Maverick Health Policy

MYMAVERICK RECAP

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NEWSLETTER CONTENTS

Digital Health

DIGITAL HEALTH INVESTMENTS

- **Headspace**, a digital mental well-being health company, secured $105M in debt funding after laying off 15% of its workforce in June. The funding will fuel Headspace's collaboration with employer health plans to expand its mental health services.
- **Vital Biosciences**, a blood testing upstart, raised $48M in funding to support its point-of-care lab testing platform, VitalOne, to run verification testing and orchestrate clinical studies.
- **Collectively**, a fintech startup that streamlines healthcare payment processes and patient engagement, raised $29M in Series A funding toward technology and product development.
- **Uplift**, a digital behavioral health company, raised $10.7M in Series A funding to expand its digital platform.
- **Axxess**, developer of home healthcare technology, acquired **Complia Health**, a provider of EMR solutions for home health and hospice agencies.
- **K4Connect**, a health tech provider for senior living communities, raised $8.9M to advance its patented integrative technology and expand its operating suite.

ARTIFICIAL INTELLIGENCE NEWS

- **Cigna** faces a class action accusing the payer of improperly using its PxDx algorithm to automatically deny claims without individually reviewing them as required by California law. More here, here.
- Seven major AI companies — **Amazon, Google, Meta, Microsoft, OpenAI, Anthropic, and Inflection** — publicly pledged to adhere to the Biden Administration's voluntary commitment to facilitate safety, security, and trust in developing AI models. See the voluntary commitment here.
- In a report released today, researchers at Carnegie Mellon University in Pittsburgh and the Center for A.I. Safety in San Francisco showed how anyone could circumvent A.I. safety measures and use any of the leading chatbots (including **OpenAI's ChatGPT, Google Bard** and **Claude,** a chatbot built by the start-up **Anthropic**) to generate nearly unlimited amounts of harmful information.
- **Amazon Web Services** launched AWS HealthScribe to save doctors time on paperwork. It is a HIPAA-eligible service that leverages speech recognition and generative AI to create automatic clinical documentation from patient-clinician conversations.
- To help physicians parse thru hundreds of new scientific journal articles published every day, an AI startup called OpenEvidence is able to scan 35 million journal articles and allow doctors to tailor their questions to precise patient scenarios and ask follow-ups.
- **Prevencio**, a company specializing in AI-enabled cardiac blood tests, presented patient data demonstrating the platform's high accuracy in assessing patients' cardiac risk.
- **Meta** and **Microsoft** partnered to release Llama 2, a second-generation, open-source large language model (LLM) platform free for research and commercial use.
- Life science companies should engage with the FDA to shape AI regulation and ensure clarity of their compliance obligations, according to Hogan Lovells.
- Aurora-based **Children's Hospital Colorado** launched a pediatric precision medicine institute to use technology and data to determine patient treatment plans.
- AMA is developing an implementation playbook for the use of large language models (LLMs) in health care, according to a Q&A session with *STAT News*.
- Physicians and AI are better together than either one alone, as evidenced by a first-hand account published in *STAT News*.

ARTIFICIAL INTELLIGENCE INVESTMENTS

- **Hippocratic AI**, a healthcare generative AI company, raised $15M in seed funding and established its Founding Partner Program to advance technology, establish use cases, and ensure patient safety.
- **Family First**, an AI-powered platform to support family caregivers, raised $11M in Series A funding.
- **Quantum Health**, an AI-enabled care coordination company, partnered with **Kindbody**, a fertility startup, to build out its family-building services.

Interoperability & Health IT

FEDERAL NEWS
- After receiving underline nearly 600 comments, ONC published its fourth version of the U.S. Core Data for Interoperability Standard (USCDI v4), adding 20 new data elements and one new data class (including allergies, vital signs, and lab data to support public health reporting) -- with a focus on improving health equity. More here.
- A pediatrician serving on ONC's federal advisory committee, HITAC, drafted an op-ed in *The Hill* about ONC's proposed rule (HTI-1) in rebuttal to another physician's op-ed expressing concerns that the proposed rule would allow patients to hide medical information from physicians.

