



MYMAVERICK RECAP

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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

- *Becker's* published a list of the 18 digital health companies that raised a total of \$118M in the last 30 days.
- **Vertex Ventures HC**, a woman-led healthcare investment firm, raised \$200M for its third fund targeted at early-stage companies that demonstrate disruptive technologies and a clear path toward developing new medicines.
- **Shoni Health Ventures**, a venture capital firm, launched its first health tech fund for early-stage startups.
- **Pitchbook** released its Q1 Digital Health Report, highlighting opportunities in weight loss management and the telehealth shift from direct-to-consumer to business-to-business.
- **UnitedHealth's Optum** acquired Amedisys, a home health and hospice provider, for \$3.3B.
- **Author Health**, a digital mental health company serving Medicare Advantage members, raised \$115M for its platform that offers care for seniors with mental illness and substance use disorders.

- **TPN.health**, a digital engagement platform for behavioral health professionals, raised \$3.9M in Series A funding to enhance its product offerings and expand its professional network.
- **Bitewell**, a digital marketplace company that lets users shop for groceries, restaurant meals, and meal kits as an insurance-subsidized benefit, secured \$4M in seed funding.

ARTIFICIAL INTELLIGENCE NEWS

- Multiple government actors are making plans to regulate artificial intelligence:
 - On June 20, 2023, members of U.S. House introduced the bipartisan National AI Commission Act, to create a national commission with public and private representatives to decide how to regulate AI.
 - On June 20, 2023, the National Academy of Medicine -- a congressionally-chartered nonprofit institution that gathers experts to render advice on science, technology, and health -- launched a 3-year project convening health, tech, and other leaders to create a code of conduct for AI use in healthcare.
 - On June 21, 2023, Senate Majority Leader Chuck Schumer launched the SAFE Innovation Framework, an approach to address AI challenges, and the AI Insights Forum, a plan to convene AI experts in various fields to discuss emerging issue on the topic.
 - Dr. Brian Anderson, co-founder of the Coalition for Health AI (CHAI), said the SAFE Innovation framework aligns with CHAI's blueprint it released in April, according to *Politico*.
 - On June 22, 2023, the Biden Administration announced a new National Institute of Standards and Technology (NIST) Public Working Group on AI, which will build on NIST's Risk Management Framework, to respond to challenges presented by generative AI.
 - ONC may add an FDA-like "nutrition label" to AI software that supports health care predictive decision support interventions (fact sheet here) when it finalizes its HTI-1 rule.
 - The European Union (i.e., Parliament, the European Commission, and the Council of the European Union) is planning to regulate AI by the end of the year as part of the EU AI Act. Like the European privacy law, General Data Protection Regulation (GDPR), the EU AI Act would be designed to apply to businesses beyond EU borders.
- As a result of the regulatory activity, AI companies are hiring lobbyists:
 - Stability AI, the company behind the text-to-image tool Stable Diffusion, which is reportedly raising a Series A at a \$4 billion valuation, hired Franklin Square.
 - Hugging Face, which is trying to become the "GitHub of AI" hired Invariant.
 - Anthropic, a competitor of OpenAI, hired boutique lobbying firm Acquia Group.
- Austin, Texas-based healthcare AI developer **AlphaNodus**, announced enhancements to its prior authorization tool – Gravity AI – which now automates 80% of imaging authorizations within seconds.
- **GSR Ventures** and **Maverick Ventures** released a report describing why now is the ideal time to integrate generative AI technologies, such as ChatGPT, into healthcare. The report includes a matrix estimating different applications complexity and level of adoption.



- Experts are telling media outlets that generative AI should be used to reduce administrative burdens for now, and consider patient-related applications later: Quartz, New York Times, The Guardian.
 - A new survey shows that people are comfortable with AI scheduling a primary care appointment, but not AI-led therapy.
- **WebMD** announced an exclusive partnership with **HIA Technologies** to offer HealthInteractive, an AI-powered health assistant that will guide patients through WebMD content and answer their questions.

