



## MYMAVERICK RECAP

June 22, 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  
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

- **Aledade**, a network of independent primary care practices and platform that helps doctors transition to value-based models, raised \$260 million in Series F funding.
  - The company also announced that it added two new members of its Board of Directors, one of whom is David Blumental, who the Aledade CEO succeeded as National Coordinator of Health IT.
- **SVB Financial Group** announced its intentions to sell **SVB Securities**, its health- and tech-focused investment banking division, to a group led by Jeff Leerink backed by funds managed by the **Baupost Group**.
- **DexCare**, a digital patient booking platform, raised \$75 million in Series C funding.
- **Octave**, an outcome-focused behavioral healthcare provider, raised \$52 million in Series C funding.
- **EvolvedMD**, a provider of primary care collaborative care management services, raised \$14 million in Series A Prime funding to build its clinical team.

- **Caraway**, a virtual care provider offering mental, physical, and reproductive health services, raised \$16.75 million in series A funding to expand its offerings to six additional states.

## ARTIFICIAL INTELLIGENCE NEWS

- U.S. Senate Majority Leader Chuck Schumer unveiled a new process for gathering suggestions on how best to regulate AI from industry and consumer advocates. He outlined a new innovation framework called S.A.F.E. (security, accountability, foundations and explain) that will be used to regulate AI. More here, here, and here.
  - A bipartisan group of House representatives introduced a bill to establish an independent national commission to make recommendations about how to regulate AI.
- *Bloomberg Law* offered an analysis of how the FDA may approach regulating generative AI tools like ChatGPT.
- The GAO released a report on generative AI systems (e.g., ChatGPT or Bard), acknowledging the opportunities for increased productivity but warning about the lack of oversight and security.
- The American Medical Association voted to adopt a policy calling for increased regulation of insurers' use of AI in reviewing patient claims and prior authorization requests.
- **CBInsights** released its annual list of the 100 most promising private AI companies, including 8 healthcare companies.
- **McKinsey** released recommendations in a new report on how organizations can execute digital and AI transformations to be more competitive.
- Generative AI model **ChatGPT-4** excelled at differential diagnostics, with the AI model accurately agreeing with the final diagnosis in 39% of cases, according to a study led by **Harvard** researchers.
- **Dandelion Health** announced the launch of its new service next month that will evaluate AI products on independent data to grade efficacy and expose weaknesses of new AI tools.
- **Mount Sinai** launched a new digital mobile app tool that features virtual care scheduling, an AI-enabled symptom checker, and a virtual assistant to answer patient questions.

## ARTIFICIAL INTELLIGENCE INVESTMENTS

- **Outbound AI**, a healthcare billing and claims automation startup, raised \$16 million.
- New York-based company **Duos**, which contracts with MA plans to direct seniors and caregivers to existing, unused benefits with an AI-powered navigation engine, raised \$10M. Duos also refers people to social services like transportation, food delivery and home cleaning.
- **Centene** completed the sale of its AI platform **Apixio** to **New Mountain Capital**, a venture capital firm, for an undisclosed amount.
- **Altis Labs**, an AI-powered computational imaging company, raised \$6 million in seed funding to enhance its AI-powered imaging biomarker platform across solid tumor types.



# Interoperability & Health IT

---

## FEDERAL NEWS

- *Politico* is reporting that more than 230 representatives and 61 senators are calling on CMS to add several provisions to its proposed electronic prior authorization rule, including “real-time” prior authorization for routine matters, a 24-hour deadline for MA plans to respond to prior authorization requests.
  - CMS plans to publish its final rule by December 2025, according to the report.
- The National Committee on Vital and Health Statistics, a public advisory board to HHS, declined to recommend an update to Medicare forms that would add medical device identifier codes to claims, continuing reimbursement and safety challenges associated with medical devices.
- ONC formed a pharmacy IT task force of health system and EHR executives to improve pharmacy interoperability, support emerging medicine and therapeutics, and boost direct-to-consumer pharmacy services.
- ONC’s Leading Edge Acceleration Projects (LEAP) funded a project leveraging FHIR to simplify the collection and population of clinical data registries. The purposes of the project is to increase participation in clinical registries to improve care decisions.
- U.S. Senators Peter Welch and Elizabeth Warren sent a letter to Amazon CEO Andy Jassy regarding Amazon Clinic’s access to “complete” consumer health information and the transparent use of the collected data.
  - The FTC sued Amazon for allegedly enrolling customers in Amazon Prime without their consent.

## INDUSTRY NEWS

- Dr. Don Rucker, former National Coordinator for Health IT, explained where he sees TEFCA heading and his current concerns about the framework.
- NYHealth and **OpenNotes** announced the recipients of an \$800,000 grant package to help primary care practices and FQHCs comply with requirements for patient access to clinical notes under the 21<sup>st</sup> Century Cures Act.
- **Oracle** laid off “hundreds” of **Cerner** employees following the new deal between the EHR vendor and the VA.
- **Datavant**, a health tech company building a data platform to expedite clinical research, registered to lobby the federal government on health data-related issues.
- **Palantir**, developer of data-driven intelligence applications for government and commercial use cases, partnered with Cleveland Clinic and Tampa General Hospital to develop software for hospital efficiency.
- **Illumina Ventures**, a genomics and precision health venture firm, launched Illumina Ventures Labs – an accelerator program providing start-ups in target areas with technical guidance and access to next-generation sequencing platforms.