INDUSTRY NEWS
- The Sequoia Project published a report of findings from its Consumer Voices Workgroup demonstrating that barriers still stand in the way of seamless health information exchange.
- AHIP, AMA, and the National Association of ACOs (NAACOS) collaborated to develop a data-sharing best practices playbook for organizations to support value-based growth.
- **Blue Shield of California** partnered with **Microsoft** to build the Experience Cube – a cloud-enabled data collection, storage, and analysis system to improve members' access to affordable, quality care.
- **Dorsata**, a digital health startup company, filed a lawsuit against **athenahealth** and **Unified Women's Healthcare** which alleged athenahealth breached its contract and stole trade secrets with Unified's assistance.
- **Universal Health Services** announced that it will implement **Oracle Health**'s EHR system across its network of behavioral health facilities.

PUBLIC HEALTH DATA
- The U.S. Senate HELP Committee advanced the Pandemic and All-Hazards Preparedness and Response Act to reauthorize the Hospital Preparedness Program at current funding levels through 2029.
- The American College of Physicians recounted the shortcomings of the United States' response to the COVID-19 PHE and provided recommendations to improve future responses in a policy position paper published in the *Annals of Internal Medicine*.

DATA PRIVACY AND SECURITY
- On July 26, 2023, the Securities and Exchange Commission published new final rule that requires public companies to disclose cybersecurity breaches within four days. The rule was first proposed in March 2022, when hospital groups complained about the tight deadline. The rule comes right after hospital chain HCA Healthcare disclosed and is being sued for a data breach impacting millions of patients.

- In collaboration with the Health Sector Cybersecurity Coordination Center, HHS published a briefing highlighting the use of AI in cyberattacks and advising healthcare organizations on minimizing cyberattack risks.
- On July 20, 2023, the HHS Office for Civil Rights (OCR) and the Federal Trade Commission (FTC) sent a joint letter to 130 hospitals and telehealth providers about online tracking technologies' privacy and security risks. The agencies warned that when Meta/Facebook pixel and Google Analytics are integrated with hospital websites or telehealth mobile apps, they may be impermissibly disclosing consumers' sensitive personal health data to third parties.
- The FTC released a blog post offering guidance to companies looking to safeguard their consumers' protected health information.
- A group of Democratic U.S. Congress members sent a letter to the FTC urging the agency to implement stronger regulations to protect patient's health data.
- Law firm Nelson Mullins published a blog about the differences between state privacy laws.
- Data breaches cost the healthcare industry $10.9 million in 2022, an 8.2% increase from 2021, according to a Ponemon Institute report published by IBM Security.
- A cybersecurity attack earlier in the year at **Tampa General Hospital** potentially exposed 1.2 million patients' personal health information. A Florida U.S. Senator, Rick Scott, sent a letter to the FBI urging them to prioritize an investigation into the cyberattack.

Payers & Providers

HEALTHCARE TRANSPARENCY
- The FTC voted to withdraw "outdated" policy guidance about pharmacy benefit managers (PBMs). The agency issued a statement cautioning against reliance on previous PBM guidance materials until its current investigation into PBM practices is complete and previous advocacy materials are reviewed for present-day applicability.
- The U.S. House Ways & Means Committee completed its markup of two healthcare bills on July 26, one of which makes changes to hospital price transparency regulations, requires MA plans to use electronic prior authorization, institute site-neutral payments for Medicare, and more. More here, here.
- Despite federal price transparency rules for payers, several states (Texas, Oklahoma, South Dakota, Tennessee, Georgia, and Ohio) have enacted price transparency regulations, according to a July 21, 2023 analysis by the National Conference of State Legislatures.
- The City of Cleveland filed a lawsuit against major PBMs **CVS Caremark, Express Scripts,** and **OptumRx**, alleging that the companies used their market power to drive up the cost of insulin for Cleveland residents.
- Only 36% of surveyed hospitals are compliant with federal price transparency rules, according to a report by patientrightsadvocate.org. The AHA responded to the report, claiming it mischaracterizes hospitals' compliance with the requirements.
- **Turquoise Health** highlighted the hospital drug pricing transparency requirements in the 2024 OPPS Proposed Rule, signifying an important inclusion for full healthcare transparency.

