



## MYMAVERICK RECAP

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## Digital Health

### DIGITAL HEALTH INVESTMENTS

- Digital health funding decreased to \$2.5B for Q2 of 2023. If the funding keeps this slower pace in the second half of 2023, it will be one of the worst years for digital health funding since 2019, according to Rock Health.
- **Author Health**, a digital mental health provider, raised \$115 million to provide care for Medicare Advantage members with serious mental illness.
- **Octave**, an in-person and virtual mental health provider, raised \$52M in a series C funding round lead by **Cigna's** venture arm, to roll out new technology products for payers and provider partners and expand to all 50 states.
- **Verifiable**, a software company that automates provider credentialing, raised \$27 million in series B financing to expand sales and infrastructure and support collaboration with Salesforce.

## ARTIFICIAL INTELLIGENCE NEWS

- **Optum's NaviHealth**, an algorithm-based post-acute care management service, is using AI to deny Medicare Advantage beneficiaries coverage while they are recovering from serious injuries or medical conditions, according to a [STAT article](#).
- Researchers at the **Regenstrief Institute** published a unique study showing that the "simple" use of natural language processing (NLP) is effective in [collecting SDOH data](#) from clinical notes to identify patients with social risks to [improve](#) care management.
- **Wisedocs**, an AI platform in the insurance sector, [launched](#) an AI Medical Summary Platform to facilitate the review of medical records for insurers.
- **Iodine Software**, a platform used by more than 900 health systems and 80,000 physicians, will use generative AI and [integrate Microsoft's](#) OpenAI into its software to improve provider revenue cycle and clinical documentation management.
- The **FDA** [received](#) a second Citizen Petition requesting the agency rescind its final Clinical Decision Support Software guidance, this time from a private citizen – [Barbara J. Evans, Ph.D., J.D., LL.M.](#)
- **Google** is [testing](#) its latest AI-powered chatbot, Med-PaLM 2, which is specifically designed to address healthcare topics. **Google** researchers [released](#) an evaluation framework for large language models' clinical knowledge.
- The **NIH** [awarded](#) two grants totaling nearly \$4 million to fund projects searching for biomarkers using machine learning to improve the diagnosis and treatment of mental health disorders.
- Experts [recommend](#) that annual HIPAA training incorporate instruction on ChatGPT security, as a *JAMA* study revealed that providers using OpenAI are at risk of violating HIPAA if careless with patient data.
- On the *NEJM AI* Grand Rounds Podcast, Dr. Marzyeh Ghassemi of MIT [argued](#) that explainability in AI is misleading, and sometimes black-box AI produces better results.
- **Anthropic**, the developer of ChatGPT competitor Claude 2, [launched](#) for users in the U.S.

## Interoperability & Health IT

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### FEDERAL NEWS

- President Biden [nominated](#) two Republicans, Andrew N. Ferguson and Melissa Holyoak, to serve on the Federal Trade Commission (FTC). The 5-member commission cannot have more than 3 members of the same party, and the FTC currently has 3 sitting Democrats.
  - Holyoak is the Utah Solicitor General, where she manages appellate litigation, and the antitrust and data privacy divisions.
  - Ferguson is the Solicitor General for the Commonwealth of Virginia, after clerking for Supreme Court Justice Clarence Thomas and serving from 2019-2021 as then-Senate Majority Leader Mitch McConnell's chief legal advisor.
- **ONC** published [Approved Standards for 2023](#) as part of its annual Standards Version Achievement Process, which updates the agency's Health IT Certification Program to meet industry needs.



- Among the six standards, ONC introduced new interoperable data standards for EHR vendors and criteria to support CMS' quality reporting and interoperability programs.

