Redefining Access to Healthcare Expertise: The Virtual/Telehealth Opportunity

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Introduction

Disruption is accelerating in healthcare, as the industry moves toward provision of services in locations and through channels that offer lower costs and more convenience than hospitals or even ambulatory facilities. Virtual healthcare services, including e-visits over the web and mobile devices, and other applications, are exploding. Various terms, such as telemedicine, telehealth,\(^1\) virtual care, or “connected health,” are used to describe these services. Once the province of doctor-to-doctor communications about specialized cases or about treating patients with difficult conditions in rural locations, these care delivery models are going mainstream. In so doing, the models are redefining access to healthcare for consumers worldwide. And we haven’t seen anything yet. The future is almost impossible to imagine at this point in time.

Proactive hospitals and health systems have been or should be using new virtual vehicles. These will reshape and boost consumer access to their healthcare experts and expertise, connecting certified clinicians with existing patients and new consumers 24/7/365. For a good share of organizations, virtual care delivery represents a revenue-diversification strategy with significant growth potential, and a way to maintain the strength of core facility-based acute care services.

According to a recent survey,\(^2\) 42 percent of U.S. acute care hospitals have adopted some form of telehealth, including remote patient monitoring, electronic intensive care units (eICUs), and video visits.

Virtual healthcare applications are increasing and can be expected to grow significantly as a result of a new Centers for Medicare & Medicaid Services policy announced on October 31, 2014. Starting in 2015, Medicare will pay for coordination-of-care services that are not delivered face-to-face for beneficiaries with multiple chronic conditions.\(^3\) Included in the new policy is telehealth-based coverage for remote patient monitoring, annual wellness visits, psychoanalysis, psychotherapy, and prolonged evaluation and management services.
Why Virtual

Virtual healthcare provides the U.S. a means to improve care quality and efficiency by tapping into less-expensive, underutilized, and expert healthcare resources nationwide and worldwide. Absent current regulatory barriers in both domains, telehealth has the potential to alleviate the effects of primary care physician and nurse shortages by handling routine consultations electronically. As change occurs in how consumers interact with healthcare providers, particularly for primary care and preventive needs, virtual healthcare also can reinforce an organization’s current market strengths and extend its expertise to new worldwide markets.

Three forces are advancing the delivery of virtual services: technology, empowered consumers, and employers.

Rapidly developing technology has made telehealth possible, enabling virtual interactions between consumers and clinicians. The contact may be verbal via a phone, and if needed, visual and verbal on home computers/tablets or mobile devices via an Internet service, such as Skype. The key is that the consumer need not be onsite with the physician or other clinician. Applications are growing exponentially and currently include basic diagnoses with suggested therapies in cases where hands-on physical exams are not necessary, home health telemonitoring for disease management, post-acute care monitoring of chronic conditions in homes and nursing facilities, remote intensive care consultation and management, and medication adherence programs. These advances remove geographic barriers to access, allowing a person with a sinus infection in South Orange, N.J., to be advised by a clinician in Chicago, Boston, or Mumbai.

Virtual healthcare services are well positioned to meet the expectations of activated, “new-era” consumers. To many of today’s consumers, the real and virtual worlds are one. Enabled by increasing price transparency, consumers are shopping for healthcare services much as they would for retail purchases, and looking for convenient access and instant or prompt fulfillment of their care needs. Big retailers such as Walgreens, CVS Health, and Target have geared up to provide preventive health, low-intensity, and chronic care services in stores and clinics nationwide. Walgreens and WebMD recently announced a partnership to offer web and mobile virtual wellness and coaching programs. A new online-therapy company called Lantern is using mobile and online tools, and credentialed “coaches” to help consumers address anxiety, sleep problems, and other issues.

New companies are entering the virtual healthcare space and offering immediate access to e-visits with clinicians. For employers, these services increase productivity by reducing the amount of time an employee is away from work. A routine e-visit might take only 15 minutes, while a site-based visit and travel to and from it likely would be at least an hour, and probably much more. Multiply the increased productivity of 45 minutes saved by millions of employees, and it’s easy to see why employers would encourage e-visits for non-complex care needs. Increasingly, employers are paying directly for e-visit services and including them as part of employee benefits beyond traditional health plan packages.

Boosted by these forces, the global telehospital/clinic and telehome market was expected to be $19.2 billion in 2014 and $43.4 billion by 2019.

Virtual Models

New and varied virtual care delivery models—all non-facility based—extend beyond more traditional telehealth applications in acute care settings. These include interactive telehealth models, “store and forward” models, and mobile health models.

Interactive Telehealth Models

These models allow for live consults between a patient and a provider and real-time interaction. Interactions may be by phone, email, or videoconferencing. Carena, Doctor on Demand, and Teladoc are three examples.

