffrey Hinton, the "godfather of AI," and other AI experts spoke out against rushing AI implementation because more regulations and safeguards to prevent AI from being misused are needed.
 - A recent NEJM article that was co-authored by Congressman Ted Lieu (D-CA) calls on NIH and CMS to fund research and regulate AI.
- Others suggest the implementation of AI needs improvement:
 - Healthcare boards need to expand their oversight to include AI compliance, according to Thomas F. O'Neil III, Managing Director at **Berkley Research Group** and former Chief Compliance Officer at **Cigna**.
 - Healthcare systems need to adopt and scale AI efficiently by focusing on areas of value that will continue to build confidence with AI, according to Sanjeev Sawai, Chief Product and Technology Officer at **mPulse Mobile**.
- AI-based chatbot responses to patients' questions were longer, higher quality, and more empathetic than responses from physicians, according to a study published in *JAMA Internal Medicine*.
- **Centene** agreed to sell Apixio, its AI platform that analyzes structured and unstructured data to develop patient health profiles, to **New Mountain Capital**, the latest divestiture by the insurer as it refocuses on its core business.
- **Eleos Health** announced Eleos Outreach, a new platform to streamline the documentation for case managers and community outreach providers by incorporating click-to-text functionality within EHRs.
- **RAIsonance** announced MyAdvocate, its new AI-powered app for long COVID tracking.
- Wearable devices may be able to identify a patient's degree of resilience and well-being through AI, according to researchers at the Icahn School of Medicine at Mount Sinai.
- A new study found that radiologists were prone to "automation bias" – an over-reliance on automated decision support systems.



ARTIFICIAL INTELLIGENCE INVESTMENTS

- **Odaia**, an AI-powered life sciences predictive analytics and commercial insights provider, raised \$25M in series B funding.

Interoperability & Health IT

FEDERAL NEWS

- CMS initiated its Annual Call for Measures for the Medicare Promoting Interoperability Program, requesting stakeholders submit proposed measures about patient access and reducing administrative burden, among other things, by July 1, 2023.

INDUSTRY NEWS

- **Amazon** abandoned its Halo health and fitness devices business line due to “significant headwinds” despite recently developing an AI-supported monitor of fitness progress.
- **Athenahealth**, a developer of cloud-based practice management and EHR systems, launched a chronic care management platform.
- The legal battle between **Apple** and **Masimo** ended in a mistrial. Masimo accused the tech company of poaching key executives and misusing confidential information for a blood-oxygen sensor in its Apple Watch.
- **Cue Health**, an at-home diagnostics and telehealth company, plans to lay off 30% of its workforce.
- **Komodo Health**, a healthcare data company focused on patient encounters, released MapEnhance – a new feature for its platform that will include data from precision molecular diagnostics, high-volume standard lab diagnostics, EMRs, and inpatient and outpatient facility chargemasters.

PUBLIC HEALTH DATA

- The CDC announced the release of its strategic plan (fact sheet here) to address gaps in public health data at around the same time it said it will stop tracking the spread of COVID-19 at the community level on May 11, 2023.
 - Since February 2022, the CDC published its Covid-19 by County color-coded system to indicate the level of viral spread based on hospitalizations and case numbers in that area.
 - *The New York Times* explained that the Johns Hopkins Coronavirus Research Center would no longer be collecting data and that this represents a “dangerous turn for public health.”

DATA PRIVACY AND SECURITY

- Many mental health apps – like **Talkspace**, **BetterHelp**, and **Calm** – are not protecting consumers’ privacy and security, according to a Mozilla investigation.
- **Amazon’s Clinic** requires patients to waive HIPAA protections to participate, giving Amazon access to patient files -- according to a Washington Post analysis.



- The FDA warned healthcare providers and the laboratory personnel that **Illumina's** DNA sequencing instruments have a vulnerability that could allow unauthorized users to control the devices and alter genomic data results.
- Almost 4 in 5 healthcare data breaches in 2022 were due to hackers, according to a report from Fortified Health.
- The Health Sector Cybersecurity and Coordination Center published a threat brief detailing how two ransomware groups are using known vulnerabilities for new attacks.

Payers & Providers

HEALTHCARE TRANSPARENCY

- CMS issued updates to its enforcement processes for the Hospital Price Transparency Rule. The agency will no longer send a warning notice to hospitals that have not made any attempt to satisfy requirements and will immediately request the hospital submit a corrective action plan and impose a civil monetary penalty for those that fail to do so within the 45-day submission deadline.
- CMS proposed two new rules related to Medicaid and CHIP that would require transparency of fee-for-service provider payment rates. More on the broader focus of the proposed rules in the Medicaid section.
- CMS released the Quality Rating Information Bulletin to announce guidance for the public display of quality rating information by all Exchanges for the 2024 plan year.

