



## MYMAVERICK RECAP

May 18, 2023

### NEWSLETTER CONTENTS

#### Digital Health

Digital Health  
Investments  
Artificial Intelligence  
News  
Artificial Intelligence  
Investments

#### Interoperability & Health IT

Federal News  
Industry News  
Public Health Data  
Data Privacy And  
Security

#### Payers & Providers

Healthcare Transparency  
Payers and Providers  
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

- **Atomic**, a venture capital fund with experience investing in digital health companies, raised \$320 million for its fourth fund, which is dedicated to starting and building companies.
- **LRVHealth**, a venture capital firm, raised \$200 million to fund healthcare startups focused on providing care anywhere.
- **Amino Health**, a subscription platform that connects members to providers and benefit programs, secured \$80M in equity and debt financing.
- **Wellthy**, a caregiver navigation platform, raised \$25.5 million to broaden its work in end-of-life planning and better care support for teenagers.
- **Prognos**, a real-world health data marketplace, raised \$23 million in growth equity.
- **Validic**, an EHR-integrated remote care solution for personalized care, acquired the assets of **Trapollo**, a device logistics provider that assists home-based care.
- **Fifth Third Bancorp** acquired **Big Data Healthcare**, a healthcare payments and remittance technology solution, for an undisclosed fee.

- **Pear Suite**, a digital health company focused on empowering community health workers and addressing social determinants of health, raised \$2.5 million in seed funding.

## ARTIFICIAL INTELLIGENCE NEWS

- The U.S. Senate Judiciary Subcommittee on Privacy, Technology, and the Law held a hearing on oversight of AI (more here). Leaders from **OpenAI**, **IBM**, and New York University testified, agreeing with policymakers that regulation of AI is necessary and should be accomplished quickly.
- *Modern Healthcare* released a guide to generative AI in healthcare, inclusive of opportunities and concerns of the technology.
- Hybrid human-AI follow-up systems can improve patient safety and increase revenue, according to a study by University of California, Irvine researchers.
- *The Medical Futurist* highlighted 16 healthcare companies that use GPT-4, a large language model, to improve healthcare and reduce administrative burden.
- **Kaiser Permanente's** medical group announced the launch of a new AI research center in Northern California. With support from the Gordon and Betty Moore Foundation, the program will award grants of up to \$750,000 for three to five U.S. healthcare systems that are implementing AI and machine learning (ML) algorithms to enhance diagnostic decision-making in healthcare. The request for proposals is open and letters of intent are due June 30, 2023.
- **Google** revealed that its generative AI system would include capabilities to synthesize medical imaging to improve patient outcomes.
  - **Google** also launched two AI-powered tools for life science companies: Target and Lead Identification Suite helps researchers better identify the function of amino acids and predict the structure of proteins and the Multiomics Suite accelerates the discovery and interpretation of genomic data, helping companies design precision treatments.
- **West-Com Nurse Call Systems** partnered with **Vitalchat** to provide AI-powered virtual care solutions to hospital systems and other care facilities.
- **Virgin Pulse** – a digital-first health, well-being, and navigation company – released AI-powered updates to its Homebase for Health platform to better predict and serve individuals' needs.
- **BayCare** and **healthPrecision** are developing an AI-based platform to reduce nurses' documented burden.
- **Talking Medicines** launched Drug-GPT, its AI-powered tool that analyzes social data for healthcare marketing.



## ARTIFICIAL INTELLIGENCE INVESTMENTS

- **Hippocratic AI**, a safety-focused large language model specifically designed for healthcare, raised \$50M in seed round funding from General Catalyst and Andreessen Horowitz.
- After going public in 2021, **Babylon Health** agreed to be taken private in exchange for \$34M in interim funding and a restructuring deal with investment manager AlbaCore Capital Group. Babylon offers integrated primary care including remote consultations with doctors and uses AI to make virtual diagnoses and medical appointments.
- **Lucem Health**, a data management solution using AI to improve clinical workflow, raised \$7.7M in series A funding.
- **Cascade Health**, an AI-powered healthcare transparency solution, raised \$1.7M in venture funding.
- **Laguna Health**, an AI-powered care management platform aiming to ease transitions from hospital to home, raised \$15M in series A funding.

## Interoperability & Health IT

---

### FEDERAL NEWS

- President Joe Biden announced his intent to nominate Dr. Monica Bertagnolli to be the Director of the National Institutes of Health (NIH) at HHS.
- The VA renegotiated its \$10 billion contract with Oracle, increasing the accountability for the Cerner EHR system – requiring Oracle Cerner to pay fines or monetary credits if the EHR system does not meet the agreement's requirements.
- The Office of the National Coordinator (ONC) for Health IT is hosting an information session on Thursday, May 18, regarding the modified and expanded information blocking exceptions in the HTI-1 proposed rule.