Carena partners with health systems and self-insured employers to offer virtual clinics that integrate with their partners’ mainstream care delivery systems. The phone or online service provides patients with a private conversation or face-to-face meeting with the clinician via a webcam. In partnership with Carena, one health system offers virtual clinic visits 24/7 for $49.95.

Available in 46 states, physicians with Doctor on Demand use video visits to diagnose, treat, and write prescriptions for patients when clinically appropriate. The cost is $40. Or, patients can simply download an app, provide a list of their symptoms, and instantly connect to a board-certified doctor in their state.
Teladoc, the nation’s largest primary care telehealth company, projected it would cover 16 million Americans by year-end 2014 in programs sponsored by insurers, employers, and health systems. Expecting to achieve one million consults by the second quarter of 2015, Teladoc offers patients with minor illnesses, such as bronchitis and flu, 24-hour access via phone or video to physicians living and working in all 50 states. According to a recent independent study, the average medical cost savings for Teladoc users ranges from $170 to $1,483 per consult. Expansion into specialty areas including dermatology, cardiology, pulmonary medicine, and neurology is planned, with the latter three focusing on post-acute follow-up care. Health systems that assume responsibility for the cost of care under value-based arrangements can use Teladoc to help keep their patients within the system, i.e., preventing “leakage” to other more expensive facility options.

“Store and Forward” Telemedicine Models

These models allow asynchronous interactions among providers and between providers and patients. Virtual visits incorporate a standard set of clinically based questions to solicit the necessary information to make a diagnosis, offer treatment recommendations, and if appropriate, prescribe medicine.

Access to specialty physicians can be obtained using this approach. For example, a referring primary care physician can upload images of skin lesions to a secure storage site along with the relevant patient history, and a consulting dermatologist can then access this information and respond. virtuwell by HealthPartners uses nurse practitioners to make diagnoses, develop a treatment plan, and send a prescription if needed, based on patient responses to interview questions submitted online or using a mobile platform.

mHealth Models

These models can be used to support both asynchronous and real-time virtual visits, allowing the exchange of medical information via email, text, and smartphone apps. Such models also can provide consumers with access to health information, medical records, and scheduling services using mobile apps. Uses include tracking and reminder systems to help patients monitor behaviors and conditions.

Traditional healthcare providers already are in or moving into this space, innovatively delivering care through virtual means using one or more of these models (Sidebar 1). All healthcare provider organizations should be evaluating their role in this space; most should develop a virtual presence.

Sidebar 1. Extensive Use of Virtual Services by Healthcare Organizations

Kaiser Permanente and the U.S. Department of Veterans Affairs (VA) have been leaders for many years in the provision of virtual services. Kaiser Permanente Northern California had 10.5 million virtual visits in 2013, defined as secure email, telephone, or video visits. Kaiser is moving aggressively toward virtual visits as the basis of primary care interaction, largely over mobile devices. The VA uses home telehealth (video, mobile) for chronic and acute care management, health promotion and disease prevention, store-and-forward teleradiology, and real-time videoconferencing for mental health services and specialty consultations.

Other examples abound. Washington state-based MultiCare offers OB CareConnect™ which gives women options—traditional care, group visits, and virtual visits—to tailor their obstetrics care to their personal needs, preferences, and lifestyle. Often chosen by working mothers, the virtual visit option includes standard in-person visits, virtual visits with a nurse practitioner, and tools for prenatal care and learning.

St. Louis-based Mercy Hospital has the nation’s largest single-hub eICU and is building a virtual hub that is projected to handle more than three million virtual visits during the next five years. In Illinois, Decatur Memorial Hospital offers $35 e-visits for its primary care medical group patients, and “express care” e-visits for consumers without a primary care doctor. In Pennsylvania, UPMC offers its patients $38 continuity-of-care e-visits with their physicians that promise one-day responses via email, and AnywhereCare e-visits for current patients with 30-minute response times for non-emergent problems.

Sources: Pearl, R.: “Kaiser Permanente Northern California: Current Experiences with Internet, Mobile, and Video Technologies.” Health Affairs 33(2): 251-257; and Decatur Memorial Hospital, Mercy, MultiCare, and UPMC websites.
Building a Competitive Virtual Offering

Developing a strategy in a new space should begin with an analysis of the competitive environment, including consideration of quantitative and qualitative factors related to the market in which the organization operates or wishes to operate. Because telehealth and other virtual services redefine market access, competition typically has no geographic boundaries. The market and competitors within that space may be in the region, or from another state or country, so wide collection and analysis of competitive information will be required.

Additionally, given the rapidity of technological changes, sustainability of a strategy over time is not likely. Therefore, evolution of the strategy based on continuous monitoring of consumer interests and technology, and planning related to the appropriate changes in the virtual offering, are necessary. How do organizations start?