ARTIFICIAL INTELLIGENCE INVESTMENTS

- **AWS** launched an innovation center focused on generative AI with a \$100M investment.
- **FlyWheel**, an AI medical imaging platform provider, raised \$54M in Series D funding to further its market expansion and achieve global reach.
- **Duos**, a digital health company that uses AI to rank older adults' health needs and connect them with care, raised \$10M.
- **BeeKeeperAI**, a company with an AI-powered platform designed to allow medical organizations to conduct HIPAA-compliant research on real data, raised \$12.1M in Series A funding.
- **Blueprint**, a provider of patient tracking and outcomes assessment tools, raised \$9M in Series A funding to hone its AI layer for developing personal insights.
- **AvoMD**, an AI-enabled clinical decision support platform provider, raised \$5M in seed funding to build out EHR integration and upgrade the AI platform.
- **MosaicML**, a large-scale neural network training and inference company, was acquired by DataBricks for \$1.3B.

Interoperability & Health IT

FEDERAL NEWS

- The HHS Office of Inspector General posted its final rule implementing information blocking penalties. Notably, the final rule stated that if developers of certified health IT, entities offering certified health IT, health information exchanges, or health information network commit information blocking, they may be subject to a civil monetary penalty of up to \$1M per violation.
- The U.S. Department of Veteran Affairs expects Oracle Cerner to deliver on its \$10 billion EHR contract despite the company deciding to lay off hundreds of employees last week.

INDUSTRY NEWS

- **Zocdoc**, a company that allows patients to find and schedule appointments with local in-network providers, integrated with **Elation Health's** EHRs, to make it easier for primary care doctors to more schedule patients.



- **DirectTrust**, a non-profit alliance focused on electronic exchange of protected health information, released draft criteria for its health IT accreditation programs and announced a 60-day public comment and review period.
- The AMA announced nine organizations selected as recipients of the 2023 Electronic Health Record Use Research Grant Program, a program to fund research designed to improve and better utilize EHR platforms.
- The Health Innovation Alliance (HIA) submitted comments on ONC's proposed Health Data, Technology, and Interoperability (HTI-1) rule. A breakdown of the legislation and implications of this rule can be found here.
- **Microsoft** OpenAI-enabled speech recognition subsidiary **Nuance Communications** announced its clinical notes DAX Express AI software will be integrated into **Epic's** EHR system to help reduce administrative burden.

PUBLIC HEALTH DATA

- In a *New York Times* op-ed, outgoing CDC Director Dr. Rochelle Walensky warned that the outdated and unreliable public health data systems used in the United States will leave the country unprepared to address future public health crises. She also said similar things in an interview with *Time*.
 - Dr. David Blumenthal concurred in a *New England Journal of Medicine* article.
 - Gregg Church, President of 4medica, explains this issue and offers solutions here.

DATA PRIVACY AND SECURITY

- Adding to the confusing and sometimes conflicting state privacy laws, Texas is the 10th state to enact a consumer data privacy law. Health data is included in the protections under the law, but HIPAA-covered entities and business associates are exempted. More here, here.
- **Amazon** is delaying the nationwide launch of Amazon Clinic, its subscription-based telehealth service currently available in 33 states, after U.S. Senators Peter Welch and Elizabeth Warren announced their concerns.
- There are a few news items about health data breaches:
 - Kannact a digital health company that connects providers with patients at home, reported a data breach impacting over 103,000 people.
 - Onix Group, a real estate firm that has several health care affiliate companies, is facing a class-action lawsuit after reporting a data breach that impacted more than 320,000 people.
 - IntelliHARTx, a hospital billing company, is facing a class-action lawsuit for failing to safeguard patients' protected health information after a January breach.
- The Biden Administration is considering placing new restrictions on the export of AI semiconductors to China amidst national security concerns.
- The 2023 State of Cyber Defense survey found that 42% of healthcare security decision-makers consider trust a cybersecurity risk with 66% reporting they trust their employees for recognizing a cyberattack over their tech teams to prevent an attack. The findings show that firms must emphasize trust-building programs like data protection and cybersecurity transparency.



- **John Hopkins** is the latest among thousands of large organizations throughout the world to publicly announce a cyberattack and data breach regarding the SQL injection vulnerability in Progress Software's MOVEit Transfer software.

Payers & Providers

HEALTHCARE TRANSPARENCY

- Nearly 300 legislators from both chambers of Congress urged HHS and CMS to finalize the Advancing Interoperability and Improving Prior Authorization proposed rule that would require government payers to switch to electronic prior authorization by 2026. Read the letters here and here.
 - The policymakers requested that CMS include a mechanism to enable real-time decisions for routine approvals and shorten the response window for expedited requests to 24 hours.

