Maverick Health Policy

MYMAVERICK RECAP

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NEWSLETTER CONTENTS

Digital Health

DIGITAL HEALTH INVESTMENTS

- Chicago-based **GTCR**, a private equity firm with healthcare and technology as core investment areas, raised $11.5 billion for its new fund.
- **HealthSnap**, an integrated remote patient monitoring and chronic care management platform provider, raised $9M in series A funding.
- **Lifeforce**, a membership-based wellness platform, raised $12M in series A funding to partner with providers and developers of wearable devices.
- **Florence**, a patient intake and tracking startup, acquired **Zipnosis**, a virtual care platform, from insurtech company **Bright Health** – which is working to delay bankruptcy.
- **Medisolv**, a healthcare quality data measurements and reporting solution, received a strategic investment from **BVP Forge**, a private equity firm, to accelerate growth.

ARTIFICIAL INTELLIGENCE NEWS

- G7 nations – U.S., Japan, Germany, Britain, France, Italy, Canada, and E.U. – shared the sentiment that generative AI is outpacing oversight for safety and security and called for creating a working group to generate oversight solutions.
- *STAT News* released a report detailing expert opinions regarding what generative AI means for healthcare.
- A majority of people do not fully trust AI-powered medical advice, but trust increases if the AI is monitored and guided by humans, according to a University of Arizona-led study.
- Over 200 independent vendors are selling AI-based software for medical imaging, according to market research firm **Signify**.
- **IKS Health**, a provider enablement platform, partnered with **Abridge**, a generative AI for healthcare platform, to build tools to reduce provider burden and address burnout and staffing shortages.
- **Epic** integrated AI-powered voice assistant company **Suki** into its EHR to enable ambient-note-generating capabilities.

ARTIFICIAL INTELLIGENCE INVESTMENTS

- **Anthropic**, a large language model and rival to ChatGPT, raised $450M with significant support from Google.
- **Adonis**, a startup offering revenue cycle management and prior authorization automation, raised $17.3M in series A funding. Read here to understand why this new company may do really well.
- **FemTec Health**, a company designed to transform women's healthcare experience using insights from its AI-based platform, ceased operations.
- **Intelligent Medical Objects**, a data quality solution for healthcare, acquired **Melax Technologies**, an AI and natural language processing (NLP) technology to extract textual data.

Interoperability & Health IT

FEDERAL NEWS

- The HHS Office of National Coordinator for Health IT announced the dates of its annual meeting: December 14-15, 2023. By then, its proposed rule on updated certification criteria for electronic health record interoperability standards should be finalized -- there is a Q&A session about it on June 8, 2023.
- The VA failed to establish goals to assess user satisfaction with its Cerner EHR system, according to a GAO report.

INDUSTRY NEWS

- **Epic** announced that 20 additional health systems, including **Cedars-Sinai, Mayo Clinic, and Mount Sinai Health System**, pledged to join TEFCA – the national health information-sharing network-- for a total of 27 participants.

- Multiple advocates and industry organizations encouraged the FDA to regulate how digital health device data could be incorporated into clinical-trial submissions.
- **Wellstar Health System** launched a $100 million venture fund with plans to make over 50 investments in digital health-focused startups.
- The **HIMSS** Electronic Health Record Association (EHRA) announced what it plans to submit as a comment to ONC regarding the agency's recent HTI-1 proposed rule.
  - The group is concerned about suggested implementation timeframes the burden compliance would cause and the misalignment between ONC and CMS requirements.

PUBLIC HEALTH DATA
- The World Health Organization (WHO) launched the International Pathogen Surveillance Network (IPSN) which will utilize genomics and data analytics to prevent and detect infectious disease threats.
- **Premom,** a fertility tracking app, sold personal health information without disclosing its data-sharing practices to consumers, going against the *Health Breach Notification Rule*.
- Many health systems pledged to use Epic and join TEFCA. Find the list of organizations here.

DATA PRIVACY AND SECURITY
- The FTC proposed amendments to the Health Breach Notification Rule, including clarifying the rule's applicability to health apps and other direct-to-consumer health technologies.
  - **Premom**, a fertility app, violated the Health Breach Notification Rule by failing to notify consumers that it disclosed sensitive health data to two China-based firms and **Google**. The DOJ, on behalf of FTC, filed a proposed order to bar Premom's parent corporation from sharing health data for advertising purposes.
- The FTC issued a policy statement regarding companies' use of consumers' biometric information because of the potential for privacy and security concerns, warning that false claims about these technologies and the use of information may violate the FTC Act. More here, here.
- There was a month-over-month decrease in the total number of reported healthcare data breaches in April, with 52 in total, six less than the 12-month average, according to *The HIPAA Journal.*
- Neighboring hospital emergency departments experience strain – increased patient volumes, wait times, and strokes – when nearby hospitals are impacted by ransomware attacks, according to a recent study.

