

# Healthcare Climate Under a New Administration

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# Agenda

- Context/background
- Health care reform
- Public's view on health care reform
- Telemedicine snapshot
- The view from the Fed
- Challenges
- Opportunities

# US Health Care: A Grim Picture

# Delivery System and Payment Transformation

## Current State:

- Provider-centered
- Volume Driven
- Fragmented

Private Sector

Public Sector

## Future State:

- Patient-centered
- Value Driven
- Coordinated

As healthcare shifts from volume to value, the benefit of providing care via telemedicine improves.

Source: University Hospitals

# Patient Needs Not Met



## Demographics and Health of the US Population Driving Need for Care

**20%**

U.S. adults living with two or more chronic health conditions

**77%**

U.S. adults ages 65+ with at least two chronic conditions

**85%**

Expected U.S. population growth among individuals 65+ between 2000 and 2030

**30%**

Average increase in cost per case for individuals with two chronic conditions



## Health Care Service Industry Has Significant Gaps

**20%**

Percent of patients living in areas with insufficient primary care doctors

**19.5**

Average wait time in days for appointment to family practice nationwide

**55%**

Percent of patients receiving recommended preventive care

Source: Advisory Board

# A Grim Picture

Almost 20% of Medicare patient readmitted within 30 days

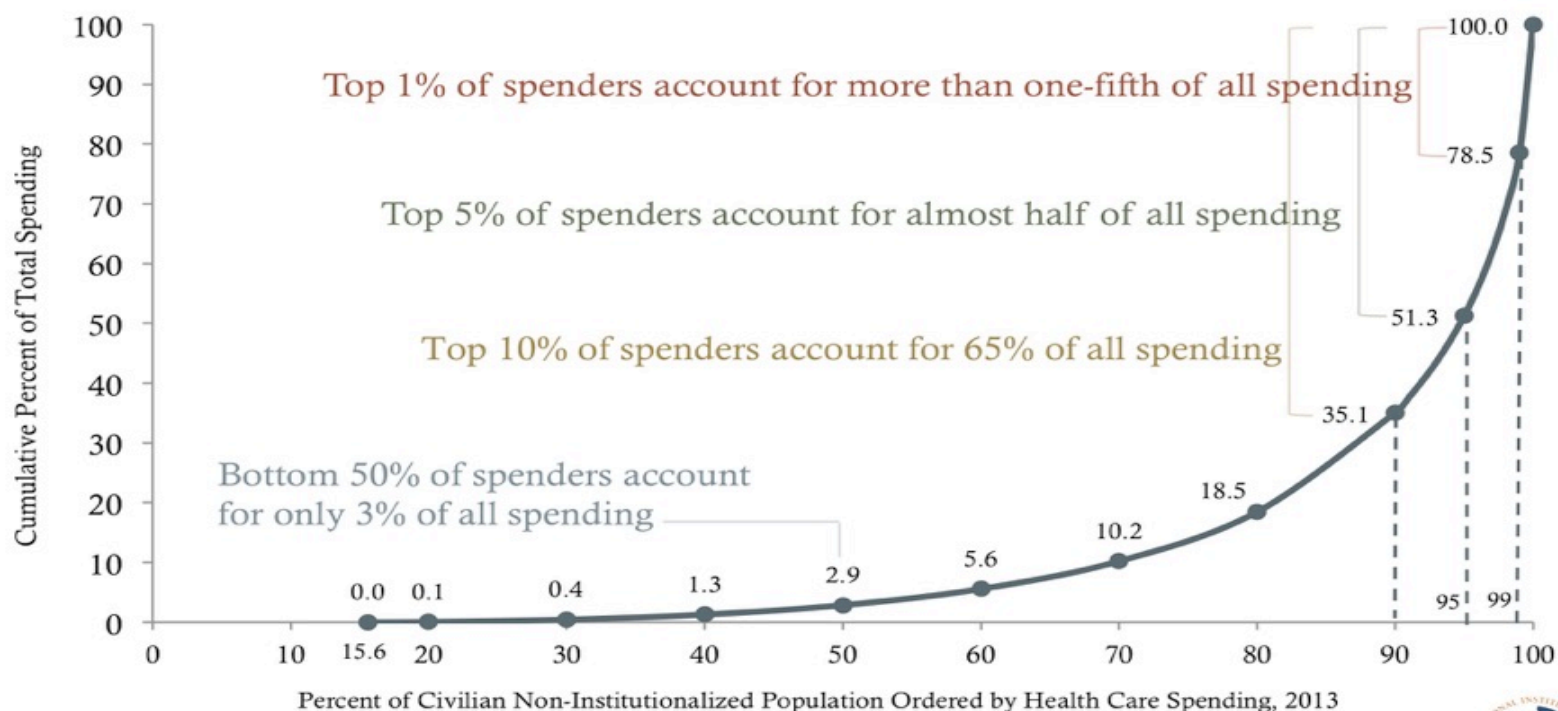
- \$25 billion cost

About 7,000 deaths/500,000 preventable injuries from medication errors

3 of every 10 tests are reordered because the results cannot be found

# Health Care Spending

In a Given Year, Health Spending Is Very Highly Concentrated Among the Highest Spenders