### INDUSTRY NEWS

- **Executives for Health Innovation (EHI)**, formally known as eHealth Initiative, is ceasing operations in the coming months, ending its 22-year effort to catalyze health transformation.
- After **Pear Therapeutics** filed for bankruptcy, *Politico* highlighted the reimbursement challenges prescription digital therapeutics providers face.
- **Amazon Web Services** partnered with **Datavant** to improve clinical and patient insights through secure datasets by replacing identifiable patient information with an encrypted token.
- **Inova** and **Sanford** joined the roster of health systems working with **Truveta** – a healthcare data analytics company that pools and analyzes patient data for research and drug development.
- A study in *JAMA Network Open* found EHRs can cause disagreements related to medical-legal issues, confusion over roles, and limit relationship development.



## PUBLIC HEALTH DATA

- The World Health Organization warned against using AI for public healthcare, claiming biased training data could generate inaccurate and misleading information.
- The CDC will continue COVID-19 surveillance after the end of the PHE, but national data will be reported every week and show hospital admissions per 100,000 population.

## DATA PRIVACY AND SECURITY

- The 90-calendar day transition period for covered health care providers to come into compliance with the HIPAA Rules concerning their provision of telehealth began on May 12, 2023, following the expiration of the COVID-19 public health emergency.
- Senators introduced bipartisan legislation that would require the Department of Homeland Security to develop a cybersecurity workforce plan and protection strategy for rural hospitals.
- The Health Sector Cybersecurity Coordination Center warned of vulnerabilities in Veeam Backup and Replication, a popular data backup software.
- The White House may ban companies from paying hackers because payments incentivize more hacking, according to Anne Neuberger – President Joe Biden’s deputy national security adviser for cyber and emerging technology.
- MITRE published a 17-step roadmap for improving healthcare cybersecurity, including relevant cyber frameworks and training sources.

## Payers & Providers

---

### HEALTHCARE TRANSPARENCY

- The U.S. Senate HELP Committee advanced a series of bills to boost competition for generic drugs and regulate PBMs. The action comes after a hearing featuring pharmaceutical leaders.
- The Biden Administration invited naloxone manufacturers to a roundtable to discuss the high cost of their opioid overdose reversal drug.
- The U.S. House Ways and Means Committee held a hearing this week about healthcare transparency. Rick Gilfillan testified at the hearing, saying: “It seems quite ironic and inappropriate ... given America’s broken healthcare marketplace...we want patients to provide market discipline by shopping. Meanwhile, insurers with near monopolies take 17% of the cost of care for operations and profits.”
  - The Committee is hosting another transparency hearing on May 17 to examine anti-competitive and consolidated markets.
- Parties submitted over 330,000 balance billing disputes under the No Surprises Act independent dispute resolution (IDR) process, nearly 14 times more than HHS expected.
- Following its accelerated FDA approval, Lecanemab, an anti-dementia drug, could increase annual Medicare spending by as much as \$5B making it one of the most expensive part B drugs on the market.



- On May 17, 2023, the U.S. Fifth Circuit Court of Appeals will hear arguments in a case challenging the two-decades-old FDA approval of the abortion drug mifepristone.

## PAYERS AND PROVIDERS

- The GAO released a report analyzing the use and effects of non-compete agreements. The report found that 18% of workers are subject to these contractual restrictions and that they limit job mobility, reduce wages, and stall new firm creation.
  - The report comes five months after the FTC proposed a ban on noncompete agreements.

## PAYERS

- Health plans estimate they will issue a total of about \$1.1 billion in MLR rebates across all commercial markets in 2023, according to a Kaiser Family Foundation analysis using preliminary data compiled by Mark Farrah Associates. Final rebate data will be available later this year.
- The U.S. Fifth Circuit Court of Appeals temporarily blocked the Texas district court's ruling overturning ACA preventative services while the court reviews the case. More here.
  - The effects of a ruling against these provisions still need to be discovered, with only 72% of employers pledging to cover the services in full.
  - KFF issued a news release explaining each plaintiff's claims in the case.
- According to a report on high-cost claims and increasing medical costs, the prevalence of million-dollar claims rose 15% in the past year.
- As part of its ongoing inquiry into pharmacy benefit managers (PBMs), the FTC issued compulsory orders to two group purchasing organizations that negotiate drug rebates on behalf of other PBMs to provide information about their business practices.
- The House Committee on Energy & Commerce asked CIGNA at a hearing this week about "PXDX" -- a utilization review system that uses algorithms to automatically deny payment for tests and procedures after a ProPublica article exposed the practice.
- **Aetna** and **UnitedHealthcare** are among the four insurers paying a combined \$4.6M to New York State over allegations the companies overcharged higher education students.
- The **Anthem Blue Cross Foundation** granted \$400K to a California-based nonprofit to improve maternal health outcomes.
- High consumer demand to use the prescription of costly drugs like Ozempic or Wegovy for weight loss purposes, drives insurers and PBMs to restrict access beyond the FDA's label, including multiple rounds of prior authorization or removal from PBM formularies.
- Payers are uniquely positioned to offer interventions that address disparities, according to a United Hospital Fund report.

