WHITE PAPER

COVID-19's Impact on Telehealth:

Looking Forward, from Consumer Behavior and Expectations, to an Insurer's Cost and Risk Adjustments

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Telemedicine is often used as an umbrella term for the different types of virtual healthcare services including telehealth, virtual check-ins, and e-visits available to consumers. While telehealth is considered the same as an in-person office visit for both new and established patients, virtual check-ins are 5-10 minute communications with established patients to determine if a telehealth or office visit is necessary. E-visits are similar to e-mail communications and are conducted over an online portal for established patients.

The accuracy of diagnoses made solely using telemedicine depends on the level of communication between the physician and patient. Telemedicine is a more convenient way for patients to access care, allowing them to easily reach out with questions and report early warning signs, so physicians can schedule any necessary follow-up office visits for further evaluation or testing.

Bob Kocher, M.D., who previously served as a special assistant to President Obama and is credited with helping shape the Affordable Care Act, believes telehealth lowers the total cost of care by averting complications earlier and avoiding emergency room visits. Although providers could ultimately find telemedicine to be more efficient, as it may eliminate significant overhead costs, it is not a perfect system, especially when rushed by the necessity of the COVID-19 pandemic and ensuing U.S. public health emergency.

Consumer Demand and Provider Supply

Numerous surveys have been conducted with both consumers and providers to capture how attitudes and behaviors towards telemedicine have changed over the course of the pandemic. Insurers and providers can use this information to anticipate what could happen throughout the remainder of 2020 and 2021.

- A survey conducted the week of March 23, 2020 found that 59% of respondents were interested in using telehealth in the future, with more than a third stating they would leave their providers to access telehealth.

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- A survey spanning 22 health systems across 17 states and 7 million patients revealed telehealth visits had increased 300-fold across all age groups, when comparing March and April 2020 to March and April of 2019.
- Internal CMS analysis of Medicare fee-for-service (FFS) claims data shows the number of beneficiaries utilizing telemedicine increased 130-fold from the beginning of March 2020 to the end of April 2020, with 25-34% of beneficiaries receiving a telemedicine service. The results varied by age bracket (those under 65 had the highest usage, while the lowest usage was among the 65-74 age bracket) and dual-coverage status (34% of dual-eligible beneficiaries accessed telehealth, compared to 26% of Medicare-only beneficiaries), but there were no significant differences by gender or ethnicity.
- An internal study at the University of Texas Southwestern (UTSW) Medical Center, found higher rates of telehealth appointment completion in April 2020 compared to in-person appointments in April 2019. "We're now sustaining 25% of our practice being done virtually," says Alan Kramer, M.P.H., UTSW assistant vice president of health system emerging strategies.
- According to McKinsey & Company surveys from May 2020, providers reported 50 to 175 times more telehealth visits compared to the pre-pandemic environment, while consumers reported 46% actual usage, of which 74% reported high satisfaction, and 76% indicated they were "highly or moderately likely to use telehealth going forward." McKinsey's overall analysis of combined outpatient, office, and home health spend across commercial, Medicare, and Medicaid suggests as much as $250 billion—or ~20%—of total spend could be virtualized, including 24% of all office and outpatient visits, 35% of home health services, and 20% of emergency department visits.

A survey comparing responses from May and August of 2020 provides insights into changing behaviors over the 90-day early-pandemic period. The number of respondents avoiding doctors' offices and/or hospitals decreased to 27% from 41%, while the number who used telehealth increased to 31% from 22%. Only a slight increase was noted in August when asked if a vaccine would make them feel comfortable returning to a pre-COVID-19 life, with 58% agreeing compared to 54% in May.

Although consumer preference for telemedicine has increased over time, once re-openings and increased patient comfort put in-office visits back on the table, the willingness of some providers to supply the services decreased. Issues cited include digital literacy, platform usability, time-consuming staff training, lack of devices or broadband service for underserved populations, quality and liability concerns, and general uncertainty regarding long-term viability.

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Cost of Care

Cost sharing was temporarily reduced or eliminated by several insurers for numerous telehealth services, but many are beginning to revert back to pre-pandemic policies, reducing coverage of (despite CMS' likelihood to more than adequately cover them through 2021), or reinstate member cost sharing. Telemedicine visits remain high for certain specialties such as mental health, while specialists that tend to require more hands-on care—like orthopedists—are now requiring in-office visits.

The FAIR Health National Private Insurance Claims database, the nation's largest repository of private health insurance claims, revealed national private spending on telemedicine services increased to nearly $4 billion from less than $60 million when comparing March and April of 2020 to those two months in 2019.

CMS granted Medicare Advantage organizations (MAOs) the ability to waive or reduce enrollee cost-sharing for telehealth benefits, provided it's done for all similarly situated plan enrollees on a uniform basis, and can be tied to the COVID-19 outbreak. Expanded telehealth coverage beyond those approved by CMS will satisfy safe harbor to the Federal anti-kickback statute.

Risk Score Adjustments and Trends

As market disruptions occur, new models often spring forth. Deferred or avoided care in 2020 could cause lower risk scores and revenue in 2021, and subsequent delays due to demand and availability in 2021 would then adversely impact 2022. Delays in identifying emerging—or treating existing—chronic conditions could exacerbate health outcomes, reduce star ratings, and reduce medical expenses. For MAOs, this would result in paying refunds to CMS based on the 85% medical loss ratio (MLR) requirement.