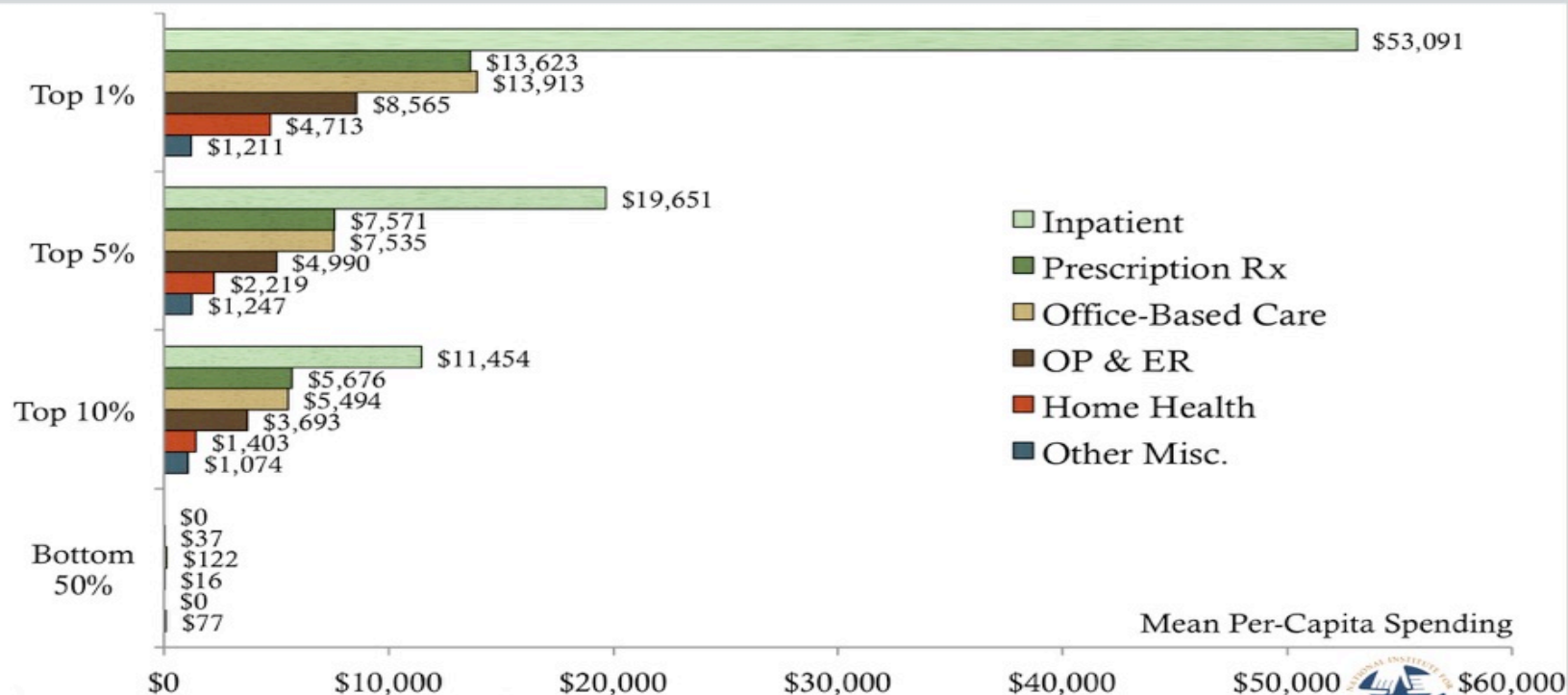


NIHCM Foundation analysis of data from the 2013 Medical Expenditure Panel Survey.



# Health Care Spending

Inpatient Care Drives High Spending, but Highest Spenders Spend More on All Types of Care



NIHCM Foundation analysis of data from the 2013 Medical Expenditure Panel Survey. Other miscellaneous spending includes dental care, glasses and contact lens, and other (non-diabetic) equipment and supplies.