## INDUSTRY NEWS

- **The Sequoia Project** launched its Data Usability Taking Root initiative to increase the usability of health data. Through the initiative, The Sequoia Project will support participants in implementing interoperable pathways.
- **Johns Hopkins Medicine** will charge for MyChart messages involving new symptoms or medical issues that take more than 5 minutes of a provider's time to respond to. Hopkins joins **UW Medicine**, **Novant Health**, and **Cleveland Clinic** in charging for patient portal messages.
- EHR systems lack comprehensive and accurate sexual orientation and gender identity (SOGI) data for sexual and gender minority (SGM) individuals, which limits the ability of healthcare providers to develop effective interventions for these patients, according to a study published in *JAMIA*.
- **Cedars-Sinai Accelerator** accepted ten health-tech start-up companies to their 9<sup>th</sup> accelerator class, where they will receive \$100,000 in funding, mentorship, and experience to develop their digital health technologies.

## PUBLIC HEALTH DATA

- The U.S. Senate HELP Committee released a legislative draft reauthorizing the Pandemic and All-Hazards Preparedness Act (PAHPA) which would provide \$385 million in funding to prepare and equip the healthcare system for future public health emergencies.
  - The **American Hospital Association** (AHA) expressed concerns that doubling the funding for PAHPA is needed to facilitate interoperability between health systems and government departments to improve public health emergency responses.
- The Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD), a division of the NIH, developed the Maternal & Infant Health Information for Research implementation guide, a FHIR implementation guide designed to improve public health research for maternal and infant health.
- The World Health Organization (WHO) will collaborate with Health Level Seven International (HL7) to adopt global interoperability standards for facilitating universal access to health data.

## DATA PRIVACY AND SECURITY

- **HCA Healthcare** reported a data breach that exposed the personal information of approximately 11 million HCA Healthcare patients. The breach affected 171 hospitals located in 19 different states. More here.
- HHS data shows that HIPAA-covered entities reported more than 300 data breaches affecting 41.4 million people this year, already nearing the 2022 total of 52 million people affected by data breaches. More here.
- A patient filed a class action lawsuit against **Johns Hopkins University and Health System**, claiming that the hospital failed to take adequate precautions to protect patient data.



- A hospital or provider using ChatGPT may be subject to HIPAA violations and lawsuits if the protected health information (PHI) of its patients does not follow HHS's deidentification regulations before being input into the chat interface, according to an article published in *JAMA Network*.
- **UKG**, previously known as Kronos, agreed to settle a \$6M data breach lawsuit from December 2021. It will pay affected hospitals and health systems up to \$1000 and spend over \$1M to improve its cybersecurity measures.
- Health IT vendor **iHealth Solutions** settled with HHS and agreed to pay \$75,000 in fines for an August 2017 data breach exposing 267 patients' protected health information.
- A majority of patients share concerns about the sharing and storing of their protected health information despite feeling comfortable with providers accessing their information for treatment purposes, according to **Health Gorilla's** State of Patient Privacy Report.

## Payers & Providers

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### HEALTHCARE TRANSPARENCY

- On July 7, 2023, the White House released a fact sheet to outline new guidance on protecting consumers from junk health plans and surprise billing.
  - HHS and the Department of Labor followed the announcement with a proposed rule to change the definition of short-term, limited-duration insurance (STLDI) to three months from the current rule that allows STLDI plans to be in place for 1-3 years.
  - The Departments of Labor, Treasury, and HHS also released a set of frequently asked questions (FAQs) related to surprise billing to address how facility fees impact consumer cost-sharing.
- The U.S. Senate Finance Committee announced a markup of its PBM transparency and related proposals for Wednesday, July 26, 2023, but didn't release the full legislation.
- The U.S. House Education and Workforce Committee released a set of bipartisan bills to increase price transparency in health care, including codifying existing regulations that require hospitals and insurance companies to disclose the prices of their services and establish new disclosure requirements for PBMs.
- Sabrina Corlette of the Georgetown University Center on Health Insurance Reforms published a blog reviewing the promise of price transparency in targeting rising health care costs.
- **Ten prescription drugs** (blood thinners, cancer and diabetes treatments) accounted for nearly 25% of Medicare drug spending in 2021, according to a new KFF analysis.