## PUBLIC HEALTH DATA

- The U.S. needs a new strategy for funding community health and resilience in states along the Gulf of Mexico, according to a report from the National Academies of Sciences, Engineering, and Medicine. Their recommendations include a national effort to correct gaps in regional data to help address local problems.
- ChatGPT provides evidence-based responses to public health questions but fails to direct users to resources, according to a recent study.

## DATA PRIVACY AND SECURITY

- In response to the proposed rule on strengthening HIPAA protections of reproductive privacy rights, a coalition of 24 state attorneys general submitted a formal comment letter to HHS in support.
- The FTC charged genetic testing firm **1Health.io** with failing to adequately secure users' sensitive genetic and health data and deceiving consumers through its privacy policies.
  - As part of the proposed settlement, the genetic testing company will have to pay the FTC \$75K and agree to strengthen its protections for genetic information.
  - The FTC also published a blog post about its complaint and offered advice for how other genetic testing companies can keep information secure.
- HHS fined Washington-based **Yakima Valley Memorial Hospital** \$240,000 for permitting 23 security guards to review the medical records of 419 patients without authorization. More here.
- A new KFF issue brief explores how federal waivers during the pandemic expanded the use of mental health apps and existing privacy protections offered by HIPAA, the FTC, and a new congressional proposal.
- The GAO detailed inconsistencies across the government based on how different agencies track, investigate, and prosecute cybercrimes. The report recommended a common system for measuring the extent and impact of cybercrime, agreeing on a definition of cybercrime, and coordinating among law enforcement agencies.
- The Cybersecurity and Infrastructure Security Agency, among other agencies, issued a Cybersecurity Advisory against LockBit ransomware threats, emphasizing the urgency of employing robust cybersecurity measures to mitigate the risk of ransomware and safeguard critical healthcare systems and data.
- HHS issued a cybersecurity alert about the new ransomware-as-a-service TimiSoaraHackerTeam (THT), which recently targeted a cancer center's secure data.

## Payers & Providers

---

## HEALTHCARE TRANSPARENCY

- CMS launched its consumer-advocacy No Surprises Act website, which outlines patients' rights regarding surprise medical bills and connects consumers to the agency's No Surprises hotline.



## PAYERS

- For the first time, the U.S. Preventive Services Task Force recommended that all adults under the age of 64 should be screened regularly for anxiety disorders.
- The U.S. Supreme Court upheld the Justice Department's decision to dismiss a whistleblower lawsuit alleging a **UnitedHealth Group** subsidiary (**Optum360**) charged Medicare inpatient rates for outpatient services. More here.
- In line with **UnitedHealthcare's** warning last week about rising medical costs for payers, **Humana** expects its benefit-expense ratio will exceed initial 2023 estimates due to the significant utilization of outpatient services and high enrollment in its MA program.
- **CVS Health** and former **Express Scripts** CEO Amy Bricker appealed a judge's preliminary injunction barring Bricker from an executive vice president role with CVS Health. The appeal alleges her noncompete clause from Cigna is overly broad and anticompetitive.
- **Novo Nordisk** hired a law and lobbying firm to help convince federal policymakers to cover its GLP-1 weight-loss drugs Ozempic and Wegovy under Medicare.
- Regardless of health insurance type, 81% of insured adults rated their health plan as "excellent" or "good," however, members with poor health were more likely to negatively rate their insurance.

## PROVIDERS

- The AHA is lobbying against site-neutral payment reform as suggested by MedPAC. See here.
- The AMA House of Delegates voted on several items last week, including a recommendation to support the movement to remove noncompete clauses in physician contracts to allow physicians to work for multiple hospitals, and to move away from the body mass index (BMI) as a way to assess health and weight.
- According to the Commonwealth Fund's Scorecard on State Health System Performance, suicides and drug overdoses contributed to historically high preventable deaths from 2019 to 2021.
- Human Rights Watch scrutinized nonprofit hospitals in the U.S. for causing millions of American patients to accumulate debt, calling for stronger government intervention to protect patients' rights and regulate billing and debt collection practices.
  - The AHA pushed back in a statement, claiming the report does not understand nonprofit hospital status and failed to acknowledge the role of inadequate coverage in accruing medical debt.
- Amid a five-day nursing strike, Oregon-based **Providence** health system is limiting some of its non-emergency services.
- **SEIU**, the largest U.S. healthcare worker union, accused **HCA** of inappropriately transferring patients to hospice centers, thus artificially reducing mortality rates and boosting executive compensation. Medicare analysis found that HCA's transfer rates to hospice centers are more than 40% above the national average, and rising, while the health system's mortality rates remain well below average.
- Providers will likely face continued supply chain disruptions as device and drug manufacturers face staffing shortages and discontinue unprofitable products.