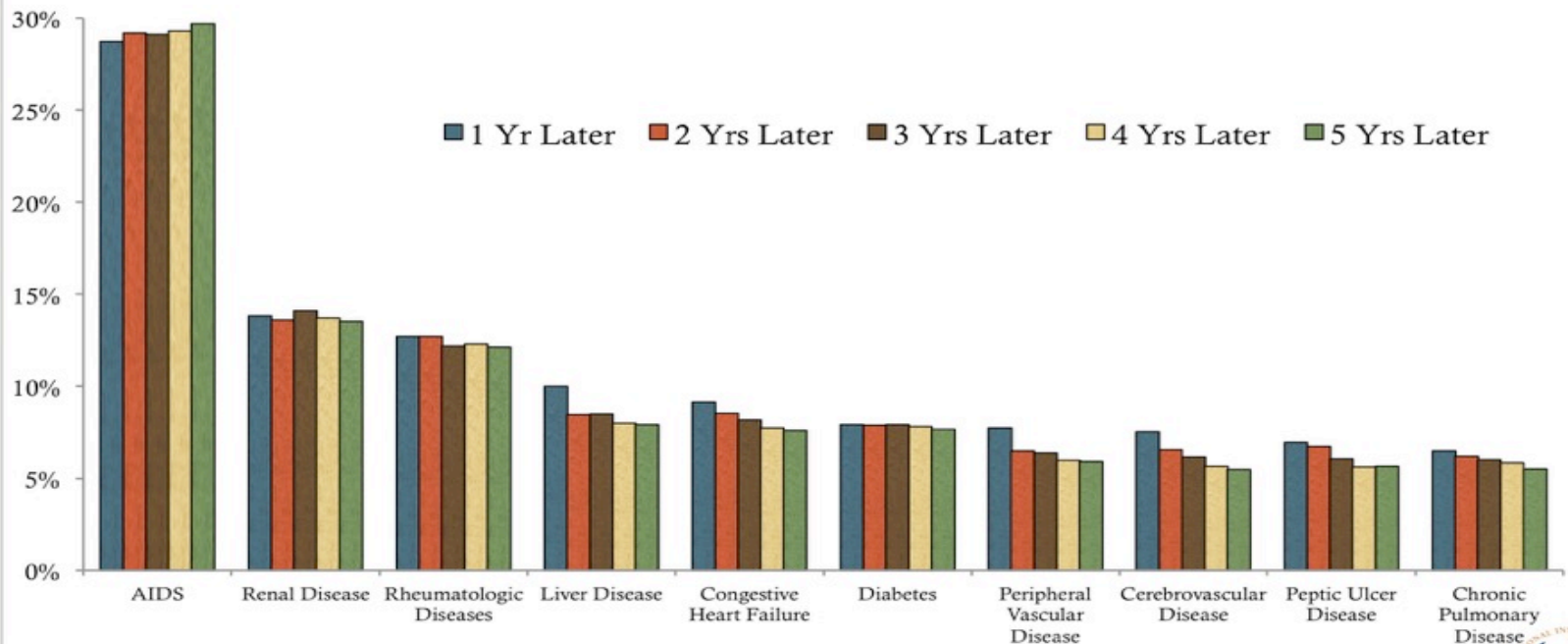




# Chronic Conditions

## Many Chronic Conditions Consistently Predict High Spending over Several Years

Average Change in Predicted Probability of Being in Top 10% of Spending in Later Years if Had Condition in Baseline Year



Source: Hirth RA, Gibson TB, Levy HG et al. "New Evidence on the Persistence of Health Spending." *Med Care Res and Rev*, 72(3):277-97, 2015.



# Health Care Reform: An Overview

# Obamacare – A Snapshot

Average midlevel plan cost about 22 percent more in 2017 than it did in 2016

•Approximates CBO estimates in 2009

1 in 6 got a marketplace plan for \$100 or less in 2015

About 87% who got a marketplace plan got financial assistance

Better overall health of ACA depending where in the country

Choice disappearing

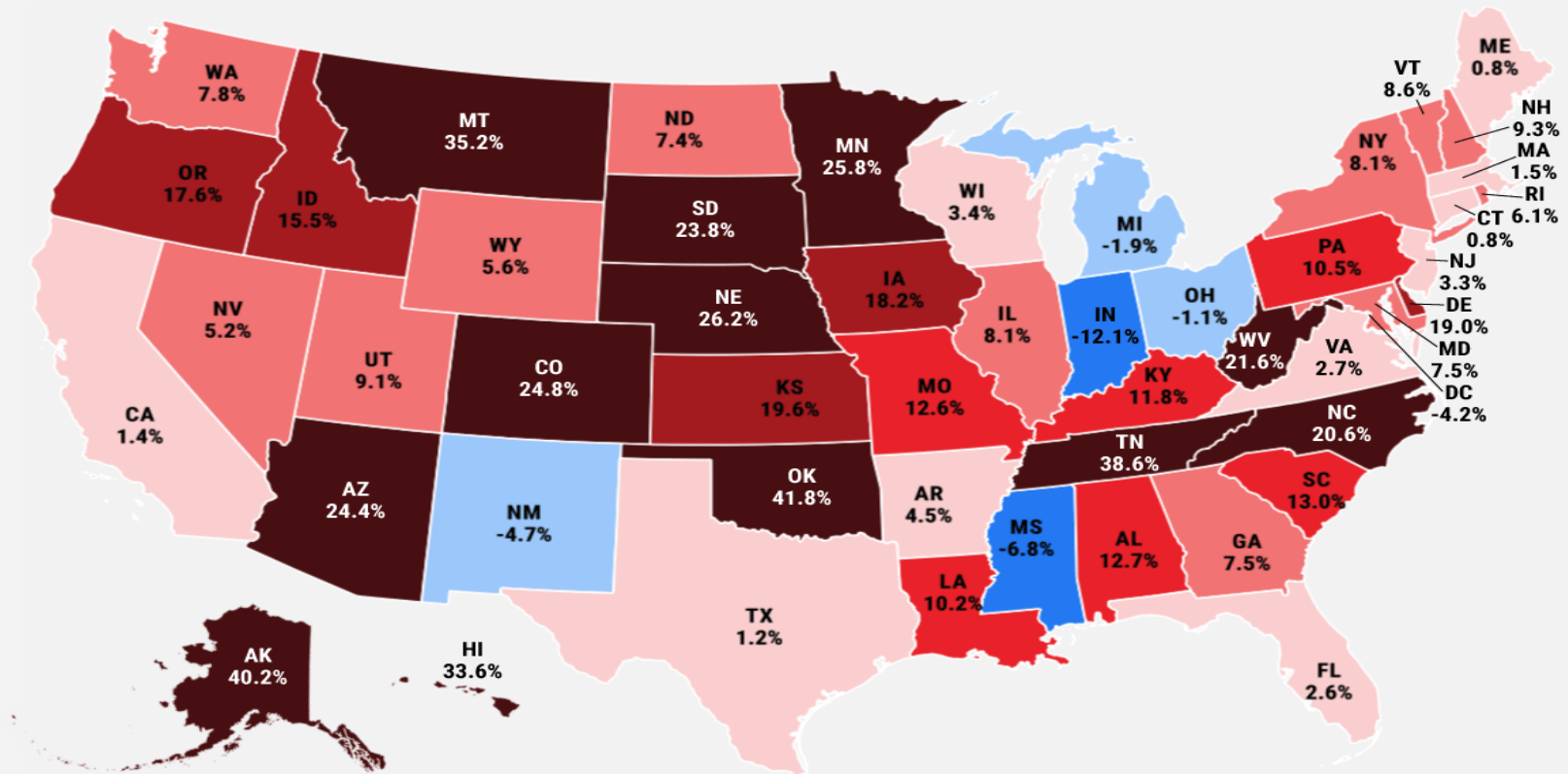
Sources: NY Times; Kaiser Family Foundation