### PAYERS

- **NaviHealth**, a company owned by **Optum**, is using artificial intelligence to deny MA beneficiaries coverage while they are recovering from serious injuries or medical conditions -- forcing them to leave the hospital or other facilities, according to a new STAT article.
  - The American Hospital Association released a related consumer poll, indicating that patients are concerned about commercial insurance coverage denials.



- McKinsey published an article about how the Medicare Advantage program is facing dramatic regulatory and market changes, offering several steps payers should take -- including expanding digital engagement with enrollees (through applications, text, and chatbots), and targeting SDOH needs.
- Leqembi, **Biogen** and **Eisai's** newly FDA-approved Alzheimer's drug, could cost Medicare up to \$17.8B, according to a KFF report.
- CMS released new data showing that ACA insurance marketplace risk adjustment (RA) payments increased in 2022, with the agency redistributing \$9.24B between insurers -- an increase from 2021 payments that totaled \$7B.
  - STAT reported that the Blues plans receive the most RA payments.
    - The highest risk adjustment payable is going to Florida Blue, which is owed \$1.7 billion for its 2022 ACA plans.
    - HCSC cumulatively collected \$1.1 billion in RA payments for 2022.
    - Blue Shield of California will get \$1 billion.
    - BCBS of North Carolina will get \$248 million.
  - Centene and Cigna are also receiving high RA payments.
  - Not doing as well with RA payments: Kaiser Permanente owes more than \$600M and UnitedHealthcare has to pay more than \$400M.
- **CVS Caremark** partnered with **GoodRx** to launch Caremark Cost Saver, allowing Caremark members to pay lower prices on generic medications when available.
- Medicare Advantage's (MA) quality bonus program suffers from score inflation and low utilization rates for selecting plans, among many other problems, according to an Urban Institute report.
- Nearly two in five MA beneficiaries reported financial instability, and almost one in four MA beneficiaries report food insecurity, according to a **Humana study** published in *Health Affairs*.
- A study comparing psychiatry networks found that MA plans tend to have narrower networks than ACA or Medicaid managed care plans.
- **Kraft Heinz** filed a lawsuit against **Aetna** for breaching its financial duties under the Employee Retirement Insurance Security Act (ERISA), alleging that **Aetna** took more than \$1.3B to pay providers and engaged in "claims processing related misconduct."
- A judge denied a class-action lawsuit against **Cigna** over allegedly overcharging members for medical equipment and violating its fiduciary duties under ERISA.

## PROVIDERS

- CMS released a proposed rule to direct \$9B in lump-sum payments to more than 1,600 hospitals participating in the 340B drug discount program, in response to a U.S. Supreme Court ruling that the program underpaid them.
- Private equity is increasingly buying up specialist physician practices, according to a new study that was amplified by a lengthy New York Times article.
- HHS Secretary Becerra announced his proposal for a \$2.7B Health Workforce Initiative through HRSA that would target workforce training, scholarship, loan repayment and well-being programs for health professionals.
- CMS' CY 2024 Home Health Prospective Payment System proposed rule will decrease current reimbursements by \$375 million (2.2%) to account for the utilization of the Patient-Driven



Groupings Model. In the proposal, CMS proposed changes other changes to home health agency payment rates and metrics.

- **The National Association for Home Care and Hospice (NAHC)** filed a complaint to repeal the 2023 and 2024 Home Health Prospective Payment System regulations, arguing the proposed pay cuts are inconsistent with the Bipartisan Budget Act of 2018.
- Private equity acquisitions of physician practices lead to price increases between 4% and 16%, according to American Antitrust Institute data.
- The American Hospital Association Leadership Summit takes place on July 16-18 in Seattle, Washington.
- The Advisory Board reports on hospitals struggling with debt default. Both investors and banks are avoiding buying hospital municipal bonds after interest rates rose, reducing the value of existing bonds.
- According to an American Medical Group Association survey, compensation and productivity are rising at the highest rates for primary care physicians.
- High burnout in physicians and nurses is correlated with high hospital turnover and patient safety problems, according to a study in *JAMA Health Forum*.