PAYERS

- On July 19, 2023, HHS OIG published a report about the high rates of prior authorization denials by Medicaid managed care plans. OIG selected a sample of seven MCO parent companies (**Aetna, AmeriHealth Caritas, Anthem, CareSource, Centene, Molina,** and **UnitedHealthcare**), finding that the MCOs denied one out of every eight requests for the prior authorization of services in 2019, with 12 of the 115 MCOs having denial rates exceeding 25%. The OIG recommended that states and CMS identify and remedy inappropriate prior authorization denials by MCOs.
- The Departments of Labor, HHS, and Treasury issued a proposed rule to strengthen the Mental Health Parity and Addiction Equity Act (MHPAEA), designed to improve accessibility to behavioral health provider networks and address treatment limitations, such as standards for network composition and prior authorizations.
    - Along with the proposed rules, the Department of Labor published a technical release that asked for comments on proposed relevant data requirements for nonquantitative treatment limitations (NQTLs) related to network composition when demonstrating compliance with the MHPAEA.
    - The Biden Administration also issued the MHPAEA Comparative Analysis Report to Congress, as required by law, and a fact sheet on MHPAEA enforcement.
- **Cigna** faces a class action accusing the payer of improperly using its PxDx algorithm to deny claims without individually reviewing them as required by California law.
    - The lawsuit, initiated by two Cigna members, comes in the context of a *ProPublica* investigation from earlier this year and a Congressional investigation.
- Coverage for GLP-1 drugs decreased by 50% since December 2022, while consumer demand only increased, according to a report from obesity care provider **Found**.
    - Bloomberg Law reported on nine Medicaid state programs that negotiated discounts so that **Novo Nordisk**'s weight loss treatment Wegovy could be put on preferred drug lists.
- HHS held a roundtable with pharmacy chain and association leaders to encourage pharmacies to collaborate to educate consumers about the new Medicare prescription drug benefits under the Inflation Reduction Act.
- Inflation and higher health costs could lead to ACA-marketplace premium hikes for 2024, according to an American Academy of Actuaries' Individual and Small Group Markets Committee study.
- Kaiser Family Foundation published a new issue brief on Medicare Part D plans, concluding that lower premiums make MA-PDs attractive to enrollees, but comes with provide network limits and UM restrictions.
- *Managed Healthcare Executive* published a series about the six hot healthcare topics that focus primarily on drug prices and shortages.
- The Community Aging in Place–Advancing Better Living for Elders (CAPABLE) Program, an evidence-based, person-centered, and home-based intervention program, is an effective pathway to improve health outcomes for adults with high social needs and functional limitations, according to a *Health Affairs* analysis.
- Physicians with higher-risk patient populations are less likely to be included in Medicare Advantage networks, according to a *Jama Health Forum* study.

- Medicare Advantage enrollees living in disadvantaged neighborhoods have a higher risk of utilizing high-cost, according to an *American Journal of Managed Care* study.

PROVIDERS
- Hospital facility fees are the focus of new state laws, according to a recent report from the Georgetown University Center on Health Insurance Reforms. More here.
- The U.S. Senate HELP Committee proposed the Primary Care and Health Workforce Expansion Act to allocate billions in funding for community health centers and training primary care doctors and other clinicians. The proposal received criticism from Republicans and the AHA about inflated funding concerns.
- **The Joint Commission** announced plans to streamline its accreditation standards by eliminating or revising 200 standards, effective August 17, 2023.
- COVID-19 relief funding for medical providers may have been unnecessary, as only 16% of hospitals reported facing financial distress during the pandemic. In comparison, 75% of providers had positive operating incomes, and many achieved record-high operating margins, according to a JAMA study.
- Private equity ownership of healthcare providers leads to increased costs and reduced quality, according to a literature review in the *BMJ*.
- Providers are increasingly outsourcing revenue cycle management services as hospitals and health systems face workforce shortages and changing payer requirements, according to a *KLAS* report.
- **American Physician Partners**, a medical staffing firm, will close at the end of July due to financial challenges, leaving 150 healthcare organizations to find alternatives.