# Obamacare – The Uninsured

Adults ages 19–64	2001	2003	2005	2010	2012	2014	2016
<b>Uninsured now</b>	<b>15%</b> 24 million	<b>17%</b> 30 million	<b>18%</b> 32 million	<b>20%</b> 37 million	<b>19%</b> 36 million	<b>16%</b> 29 million	<b>12%</b> 23 million
<b>Insured now, had a gap</b>	<b>9%</b> 15 million	<b>9%</b> 16 million	<b>9%</b> 16 million	<b>8%</b> 15 million	<b>10%</b> 19 million	<b>13%</b> 23 million	<b>10%</b> 18 million
<b>Continuously insured</b>	<b>76%</b> 123 million	<b>74%</b> 127 million	<b>72%</b> 125 million	<b>72%</b> 132 million	<b>70%</b> 129 million	<b>72%</b> 131 million	<b>78%</b> 147 million

# Obamacare – Premium Increases

## OBAMACARE PREMIUM GROWTH



CHANGE IN AVERAGE PREMIUM FOR LOWEST-COST SILVER PLAN, 2015-16

< -5%   -5 – 0%   0 – 5%   5 – 10%   10 – 15%   15 – 20%   > 20%

SOURCE: Urban Institute/ Robert Wood Johnson Foundation

BUSINESS INSIDER

# Employer Market

## Little impact on employer-sponsored insurance

- Average annual premiums \$6,435 (single coverage); \$18,142 (family coverage)
- Family premium in 2016 3% percent higher
- Workers contributed 18% of premium (single); 30% (family)
- 62% of workers covered by employers' plans

Source: Journal of Health Affairs

# ACA v. ACHA

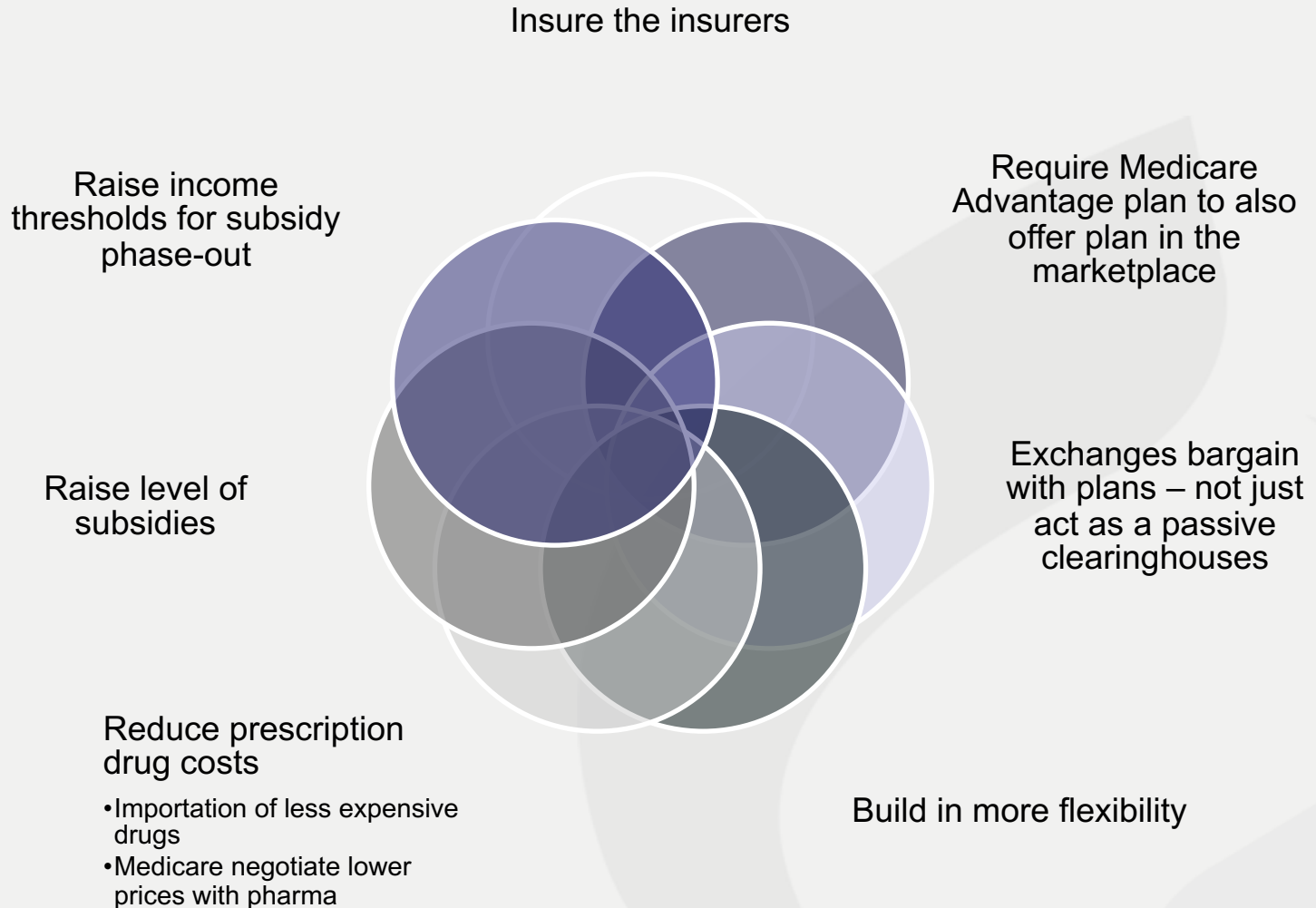
## ACA

- Require individuals to have health insurance
- Provide cost sharing subsidies
- Create state-based health insurance exchanges
- Provide refundable premium tax credits, based on income and cost of coverage
- Require ten essential health benefits
- Require plans to provide no-cost preventive benefits and limit annual cost-sharing
- Expand Medicaid