## PROVIDERS

- Physician-staffing company **Envision Health** filed for bankruptcy five years after a buyout from private equity firm KKR and was valued at \$10B.
- **CommonSpirit Health** reported \$658M in operating loss last quarter, continuing a steep downward trend for fiscal year 2023. The health system pointed to decreased patient acuity and stagnant reimbursement for the \$1.1B in total operational losses.



- Last week, we reported on non-clinical lay-offs by hospitals and health systems to combat continued financial pressures. To illustrate the coordinated move, *Fierce Healthcare* compiled 45 examples of administrative job eliminations in 2023.
- In March, hospitals saw the first positive operating margins in 15 months, signaling providers are better managing rising expenses and shrinking reimbursements.
- **CVS Health** announced it is winding down its clinical trials unit, with a complete exit by December 2024.
- The 340B program provided savings to hospitals that received the COVID-19 pandemic's eligibility exception, according to a GAO report.

## PAYERS AND PROVIDERS (M&A)

- **Geisinger** reported a first-quarter operating loss of \$36M. This newest financial report comes just weeks after **Kaiser Permanente** agreed to acquire the health system.
- **Humana's** purchase of Wisconsin-based managed care company **Inclusa** cleared state review, allowing the payer to take over Inclusa's long-term care services in the state.

## VALUE-BASED CARE

- Humana partnered with two national durable medical equipment (DME) companies to provide value-based home health services to its Medicare Advantage HMO members.
- Dr. Dora Hughes, Chief Medical Officer at the CMS Innovation Center, released a blog outlining the Center's progress on health equity following its 2022 launch of a new health equity initiative.

## HEALTH EQUITY & SDOH

- Last week, the White House Director of the Office of Public Engagement, the CMS Administrator and other officials convened a meeting with health plan associations and civil rights leaders to discuss how to address the need for insurance coverage with so many people becoming ineligible for Medicaid.
- The GAO released a report detailing the agency's work on healthcare access in rural communities.
- Retired editor of *Modern Healthcare*, Merrill Goozner, published a blog post about how spending more Medicaid dollars on social services will help contain costs in the U.S. health care system.
- **CVS Health** expanded its free community screening program Project Health to include mental health evaluations for depression.
- A group of health systems pledged that professionals from economically disadvantaged areas will total 10% of new hires by 2027.
- Payers are uniquely qualified to drive health equity due to their sizeable employee pools and high spending potential, according to one report by the United Hospital Fund.

## MEDICAID

- CMS released an FAQ for state Medicaid and CHIP agencies as they work to process millions of Americans during Medicaid redeterminations.
  - Providers are concerned about the financial impact of high numbers of people becoming uninsured from Medicaid redeterminations.



- How states are tracking the unwinding of Medicaid eligibility [here](#).
- AHIP provided a [toolkit](#) to [support](#) English- and Spanish-speaking patients during the redetermination process and to connect disenrolled individuals to the Health Insurance Marketplace.
  - AHIP also released an issue brief outlining [best practice recommendations](#) for states undergoing redetermination. The strategies include committing to multiple outreach channels, partnering with Medicaid-managed care organizations, hiring more staff to manage the process, and creating a publicly available online dashboard.

## Virtual Health

---

### FEDERAL NEWS

- The *Telemental Healthcare Access Act* was [reintroduced](#) in the U.S. House of Representatives to remove the requirement that doctors must see Medicare beneficiaries in-person within 6 months of a virtual visit for mental health treatment. More [here](#).

### NEW LAUNCHES AND PARTNERSHIPS

- **Orlando Health** [developed](#) a virtual care clinic at a convention center to connect patients with board-certified physicians.
- **Teladoc** and **HealthJoy** [released](#) HealthJoy Virtual Primary Care to simplify and improve employees' access to primary care. More [here](#), [here](#).
- **Mary Washington Healthcare** [released](#) a virtual nursing program where staff can provide patients with video-enabled care to alleviate nursing burnout.
- **The University of Mississippi Medical Center** [partnered](#) with **AMC Health** to integrate its remote patient monitoring capabilities. This addition will improve the care of patients with chronic conditions. More [here](#).

### OTHER TELEHEALTH NEWS

- **Amino Health**, a digital health guidance platform that connects members with providers and benefits programs, [secured](#) \$80M to continue its operations of allowing members to access proactive care. More [here](#).
- Medicaid beneficiaries ages 50 to 64 had [higher rates of telemedicine claims](#) than beneficiaries ages 18 to 34 at the end of 2020, according to a [new study](#).