PAYERS

- *ProPublica* published another hit piece about the "hidden world of health insurance denials," explaining that there was a Department of Labor proposal in 2016 to make coverage denials more transparent, but it was killed by health plans and labor unions.
- PhRMA, the Global Colon Cancer Association, and the National Infusion Center Association are the latest organizations to join Merck and others in challenging the Medicare drug price negotiation provision of the IRA. More on the latest lawsuits here.
- This past weekend, Eli Lilly announced successful trial results of a new weight loss pill and injectable that showed the most weight loss of any obesity drug to date. More here.
- CMS introduced the Transitional Coverage for Emerging Devices (TCET) pathway to provide access to medical technology by enabling Medicare coverage of new medical devices during the efficacy testing period.
- Patients under employer-sponsored health plans could face higher out-of-pocket costs without corresponding decreases in employers' costs, if employers forgo coverage for preventative services, according to an Employee Benefits Research Institute report.
- A recent study found that Medicare Advantage enrollees with chronic conditions were not more likely to switch to fee-for-service.
- Benchmark cuts to Medicare Advantage payments did not slow enrollment growth, suggesting that plans did not pass costs onto members or eliminate benefits.
- Authorities in all 7 states where health insurtech **Friday Health Plans** operates placed the organization into receivership, leaving masses of policyholders to seek new coverage and resulting in the termination of 323 employees.
 - Between June 23 and July 6, Friday Health Plans will lay off all 323 employees as the company prepares to end all of its business.
- **Clover Health**, a Medicare Advantage insurtech, settled lawsuits that accused them of failing to disclose their involvement in a federal investigation for overbilling Medicare Advantage and agreed to improve fiscal oversight in the future.



PROVIDERS

- CMS released a new fact sheet to explain how clinicians can submit patient data to a nationwide registry to qualify for Medicare reimbursement of the new Alzheimer's drugs, after they get FDA approval.
- **Hospitals' operating margins** are improving with patients returning for in-person visits and labor costs starting to decline, *according to a new Kaufman Hall report*.
- **HCA** disputed accusations that the hospital system fraudulently and inappropriately transferred patients from hospitals to hospice facilities to increase profits.
- Thousands of **Ascension** nurses are leading one-day strikes this week, the largest in Texas and Kansas history. Upon striking, they will be locked out of their Ascension hospitals, according to statements from both the union and the health system.
- **Humana** intends to open seven additional Tennessee-based facilities in its **Centerwell** primary care network, bringing the total number of locations across the country to 257.
- Physician-owned general acute care hospitals (POHs) charge up to one-third less for several common services than non-physician-owned institutions in their region, according to a recent *JAMA Network Open* study.

PAYERS AND PROVIDERS (M&A)

- The FTC proposed changes to the premerger notification rules and form, which requires organizations to report large transactions to both the DOJ and FTC for antitrust review.
 - The agency hopes to more effectively screen transactions for in-depth reviews.
- In recent updates to the bidding war over home health and hospice provider **Amedisys**, **UnitedHealth Group** outbid **Option Care Health** at \$101 per share – landing the deal with Amedisys. **Option** will receive \$106M in termination fees.
- **Ochsner Health** and the **University of Texas MD Anderson Cancer Center** partnered to build a Louisiana-based integrated cancer care center.
- **Author Health**, a value-based care behavioral health care platform for MA members, launched with \$115M in funding. **Humana** will be the first MA plan to utilize Author Health's services.
- According to a report by PwC, the healthcare services sector is expected to remain resilient in merger and acquisition deals in 2023 despite recent dips.
- A recent AHA report claims that private equity firms, physician medical groups, and health insurers are top acquirers of physician practices—rebutting the narrative that hospitals and health systems are among the top buyers.

VALUE-BASED CARE

- **United Church Homes**, an Ohio-based care provider to skilled nursing centers, partnered with **Metta Healthcare** to form the nonprofit **Radiant Alliance**. As an affiliate of **CareSource**, Radiant Alliance will integrate value-based care for older patients.
- AHA recommended that Congress reform the Medicare Access and CHIP Reauthorization Act (MACRA), including advancing Alternative Payment Models, improving Merit-Based Incentive Payment Systems, reforming the Medicare Shared Savings Program, and abandoning site-neutral payment reform in Medicare.