Prospective risk scores used to pay Medicare Advantage (MA) plans and commercial plans under the Affordable Care Act (ACA) for 2021 are trending lower than both prior years and original 2021 forecasts due to delayed or cancelled medical services. As the pandemic subsides, demand is expected to increase beyond pre-pandemic volumes—possibly even beyond the capacity of providers—as pent-up services become heavily sought, further impacting risk adjustments. In this scenario, providers may prioritize the sicker or higher-risk patients, further impacting risk scores. "Health plans across the country are noting double-digit decreases in the disease portion of risk adjustment scores. Medicare Advantage plans filing 2021 bids assuming minimal impact to risk adjustment revenue must execute remediation activities to address the identified drop in face-to-face encounters in order to reconcile that drop with their submitted bids," said Arturo Diaz, chief operations officer of risk analytics at PopHealthCare. However, telehealth offers the opportunity to capture up to an estimated 95% of hierarchical condition categories (HCCs), with the caveat that audio-only telehealth visits are currently excluded from risk adjustment consideration.

Future of Telehealth: After a Vaccine Release

According to the U.S. Department of Health and Human Services, the goal of Operation Warp Speed (OWS) is to produce and deliver 300 million doses of safe and effective vaccines with the initial doses available by January 2021. The first Phase 3 trial began July 27, 2020, administering two doses 28 days

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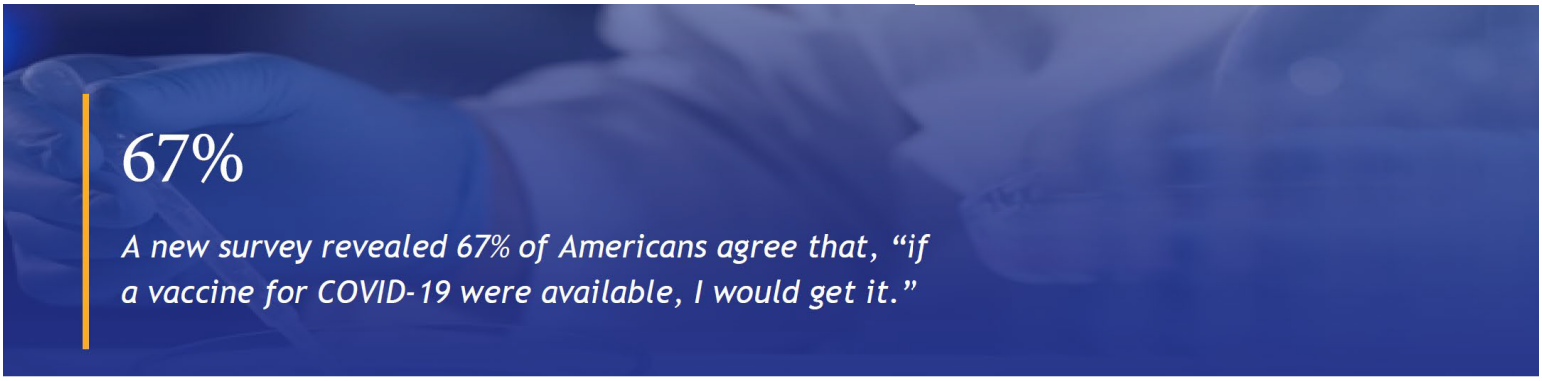

apart, and is also evaluating if a single dose can prevent symptomatic COVID-19, among other objectives.

In a survey conducted in 27 countries between July 24 and August 7, 2020 it was revealed that 67% of Americans agreed that "if a vaccine for COVID-19 were available, I would get it." The most frequently mentioned reason for not taking a vaccine among those who would not get one is worry about side effects, followed by perception of ineffectiveness. In the U.S., another 39% of respondents said they are not enough at risk from COVID-19 or are generally against vaccines.

These results indicate at least 1 in 3 people will need more time to be convinced of effectiveness and safety, which will become more clear once the first wave of those receiving the vaccine report back on side effects, and enough time has passed to measure each vaccine's effectiveness. Combined with the apparent failure for OWS to meet its January 2021 goal, the public health emergency may extend well into 2021, or even into 2022, driving the ongoing necessity for advances in telemedicine.

Future of Telehealth: Effective Tools

On August 11, 2020, CMS proposed to allow direct supervision to be provided using "real-time, interactive audio and video technology through the later of the end of the calendar year in which the public health emergency ends, or December 31, 2021." In addition to accepting feedback from patients and clinicians to better understand which services should be retained on the Medicare telehealth services list until they can give them full consideration, CMS is proposing a new category for services added during the public health emergency which are likely to be clinical benefits under telehealth, but don't yet have sufficient evidence available to become permanent. Concerns to be addressed include treating patients with cognitive impairment, dementia, or communication disabilities, the need for rapid on-site decision-making in case of adverse situations, and disruption of the virtual connection between the individual performing the service and the supervising practitioner or physician.

The potential for better coordinated care via telemedicine is greater with telemonitoring of vital signs for high-risk patients. Evaluation of how these benefits outweigh the possible risks from fragmented care—which include inaccurate diagnoses, gaps in or overuse of care, and inappropriate use of medications—must become routine in order for insurers to mitigate these risks during and after the pandemic. COVID-19 is forcing change in the healthcare industry, but as telehealth grows, communication improves, and technology adapts and becomes more available, the result will be an industry prepared to withstand the next pandemic or other major disruption.

Telemedicine has proven to be an effective tool for providing care despite the growing pains experienced by insurers, providers, and consumers. Consumer demand for telehealth appointments pushed providers to improve the system, and will likely push insurers to maintain the service, even after the pandemic ends. The initial 6 months of the COVID-19 pandemic formed the basis for telehealth to be a permanent and popular method of care that will increase access, expand communication, and reduce costs.

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