PAYERS

- For the first time in history, Medicare Advantage enrollment exceeded traditional Medicare, according to a Kaiser Family Foundation analysis.
 - The average deductible for Medicare Advantage plans decreased to \$103 in 2023 from \$121 in 2022. Most enrollees selected plans without a monthly premium according to EHealthInsurance's sixth annual Medicare Index Report.
- The U.S. Department of Justice requested a stay of a federal court's ruling that would block the ACA's mandate of no-cost preventive care so that it will not go into effect while the case is being reviewed on appeal.
- Medicare and the VA's community care programs could have saved \$128 million over 5 years if they had implemented controls to address duplicate payments, according to an HHS OIG audit.
- Joe Grogan, former director of President Trump's Domestic Policy Council, advocated for abandoning the "Coverage with Evidence Development" program, suggesting it has had the opposite effect of the intent and is being used by CMS to "check" on the FDA.
- A research economist who works on contracts with CMS to implement and evaluate alternative payment models suggested that evidence linking alternative payment models and provider consolidation is thin.
- **UnitedHealthcare** (UHC) was (reportedly) ordered to pay \$91M in damages to **Envision Healthcare**, a massive multispecialty group that employs 17,000 physicians in emergency and hospitalist medicine, anesthesiology, neonatology, and radiology. *The Financial Times*



reported on a redacted ruling that it obtained, wherein arbitrators determined that UHC breached its contract by unilaterally reducing reimbursement rates.

- **Bright Health**, a health insurance startup, is exploring the sale of its remaining health insurance business with plans to shift its focus to delivering care.
- **CVS, Cigna, Elevance, and UnitedHealth Group** CEOs earned over \$20 million in total compensation, according to a *Fierce Healthcare* special report on 2022 CEO compensation.
- Firearm deaths in the U.S. are nearly five times higher than in France, the nation with the second highest rate. Firearm-related injuries generate over \$1 billion in initial medical costs, according to a Commonwealth Fund study.

PROVIDERS

- HHS Secretary Xavier Becerra announced two investigations of hospitals that violated EMTALA because of refusals to perform abortions.
- Lawmakers introduced a bill in the U.S. House of Representatives that would give the FTC authority to investigate nonprofit hospitals for anti-competitive behavior.
 - The FTC admitted in its proposed rule on non-compete clauses that it may not be able to enforce a ban on non-competes against non-profit hospitals.
- This week, the U.S. Senate Committee on Finance will hold a hearing on how inaccurate or out-of-date provider directories impact access to mental health care.
- After the FTC and DOJ declined to act during the regulatory waiting period, **CVS Health** announced it completed its \$10.6B purchase of primary care provider **Oak Street Health**. Oak Street Health operates more than 170 primary care clinics in 21 states and plans to expand to 300 by 2026.
- Nearly one-third of nurses nationwide will leave nursing for another career as a result of the pandemic, according to an AMN Healthcare survey of registered nurses.
- Nursing shortages are easing for some hospitals as the decreasing pay from lucrative temporary positions is leading to nurses coming back to hospital positions.
- Nonprofit hospitals that compensate their board members offer less charity care than those which do not.

PAYERS AND PROVIDERS (M&A)

- Last week's **Kaiser Permanente's** announcement of its intention to acquire **Geisinger** – which would be one of the biggest mergers in recent hospital M&A history – surprised everyone. Multiple news outlets questioned whether state and federal antitrust enforcers would approve the deal (more here, here, here, and here).
- **Intermountain Health** signed a collaborative agreement with **Surgery Partners**, one of the country's largest ambulatory surgical center (ASC) chains, to manage its existing ASCs and develop ASCs in other markets.
 - Similarly, OhioHealth and Surgery Partners partnered to create a company that will grow ASC joint ventures in Ohio.
- **American Healthcare Systems** acquired **Vista Medical Center East** from **Quorum Health**.
- **CommonSpirit** acquired **Steward Health Care's** Utah care sites, including five hospitals and over 35 medical group clinics.



- **BCBS of Vermont** partnered with **BCBS of Michigan** to secure access to better technology and other innovations.
- **LHC Group**, which was recently acquired by **UnitedHealth Group**, purchased **Summit Home Care** – a Delaware-based home health company.