- Provider evaluations through the Hospital Value-Based Purchasing program need to be reformed to weigh metrics and include patient feedback, according to a [JAMA study](#).

HEALTH EQUITY & SDOH

- The National Academy of Medicine (NAM) [developed](#) an [Artificial Intelligence Code of Conduct](#) (AICC) through collaboration with other health and research organizations to ensure that AI implementation increases health equity.
- HHS has entered into a five-year [agreement](#) with **Upstream**, a nonprofit organization, to enhance access to contraceptive care. The collaboration between HHS and Upstream aims to expand contraception access, improve women's health, and ensure that individuals of reproductive age have comprehensive and tailored contraceptive options.
- The Biden administration [announced](#) funding for the new [Persistent Poverty Initiative](#) to improve cancer outcomes in low-income communities.
- After providing medically-tailored meals to members post-hospitalization, **Kaiser Permanente** [reported](#) its MA plan saw lowered rehospitalization and death rates.
- Private sector employers are best suited to partner with communities to address social needs such as housing, nutrition, and access to health care, according to a [Health Affairs article](#).
- Low-income households that participated in the Supplemental Nutrition Assistance Program (SNAP) had [less racial disparities](#) in food insecurity than the families who did not participate in SNAP, according to a [study](#) published in *JAMA Network Open*.
- **BCBSA** [awarded](#) \$10 million to the Boys & Girls Club of America to enhance the quality and availability of mental health services.

MEDICAID

- California [secured](#) the largest Medicaid deal to date, placing \$35 billion from renewed taxes on health care plans and federal funds into California's Medicaid plan, Medi-Cal.
- Medicaid patients are disproportionately at risk for an opioid overdose by nearly 400% and [lack](#) access to necessary treatment, warranting reform such as an expansion in telemedicine capacity, according to a [JAMA study](#).
- Medicaid's health care services are of lower quality than those provided by private payers. An [issue brief](#) highlighted income-based cash payments provided to Medicaid beneficiaries to address this quality gap.
- Two joint *Health Affairs* articles ([here](#) and [here](#)) recommended policies to align regulations for the growing number of dually-eligible beneficiaries, including increased beneficiary protections and engagement, provider experience reform, increased transparency, and an integrated public health plan.

Virtual Health

FEDERAL NEWS

- The Congressional Budget Office (CBO) [estimated](#) that The Telehealth Expansion Act would cost the U.S. \$5B over the next decade. The Act is designed to give people with



high-deductible coverage permanent access to telehealth services without meeting a minimum deductible.

NEW LAUNCHES AND PARTNERSHIPS

- **Zuri Fertility**, a telehealth startup company, launched with an online platform to help individuals struggling with infertility access telehealth resources, education and care coordination, and at-home testing.
- **Calm Health**, the mental health offering for the popular meditation app, partnered with the **Mayo Clinic** to design digital mental health programs for cancer patients.
- The California Institute of Technology (Caltech) developed a wearable skin sensor that uses a patient's sweat to analyze their liver proteins and detect inflammation caused by underlying health conditions.
- Regenstrief Institute created a pilot study of OPTIMISTIC, a virtual application of an in-person model that is focused on enhancing clinical support and improving workflow within nursing facilities.

OTHER TELEHEALTH NEWS

- **UnitedHealthcare** announced that it eliminate out-of-pocket costs for its 24/7 Virtual Visits in some of its fully insured and high-deductible health plans beginning July 1.
- In its 2023 State of Telehealth report, the provider network platform **Doximity** found that about 92% of doctors said “ease of use” was key to ensuring patients could access virtual care. Other factors that help include not requiring users to log into another patient portal, language support, and no additional software downloads.
- **Amazon Clinic** delayed its expansion of telehealth services to mid-July after Democratic U.S. lawmakers expressed concerns about patient data privacy.
- A partnership between AI company **Iveda** and **Movement Interactive** announced it received an 8-year VA Contract to provide telehealth and fall-detection technologies to veterans.
- **Third Eye Health** and **LTC ACO**, the first long-term care accountable care organization in the U.S., are expanding their partnership to offer virtual acute-level bedside care services via telehealth.
- Most Americans utilize telehealth services for follow-up appointments and behavioral healthcare services, according to a survey conducted by Jones Lang LaSalle.