## PAYERS AND PROVIDERS (M&A)

- **DocGo**, a mobile health services provider, announced new payer partnerships with **BCBS Tennessee** and **EmblemHealth**, expanding the mobile practice to 20 million patients.

## VALUE-BASED CARE

- CMS announced the Enhancing Oncology Model (EOM) to develop value-based, patient-centered oncology care with a focus on health equity for cancer patients undergoing chemotherapy.
- Medicare value-based programs often penalize hospitals for factors beyond their control, such as patient populations with greater medical complexity, according to a Federation of American Hospitals and Dobson DaVanzo & Associates study.
- FTI Consulting, a management consulting firm, proposed a new value-based care operating model in a recent report.

## HEALTH EQUITY & SDOH

- MA beneficiaries are more likely to be socioeconomically disadvantaged than traditional fee-for-service (FFS) enrollees, according to a white paper from **Inovalon** and Harvard Medical School.
- HHS issued a Notice of Proposed Rulemaking (NPRM) designed to protect LGBTQ+ people from discrimination in health and human service programs and affirm equal opportunity.
- Some healthcare professionals and organizations expressed concerns that the recent U.S. Supreme Court decision on affirmative action may hinder health equity and workforce diversification efforts, particular in relation to medical school admissions.



## MEDICAID

- South Dakota became the 39<sup>th</sup> state to expand Medicaid under the Affordable Care Act. North Carolina may become the next state to follow suit.
- **Molina Healthcare** and **Elevance Health** Medicaid membership grew by more than 50% during continuous enrollment, according to a KFF report.
- The North Carolina Department of Health and Human Services indefinitely delayed implementing specialty Medicaid plans, including its managed care behavioral health plan.

## Virtual Health

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### FEDERAL NEWS

- The Department of Justice charged 11 individuals for various telehealth fraud schemes that resulted in a combined \$2B in false claims. The schemes targeted elderly and disabled patients with offshore sellers, who sold these populations unnecessary medical services.

### NEW LAUNCHES AND PARTNERSHIPS

- **Valera Health**, a virtual mental health provider, announced its partnership with **Humana** to provide telemental health services to Humana's Medicare Advantage members.
- **SimpliFed**, a virtual care startup focused on newborn feeding, expanded its network with Optum's VA Community Care Network to include women veterans.
- **Author Health**, a hybrid care platform for Medicare Advantage members with serious behavioral health concerns, launched with \$115M in funding.
- **Intermountain Health** launched a virtual birth control prescribing program for self-administered treatments.
- **Northwell Health** piloted a virtual service to evaluate burns and direct patients to their next steps in care.

### OTHER TELEHEALTH NEWS

- The law firm Holland & Knight released an article highlighting ten insights and recommendations for interstate telehealth providers looking to comply with patchwork state policies.
  - Their recommendations include complying with federal data privacy provisions after the August 9, 2023, HIPAA-compliance deadline, considering state-level corporate practice of medicine laws, and avoiding risky compensation agreements.
- A federal district judge denied a class-action lawsuit alleging **Teladoc**, a virtual mental health and chronic care provider, misled shareholders about competition impacting the telehealth company's business.
- **Headspace Health** announced its second round of lay-offs this year, reducing its workforce by an additional 15%.
  - **Headspace** expanded its partnership with Virgin pulse, a digital-first health company, to ease access of mental health services to employees and plan members.



- A new study by **Information Systems Research** explains that telehealth services are more appropriate for some medical conditions and less for others.
- Most physicians and patients perceive telehealth and its outcomes positively, according to a **Doximity** report. Of the participants, 95% of physicians reported furbishing telehealth services at least once a month.
- A white paper from **Epic Research** shows that for many specialties, telehealth visits lead to fewer in-person follow-ups than office visits, challenging the notion that telehealth should be solely used for triage or follow-up care.
- People are not using telehealth services as much as they used to, with a national decrease of 5.4% in April, according to **Fair Health's** monthly telehealth regional tracker.