VALUE-BASED CARE

- The Center for Medicare and Medicaid Innovation (CMMI) released two updates:
 - The Medicare Diabetes Prevention Program (MDPP) Expanded model includes new virtual delivery flexibilities for suppliers – continuing to allow MDPP suppliers the option to deliver services virtually through December 31, 2023, rather than ending on May 11, 2023.
 - The Million Hearts: Cardiovascular Disease (CVD) Risk Reduction Model released six case studies highlighting model participant successes.
- The use of value-based contracting for specialty drugs is rare because of barriers when rolling out these models – with only 12% of survey respondents using VBC models for these therapies, as reported in the Pharmaceutical Strategies Group annual report.

HEALTH EQUITY & SDOH

- An Urban Institute study found that 1 in 5 U.S. adults without access to public or private transportation did not obtain needed medical care last year.
- The National Committee for Quality Assurance (NCQA) launched the Race and Ethnicity Stratification Learning Network, a free online tool that helps health plans improve how they collect race and ethnicity data (more here).
- A **GoodRx** report revealed that approximately 1 in 3 Black Americans live in cardiology deserts – counties with little or no access to heart specialists.

MEDICAID

- CMS proposed two new rules that would establish national access standards for Medicaid-managed care plans, increase the transparency of Medicaid payment rates, and set accountability standards and improvements for home- and community-based services (HCBS) provided through Medicaid and CHIP.
- HHS released an analysis that found that 21M individuals might lose Medicaid coverage if Medicaid work requirements were implemented and identified other potential implications of a Medicaid work requirement.
 - The Congressional Budget Office (CBO) released a report estimating nearly 600,000 individuals would lose Medicaid coverage if Medicaid work requirements were included in the House Republicans' debt ceiling bill.
- The Governmental Accountability Office (GAO) appointed six new members to the Medicaid and CHIP Payment and Access Commission (MACPAC) and named the Commission's Vice Chair.
- The Kaiser Family Foundation released three reports about Medicaid this week:
 - An analysis examining the impact of state Medicaid disenrollment rates found that 8M to 24M individuals could lose Medicaid coverage during states' Medicaid disenrollment period, with up to 7M children losing coverage.



- A [report](#) about Medicaid unwinding, with nine key metrics that support continued coverage for eligible Medicaid enrollees.
- An [analysis](#) of how state Medicaid programs use coverage arrangements to coordinate Medicaid and Medicare for dual-eligible individuals.

Virtual Health

FEDERAL NEWS

- After receiving more than [38,000 comments](#) on its controversial proposed rule, the DEA [asked](#) the White House for [more time](#) to finalize rules that would [reinstate strict limits](#) on prescribing certain drugs like Adderall and opioid use disorder treatments via telehealth.
- HHS' OIG [released](#) a [toolkit](#) to assist public and private health plans with evaluating telehealth program integrity.
- The HHS Agency for Healthcare Research and Quality (AHRQ) is [recruiting](#) telehealth-enabled providers for its cancer diagnostic quality improvement program.

NEW LAUNCHES AND PARTNERSHIPS

- **Patient Square Capital**, a healthcare innovation company, [invested](#) \$300M in **Elevage Medical Technologies**. [Elevage Medical Technologies](#), a newly created portfolio company of investment firm [Patient Square Capital](#), is actively seeking to [spend \\$300M](#) on early-stage medical device companies.
- **eVisit**, a virtual care company, [acquired](#) **Bluestream Health's** digital tools to help hospitals restructure how they do virtual care workflows.

OTHER TELEHEALTH NEWS

- **Teladoc** [lost](#) \$69.2M in the first quarter of 2023 despite its first-quarter revenue of \$629M.
- According to a [study](#) published in *Health Affairs*, nearly 60% of physicians [noted](#) that video-based telehealth quality was lower than in-person care. Nearly 33% of patients noted that telehealth visits were lower in quality than in-person visits.
- At-home diagnostics and telehealth company **Cue Health** [laid](#) off 30% of its workforce, even after conducting a round of layoffs this past January. Filing report [here](#).
- A [study](#) by the *JAMA Network* [found](#) that patients preferred AI chatbot responses over physician responses as they were higher quality and more empathetic.
- Virtual and in-person primary and urgent care company **Carbon Health** will no longer be [reimbursable](#) by **Anthem Blue Cross** as an in-network provider. Even when filing claims as an out-of-network provider, Anthem has refused reimbursement. More [here](#).
- A [study](#) by the *Jama Network* [found](#) that patients preferred AI chatbot responses over physician responses as they were higher quality and more empathetic.