PAYERS AND PROVIDERS (M&A)
- The FTC and DOJ released a draft update to merger guidelines, which would adapt enforcement measures to reflect modern economic realities and address the surge in merger filings and multi-industry market concentration.
- Tennessee-based **Community Health Systems** signed an agreement to sell three Florida Hospitals to **Tampa General Hospitals**, a $290M deal expected to close later this year.
- Patients face mounting outpatient facility fees as hospitals acquire more physician practices and ambulatory care centers, according to a report from Georgetown University's Center on Health Insurance Reforms.

VALUE-BASED CARE
- AHIP, AMA, and the National Association of ACOs (NAACOS) announced voluntary best practices for data sharing in value-based payment models.
- Almost 80% of medical groups surveyed expressed that Medicare did not offer a clinically relevant advanced alternative payment model (APM) to their practice, according to an MGMA *Stat* poll.
- *HealthPayerIntelligence* highlighted the common utilization measures critical to adopting a value-based care structure: emergency department use, hospital readmissions, preventable complications, average length of stay, prescription drug use, and preventative care use.

HEALTH EQUITY & SDOH
- Adults with disabilities, adults who identify as lesbian, gay, or bisexual, and other members of vulnerable populations encounter significant mental health disparities, according to a **UnitedHealth Group** report.
- Recent and undocumented immigrants experience dangerous barriers to postpartum care that would otherwise be covered by Medicaid, according to a JAMA Network study.

MEDICAID
- As part of its efforts to improve health equity, CMS released a series of data briefs that use the first-ever national estimates of demographic composition for Medicaid and CHIP, which will allow the agency to draw insights about beneficiaries' race, ethnicity, primary language, disability, and eligibility based on disability.
- CMS approved proposals from California and Kentucky to provide Medicaid crisis services for behavioral health support through community-based mobile crisis intervention teams.
- An OIG audit revealed that Virginia improperly paid capitation payments totaling at least $21.8M on behalf of over 12,000 deceased enrollees to Medicaid managed care organizations (MCOs).
- A report from *Healthcare Dive* claims that CMS has worked with at least 12 states to resolve potential noncompliance with Medicaid redetermination requirements and prevent procedural eligibility terminations.

Virtual Health

FEDERAL NEWS
- OCR's HIPAA-compliance deadline for telehealth platforms (August 10, 2023) is quickly approaching, marking the end of flexibilities allowing physicians to utilize non-HIPAA-compliant remote telehealth services.
- The U.S. Attorney's Office charged **David Santana**, owner of **Conclave Media and Nationwide Health Advocates**, for his alleged involvement in a $44M telemedicine fraud scheme targeting Medicare beneficiaries with unnecessary medical equipment and genetic testing.

NEW LAUNCHES AND PARTNERSHIPS
- **Pager**, a virtual care navigation platform, expanded its partnership with **Google** and announced its availability on Google Cloud Marketplace. The partnership strengthens Google's ongoing expansion into virtual care.
- **Intermountain Health** launched a program to facilitate the virtually prescribing of self-administered forms of birth control.
- **GNC Health** launched a program featuring telehealth and a set of more than 40 prescription drugs commonly used in urgent care settings available to its loyalty members.

OTHER TELEHEALTH NEWS

- **Teladoc's** Q2 revenue <u>increased</u> by 10% to $652M, and the company's net loss narrowed to $65M, beating Wall Street's expectations. The financial gains were driven by growth in its **BetterHelp** mental health subsidiary.
- **Headspace**, a digital mental well-being health company, <u>secured</u> $105M in debt funding after laying off 15% of its workforce in June. The funding will fuel Headspace's collaboration with employer health plans to expand its mental health services.
- **Quantum Health**, a healthcare navigation and care coordination firm, <u>partnered</u> with the fertility-focused startup **Kindbody** to enhance its hybrid care family-building services. The partnership complements Quantum's existing partnership with fertility benefits company **Progyny**.
- The former **Whole Foods** co-founder <u>launched</u> **Love.Life**, a virtual care company for patients with chronic care. The company plans to open its first in-person facility in 2024.
- Virtual and hybrid care models <u>reduce</u> water consumption by 35% and carbon emissions by 25%, according to a recent <u>white paper by</u> **Blue Shield of California** and **Anthesis Group**.