Payers & Providers

HEALTHCARE TRANSPARENCY
- The U.S. House Energy and Commerce Subcommittee on Health approved a series of health reform bills, including policies for price transparency regulation, site-neutral payments, pharmacy business manager (PBM) reform, and 340B drug discounts.

- ○ PCMA, the trade association representing PBMs, is <u>upset</u> about its lack of input into the bills.
- Following a series of price transparency hearings last week in the U.S. House Ways and Means Committee, the AHA published a <u>statement</u> commending the Committee's work on hospital price transparency while <u>framing</u> recent hospital non-compliance as a product of the pandemic's burden on healthcare organizations.
- According to an **Elevance Health**-authored <u>publication</u> in *Health Affairs,* price data collection and analysis continue to be a burden as well as an <u>impediment</u> to compliance with CMS' price transparency rules for health plans.
- The FTC sued to <u>block the merger</u> of pharmaceutical manufacturers **Amgen** and **Horizon Therapeutics**, claiming Amgen could use the deal to pressure PBMs to push expensive Horizon products and limit competition.
- The popular weight loss drug Ozempic could <u>cost Medicare</u> up to $26.8B per year if 10% of beneficiaries utilized the drug – further threatening the program's solvency as consumers and politicians increasingly push for Part D coverage for obesity drugs.

PAYERS

- CMS <u>released</u> a proposed rule to require pharmacy benefit managers (PBMs) to disclose the prices they negotiate for prescription drugs in the Medicaid program. Medicaid managed care plans' contracts with state Medicaid programs will have to reflect "transparent reporting of drug payment information" if the rule is implemented. More <u>here</u>.
- **Walgreens** is <u>asking</u> a D.C. federal court to reverse an arbitration award that would require the company to pay $642 million to **Humana** in a dispute over Walgreen's pharmacy savings club discounts.
- The U.S. Senate Permanent Subcommittee on Investigations <u>requested</u> that three Medicare Advantage (MA) plans, **UnitedHealthcare**, **Humana**, and **Aetna** send documentation on how they determine claims denials.
  - ○ The Senate Committee's investigation follows the House Energy & Commerce Committee's <u>request of **Cigna**</u> to explain its use of artificial intelligence and algorithms to make coverage decisions.
- Health plans owe enrollees an estimated $1.1B in rebates for overcharging them for premiums, according to a new Kaiser Family Foundation <u>report</u>.
- The U.S. Fifth Circuit Court of Appeals <u>temporarily blocked</u> the Texas district court's ruling overturning ACA preventative services while the court reviews the case. More <u>here</u>.
  - ○ The effects of a ruling against these provisions still need to be discovered, with only 72% of employers <u>pledging</u> to cover the services in full.
  - ○ KFF issued a <u>news release</u> explaining each plaintiff's claims in the case.
- AHIP President and CEO Matt Eyles <u>announced his resignation</u>, effective October 2, 2023.
- Criticisms of **UnitedHealthcare**'s new endoscopy prior authorization policy are <u>mounting</u> as physicians and patients raise concerns about barriers to receiving colonoscopies and scopes of the throat, stomach, and digestive tract.
- Becker's posted a <u>list</u> of six health plans' U.S. commercial membership, based on first-quarter earnings reports.
- Insurtech company **Bright Health** moved forward with a <u>1-for-80 reverse stock split</u> as it attempts to regain compliance with stock exchange listing standards.

PROVIDERS

- The AMA released an analysis finding 31% of physicians are sued during their careers. Only one-third of civil liability cases against physicians are brought to trial. Following the release, the trade association called for medical liability reforms.
- Delayed reimbursements by commercial health plans and frequent initial claims denials are reportedly slowing providers' financial recovery as health systems work to regain revenue after a difficult last year.
- While Q1 2023 was not the economic boost providers expected as the country transitions out of the pandemic, some health systems reported a slight financial improvement.
  - **Intermountain Health** reported an operating income of $104M on heavily increased revenues of $3.9B, compared to last year's revenue of $2.8B from the same quarter. The increase in revenue was offset by a $1B+ rise in expenses.
  - Phoenix-based **Banner Health** reported a $174M increase in operating income, rising from a $46M loss in Q1 2022 to $128M in this year's first quarter.
- Pennsylvania labor unions filed an antitrust complaint against **UPMC** for using its market position to suppress healthcare workers' wages while increasing workloads. The complaint alleges the health system's recent acquisitions isolate itself from competitive market pressures.