## AHCA

- Repeal ACA mandates
- Eliminate subsidies (2020)
- Modify tax credits
- Retain private market insurance rules
- Establish State Patient and State Stability Fund
- Encourage use of HSAs
- Add state option to require work as a condition of eligibility for nondisabled, nonelderly, nonpregnant Medicaid adults

# Repairing Obamacare



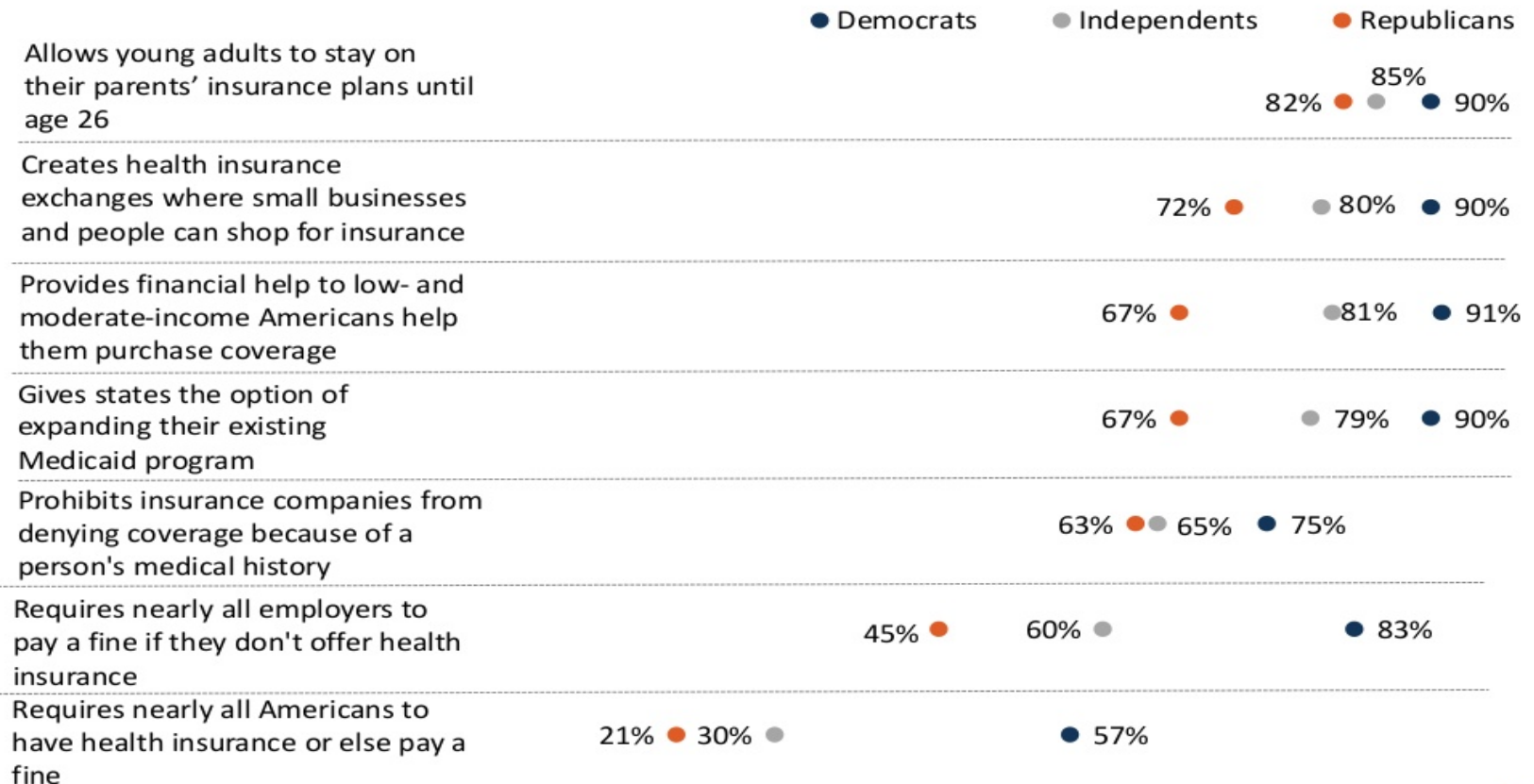


# Health Care Reform: The Public's View

# Public Views of ACA Provisions

## Public Views Majority of ACA Provisions Favorably

Percent who say they have a FAVORABLE opinion of each of the following provisions of the law:



NOTE: Question wording abbreviated. See topline for full question wording. Items asked of half samples.