## PAYERS AND PROVIDERS (M&A)

- PwC published a new report showing that inflation, rising interest rates, and uncertainty about changes to government health programs could slow healthcare dealmaking in 2023.
- The HHS Agency for Healthcare Research and Quality (AHRQ) released new data showing that three-fourths of hospitals and most physicians belonged to a vertically-integrated healthcare system.
- **Centene** completed its sale of **Apixio**, its AI platform that analyzes unstructured data to help create patient health profiles, to private equity firm New Mountain Capital.
- Pennsylvania-based **Washington Health System** signed a letter of intent to merge with **UPMC**.

## VALUE-BASED CARE

- In a *Health Affairs Forefront* article, **Aledade** CEO Farzad Mostashari offered suggestions to CMS on how to improve its proposal for a Universal Foundation of quality measures.
- **Aledade** raised \$260M in Series F to continue its growth as a value-based data analytics company, which comes after its deal to acquire analytics company **Curia**.
- Program design intensity should be considered by payers looking to implement value-based purchasing contracts, according to a systematic review published in *Health Affairs*. High-intensity programs are often difficult to implement but offer better care quality and greater spending reduction outcomes.

## HEALTH EQUITY & SDOH

- EHR integration of standardized nursing classifications may improve SDOH data collection and better identify SDOH patient needs, according to an article published in *JAMIA*.
- Patient risk score calculators which factored in racial data performed better across groups than calculators in which race was omitted, according to a new study from The University of Washington. This research calls into question the anti-bias movement to remove race when calculating patient risk scores.
- The Health Resources and Services Administration (HRSA) announced awards of nearly \$9M to strengthen and expand the number of substance-use disorder clinicians in underserved communities.
- Cancer screening rates are lower in areas impacted by historic redlining policies, demonstrating the systemic effects past racist policies can have on BIPOC health outcomes.

## MEDICAID

- After CMS issued two proposed Medicaid rules -- one on home and community-based services and another on improving Medicaid managed care programs -- experts offered ideas for improving the Medicare-Medicaid dual-eligible program.
- A federal court held that the Florida Medicaid's rule excluding gender-affirming health care from Medicaid coverage is unlawful and unconstitutional.
- States received over \$117 billion in enhanced Medicaid funding during the pandemic to help fund increasing demand, according to KFF analysis. States that chose not to expand Medicaid under the Affordable Care Act received a higher share of funding.



- On July 1, Georgia will launch work requirements for certain Medicaid beneficiaries under its expanded Medicaid program. The state is the first in 5 years to add such requirements, which received national attention during this year's debt ceiling negotiations.

## Virtual Health

---

### FEDERAL NEWS

- A bipartisan group of 60 U.S. Senators reintroduced the Creating Opportunities Now for Necessary and Effective Care Technologies (CONNECT) for Health Act to expand Medicare coverage of telehealth and make virtual care flexibilities permanent post-COVID-19.
- In its June 2023 Report to Congress, MedPAC recommended the permanent expansion of telehealth services while limiting fraud and abuse risks to beneficiaries and the Medicare program. The Commission recommended the transition of telehealth payments to the lower, non-facility pre-pandemic physician fee schedule (PFS) rates, including services provided in FQHCs and RHCs.

### NEW LAUNCHES AND PARTNERSHIPS

- **Mount Sinai** launched a new digital tool on its mobile app that features virtual care scheduling, an AI-enabled symptom checker, and a virtual assistant to manage appointments and answer patient questions.

### OTHER TELEHEALTH NEWS

- Washington became the 40<sup>th</sup> state to enact the Nurse Licensure Compact (NLC), which allows nurses with multistate licenses to provide in-person and telehealth services to patients located in any NLC state.
- A new KFF issue brief discusses how the pandemic expanded the use of mental health apps and the post-PHE government scrutiny of related privacy concerns and access to prescription drugs via telehealth.
- Elevance Health and Caredon partnered to leverage digital health advancements to enable patients to conduct physical examinations at home and communicate with doctors remotely.
- The growth and popularity of mental health apps during the COVID-19 pandemic left questions about the risks and benefits of digital health solutions, posing a new policy focus for the regulation and reimbursement of such services, according to KFF analysis.
- Rock Health Capital announced its investment in Rosarium Health, an online marketplace that connects occupational therapists and local home contractors to patients with medical conditions that require home modifications.
- The likelihood of telehealth use among residents was 23% higher in states with telehealth payment parity laws, according to a study published in the *Journal of Public Health Management and Practice*. Telehealth payment parity laws require equal rates of reimbursement for telehealth and in-person services.
- Reimbursement, specifically for uncompensated provider services, will play a substantial role in influencing the future of telehealth use, according to research published in the *American Journal of Accountable Care (AJMC)*.



- Wearable device use correlates with more favorable health outcomes for hospitalized patients, according to research published in *JAMA Network Open*.
- Between 2020 and 2021, wearable healthcare device use increased greatly as more consumers wear smartwatches and use wearable monitors such as blood pressure devices and wearable biosensors, according to an AnalyticsIQ survey.