PAYERS AND PROVIDERS (M&A)

- **HCA Healthcare** agreed to acquire 41 urgent care centers across Texas as the for-profit health system moves towards its goal to expand to 300 urgent care centers this year.
- The new health system resulting from the January merger of Pennsylvania-based **Butler Health System** and **Excela Health** announced its new name – **Independence Health System**.

VALUE-BASED CARE

- The CMS Accountable Health Communities (AHC) Model reduced avoidable emergency department utilization for Medicare beneficiaries by 9% according to an evaluation report. The model did not, however, address health-related social needs as intended.

HEALTH EQUITY & SDOH

- CMS released a fact sheet detailing the agency's efforts to address health equity.
- **Tufts Medicine** agreed to a value-based care arrangement with **BCBS of Massachusetts** that include health equity benchmarks.
- **Aetna** allocated $7.3M in value-based incentives for federally qualified health centers (FQHCs) in partnership with Virginia Community Healthcare Association. The payments will address health disparities in cancer outcomes for marginalized populations with expanded preventive screenings.

MEDICAID

- Medicaid redeterminations are causing consternation for the health care system. Florida reported nearly 250,000 disenrolled individuals to CMS as Medicaid redeterminations continue to be processed across the country. The large proportion of disenrollments is due to procedural reasons – 82% of cases in the state's May 9 report – raising alarms that too many people are losing coverage for the wrong reasons.
- The Biden Administration announced three initiatives to improve access to school-based mental health services for children under Medicaid, including a proposed rule to remove barriers for schools to bill Medicaid for services.
- Only 28% of Medicaid beneficiaries are aware of the ongoing redetermination process in their state.
- To curb revenue losses from Medicaid, the Wisconsin Hospital Association lobbied its state lawmakers to allocate an additional $185M a year to the public benefits program.

Virtual Health

FEDERAL NEWS

- The FTC released proposed changes to the *Health Breach Notification Rule (HBNR)* to clarify the rule's applicability to health applications.
    - The FTC is asking for public input on the changes to the HBNR.
- The *Tech to Save Moms Act* was reintroduced to bridge the gap between maternal health and racial and ethnic disparities in maternal mortality by promoting the integration of telehealth and digital tools.

NEW LAUNCHES AND PARTNERSHIPS

- **Allegheny Health Network** will release a digital nursing program by the end of 2024 to assist nurses in admitting and discharging patients, and possibly charting and patient monitoring.
- **Parsley Health** launched a virtual women's care program to coordinate treatment for chronic conditions in high-risk women.
- Weight-loss management program **Found** released a platform to assist employers with managing medication-assisted obesity care.
- **Included Health**, a virtual care company, partnered with **DispatchHealth** to combine virtual primary care and in-home urgent care. The partnership's goal is to reduce emergency department visits by treating complex illnesses.

OTHER TELEHEALTH NEWS

- Medicare Administrative Contractors ("MACs"), the private companies that make local coverage decisions on CMS' behalf in the Medicare program, decided to continue reimbursing for remote patient monitoring after CMS stated it will no longer cover the service at the end of the PHE.

- Many health systems C-suite executives <u>say</u> that healthcare will be more digitized, virtual, and automated in the next five years.
- Over the next ten years, **Wellstar Health System** will <u>invest</u> $100M in digital health, including customer experience, data security, and the future of work.
- **Amazon** and **C VS** will be <u>ending</u> the following healthcare initiatives: CVS' clinical trials, the **Halo** app- Amazon's health and fitness device- and **Amazon Care.**
- **Meditech** <u>initiated</u> a new EHR integration system in partnership with **Doximity**, a digital health platform provider, that allows telehealth providers to access patient records and video conferencing in compliance with HIPAA data privacy rules.
- A *Journal of General Internal Medicine* <u>study</u> found that Black veterans <u>felt</u> that telehealth did not adequately manage their chronic pain beyond renewing prescriptions.
- Primary care physicians are <u>looking for guidance</u> on post-PHE telehealth triage guidelines, staffing requirements, and scheduling protocols to implement telehealth services more seamlessly into their care models.