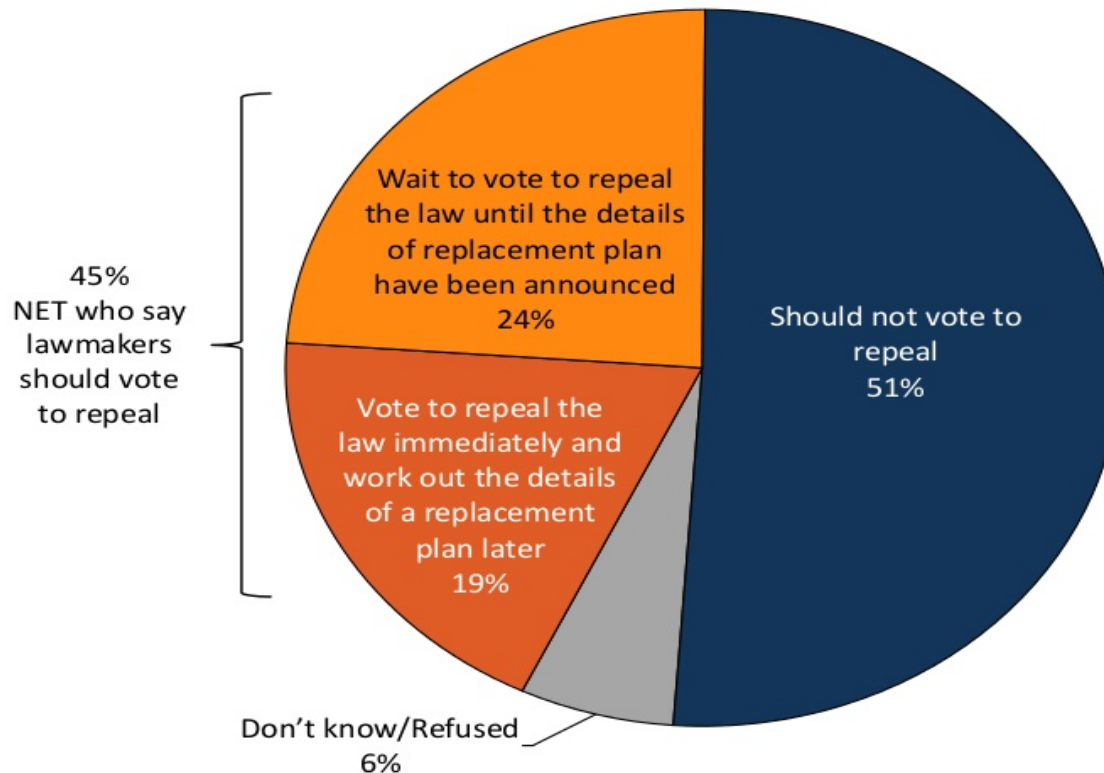
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted December 13-19, 2016)



# Public Divided on Repeal & Replace

## Public Divided on ACA Repeal and Replacement

Percent who say they would like to see lawmakers do each of the following with the 2010 health care law:



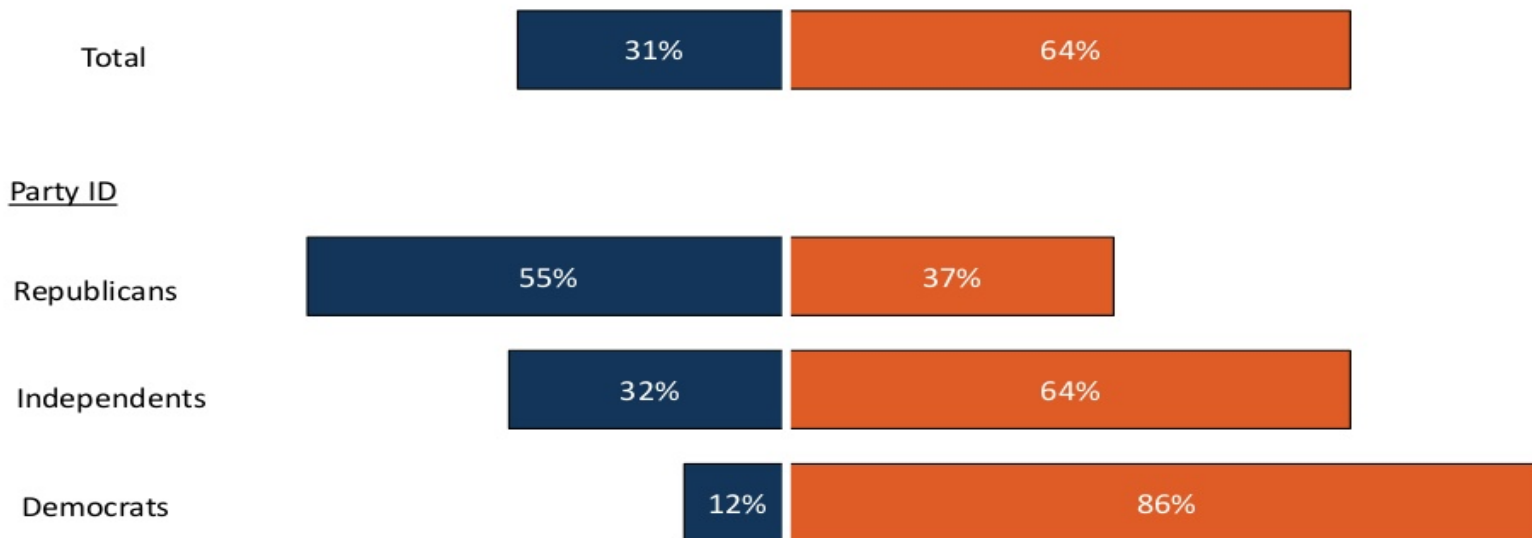
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted March 6-12, 2017)

# The Safety Net

## Majority Supports Guaranteeing Some Coverage for Seniors and Lower-Income Individuals

Here are two approaches to the future of health care in the U.S. Which of these approaches do you prefer?

- Limiting federal health spending, decreasing the federal government's role, and giving state governments and individuals more control over health insurance, even if this means some seniors and lower-income Americans would get less financial help than they do today
- Guaranteeing a certain level of health coverage and financial help for seniors and lower-income Americans, even if this means more federal health spending and a larger role for the federal government



NOTE: Question wording abbreviated. See topline for full question wording. Don't know/Refused responses not shown.  
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted February 13-19, 2017)



# Telemedicine Snapshot

# Telehealth and Health Care Landscape

The U.S. health care landscape is transitioning from fee-for-service to pay-for-performance (e.g., outcomes, quality)

Aging population: 65 and over almost 20% of population by 2030

Growing consumer demand for in-home care modalities

Physician shortage: up to 95,000 over next decade (AAMC)

Availability, accessibility, and ubiquity of telehealth technologies

# Telehealth Statistics

45% of hospital market  
have installed  
telemedicine  
technology

HIMSS Analytics  
expects between 51 to  
53% (between 2,900  
to 3,000 U.S.  
hospitals) to have  
installed telemedicine  
technology by 2020

Record 1.2 million  
direct-to-consumer  
telehealth visits (ATA)

# Telehealth Statistics

(Physician Trends 2016 Report)

35% of employers with onsite clinics offer telehealth

- 12% more plan to offer within 2 years

About 65% will video visit with doctor

Almost 60% of doctors willing to do video visits

90% of healthcare executives report their organizations developing/implementing telehealth programs

Almost 75% of all physician, urgent care, emergency visits either unnecessary or can be handled via phone/video



# Patient Trends

## Anthem

- **74%** of US consumers indicated that they would use telehealth services (and the number is expected to grow)

## Cisco

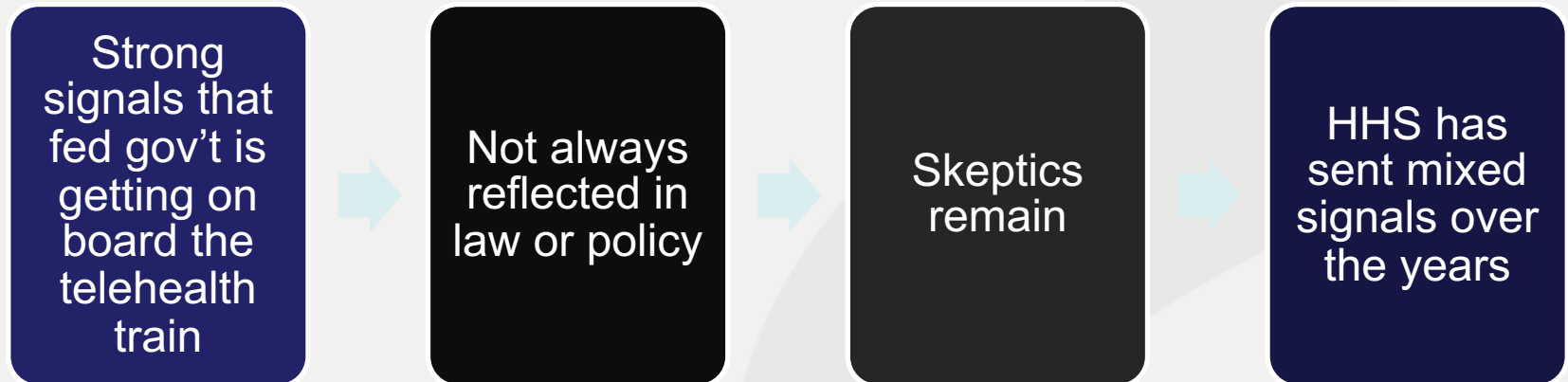
- **76%** of patients choosing access to care over human interaction with their care provider
- **70%** are comfortable communicating with doctors via text, email, video instead of seeing them in person

## Telehealth & eHealth Journal Study

- **75%** of respondents said they would not use telehealth unless it was covered by their insurance

# The Current Climate

# Telehealth Growing on the Fed



# Trump Administration

Deregulation

Innovation

Disruption

# Agencies

## HHS

- CMS
- FDA
- HRSA
- DEA

## VA

## FCC

## FTC

## Dep't of Agriculture

# Early Signs in Trump Administration



HHS Sec'y is a  
telehealth champion



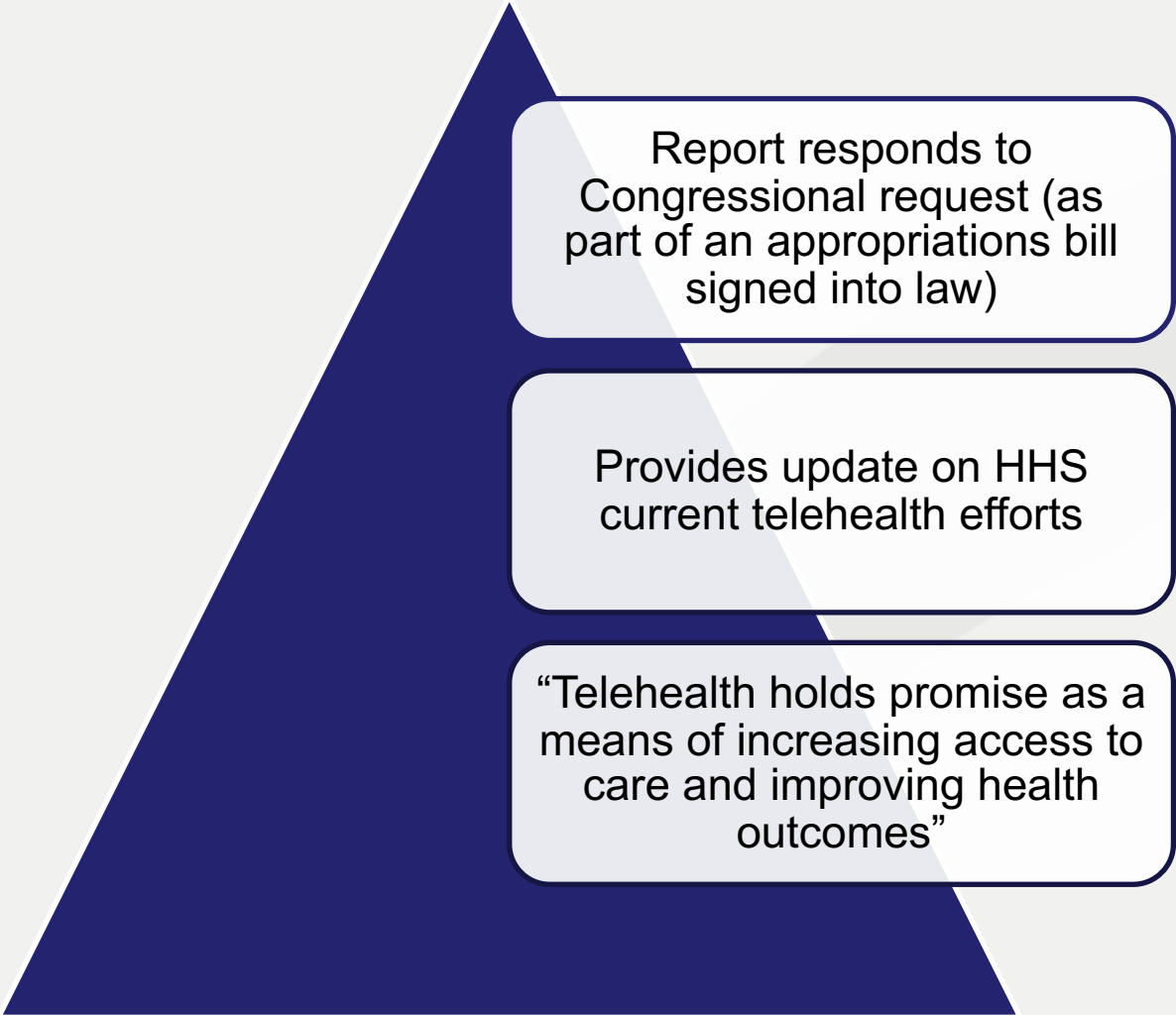
New CMS Administrator  
indicated in  
confirmation hearings  
that she wants to  
promote the use of  
telehealth



Acting Chair of FTC is  
longstanding champion  
of telehealth, innovative  
technology



# HHS Report to Congress: E-health & Telemedicine (Aug. 2016)



Report responds to Congressional request (as part of an appropriations bill signed into law)

Provides update on HHS current telehealth efforts

“Telehealth holds promise as a means of increasing access to care and improving health outcomes”

# HHS Report to Congress: E-health & Telemedicine (Aug. 2016)

## Importance of telehealth

- Highlights some analysts' report of potential to reduce costs
- Access to certain medical specialties, such as oncologists limited in rural areas
- 59 million Americans reside in HPSAs
- “[T]elehealth appears to hold particular promise for chronic disease management”
- Expand ability of MA organizations to provide telehealth by eliminating otherwise applicable Part B requirements that certain services be provided only in-person



# HHS Report to Congress: E-health & Telemedicine (Aug. 2016)

## Telehealth federal activity

- The number of telehealth grants administered by HRSA and SAMHSA
- The establishment of the Federal Telemedicine Working Group (comprised of 26 agencies and departments such as USDA and the FCC) to facilitate telehealth education and information sharing
- ONC developing an inventory of federal telehealth activities
- AHRQ providing an evidence map of the available research regarding telehealth
- The continued great telehealth work being done within the VA and reasons why that model may not be scalable

# Meeting

- Medicare Advantage
- Mental health/substance abuse
  - Ryan Haight
- CMMI
- Public/private partnerships
  - VA
  - DOD
- Waivers

# Congress

Many telehealth related bills introduced in the last Congress

Some reintroduced in the new Congress along with new bills

In February, group of senators submitted letter to HHS encouraging the use of telehealth and remote monitoring for rural Americans

# Challenges

# **Awareness & Education**

# Consumer Awareness

Almost 40% have not heard of telemedicine

42% who have not used telemedicine and prefer an in-person physician visit instead

28% don't know when it is appropriate to use telemedicine

14% don't trust a telemedicine provider to diagnose and/or treat

14% are not sure if telemedicine services are covered by health insurance

Source: HealthMine

# Consumer Awareness

## When Consumers Would Use Telemedicine

<b><u>Medical service</u></b>	<b><u>Percentage</u></b>
Follow-up care for acute illness	44
Symptom tracking/diagnosis	44
Medication management/prescription renewal	44
Follow-up care for a chronic condition	34
Remote monitoring of vital signs	31
Behavioral/mental health	24
Nothing	11
Other	1

Source: HealthMine

# Other Challenges



Lack of longstanding data, evidence

- Cost
- Quality
- Clinical efficacy



Transition from episodic care to primary care, chronic care management



Lack of interoperability between telehealth and medical record systems (data sharing difficult)



# Other Challenges

Variability in state laws

Cybersecurity

Ryan Haight Act

Credentialing and privileging

Broadband access

Reimbursement

# **Medicare Part B Reimbursement**

# Medicare Overview

Last meaningful expansion in 2001

Mostly for rural beneficiaries

Limited number of services covered

Live interactive audio/video (no coverage for asynchronous, store-and-forward communication in most cases)

Only \$17.6 million paid out for telehealth services (2015)

- Over \$600 billion paid out for all Medicare programs/services

# Medicare Fee-for-Service Telehealth Benefit Difficult to Expand

Bias towards keeping telehealth benefit only available for rural beneficiaries in areas with shortage of health care professionals

Need for telehealth in urban contexts not fully understood

Fear of increased costs to Medicare program with expansion of telehealth benefit

Privacy and security concerns

Many studies have been inconclusive regarding efficiency, cost savings, preventable hospitalizations from the use of telehealth services

# VHA vs. Medicare: The Numbers

	VHA	Medicare
Budget	\$60 billion	\$646 billion
Beneficiaries	7 million	56 million
Dollars spent on telehealth services	\$1.1 billion	\$0.02 billion
Telehealth-related claims	2,000,000	270,000
Covers telehealth services in-home	Yes	No
Requires clinicians to be licensed in state	No	Yes

Source: Alliance for Connected Care  
[www.connectwithcare.org](http://www.connectwithcare.org)

# Opportunities

# Future Opportunities

- Develop more data, evidence of cost, quality advantages
- Educate policymakers, consumers, payers (thought leadership)
- Accreditation
- Telemental health/substance abuse treatment
- Coherent advocacy

# QUESTIONS

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