Identify Your Strengths

Strengths should reflect core competitive offerings and competencies in related areas. This step provides foundational information about what the organization is really good at doing. Which services provide particularly high value, and where are clinicians the top performers regionally, nationally, or worldwide? Strategic objectivity is required. Not all services will meet the highest of bars required of an increasingly transparent, consumer-driven healthcare environment.

With delineation of scope of services and providers, a range of options and opportunities can be explored based on the type(s) of delivery model(s) that might be most appropriate. Digital-physical fusion can be your new competitive edge: “Digital innovations allow companies to identify the adjacencies that strengthen the base business and create new revenue streams... extending competitive advantages and accelerating growth,” notes one author.16

Beyond core specialty services, primary care services likely will be needed in order to retain current patients and attract new consumers. Through telehealth services, new consumers can more easily be attracted to facility-based and other virtual services offered by the organization.

Acquire Needed Intellectual Capital

Developing a consumer-focused virtual presence requires new and different intellectual capital. Experts in planning and executing retail strategies will be key. This suggests that organizations should draw talent from industries and companies that do a good job in retail marketing and communications, such as Lowe’s, Nike, Walgreens, Amazon, Apple, and others that offer virtual stores and services.

Building an e-savvy research, analytics, and information technology team also will be critical to assess opportunities, monitor and adjust virtual programs, and evaluate the technology required to maintain state-of-the-art virtual offerings. The team must include key clinicians, other executive managers, and the C-suite. This will help ensure high quality offerings and the ability both to identify when partnership arrangements may be needed, and to secure such arrangements.

Invest in the Right Care Infrastructure and Technology

Offering on-demand access to healthcare will be challenging, but it is a big opportunity for organizations that can develop the infrastructure to create that experience. The job is to determine how to construct care-delivery models that provide direct, timely access. This likely will require increasing the use of mid-level providers to interact with consumers on an immediate basis.

Different technologies will help this to happen. Hospital partnerships with virtual providers could enable hospital access to needed technology, while still allowing the hospital’s own physicians to provide the services or most of the services. For example, Mayo Clinic is partnering with HealthSpot to pilot test walk-in kiosks equipped with medical devices where patients can interact with doctors and nurses via video screens.17 Mayo also is partnering with Apple as it rolls out the iPhone 6 and a new smartwatch that will enable consumers to access key indicators of their health data and, through Apple’s HealthKit app, to share these data with their doctor and the sophisticated clinical management system of a major medical center.18 Pilot projects for patients and consumers in such areas as obesity and diabetes are planned.19

Technology that includes use of patient data must meet stringent HIPAA and other security standards.
Develop a Consumer-Relationship Strategy

How will your organization relate to consumers going forward? One size will not fit all, especially given generational differences in the way people consume information. Hospitals will need to develop a multidimensional, coordinated, and differentiated experience for various types of consumers at each “touch point.” This requires extensive research and analysis of target consumer segments.

Retail companies such as Walgreens are really good at doing deep dives to understand consumer behavior and how to segment the market in different ways. Similar research will enable healthcare organizations to understand what drives behaviors and decision making as consumers evaluate healthcare providers.

Multichannel healthcare offerings will be necessary, with consumer access points including web, mobile, telephone, and email, in addition to inpatient and ambulatory facilities. Leading consumer-driven organizations will have a diverse complement of services distributed over a broad geography.

The thorough integration of virtual and physical services is important because new-generation consumers expect to use them in an integrated way. They want a seamless digital-physical experience and will access services from organizations that relate to them through the mechanisms that are comfortable and convenient for them.

Beyond access, organizations will need to strengthen linkages in the customer experience. There is great untapped potential for relationship management as the mechanism by which healthcare organizations build and retain “stickiness” with consumers going forward. As healthcare switches to a care delivery and payment system where hospitals take responsibility for risk and population health management, the value of relationship-management capabilities increases, notes Atul Gawande, M.D. “Our most important asset is our relationships. Can we foster relationships where people feel known, cared for, and that their priorities are understood? The competitive space is not going to be just technologies, but whether we have teams of people that feel invested in being part of those teams, and in developing the relationships that matter so much.”

A close look at companies that participate in the peer-to-peer “sharing economy” will be helpful in relationship management. Airbnb, Uber, Lyft, and other entities establish consumer trust through involving customers with peer reviews. “People in the Airbnb economy don’t have the option of trusting each other on the basis of institutional affiliations, so they do it on the basis of online signaling and peer evaluations. Online ratings follow you everywhere,” writes David Brooks.

Healthcare organizations should consider their social media strategy and how to involve consumers in online consumer-to-consumer communications that build relationships and trust through ratings and other mechanisms.

Maintain Core Strengths

Organizations also must keep their core presence strong, ensuring appropriate ongoing investment in high quality acute care services. Regardless of the level of industry disruption, these are not going to “go away.” These services traditionally have provided leading hospitals and health systems with brand recognition and a trusted reputation. A deep understanding of the relative strengths and weaknesses of an organization’s brand is important to the communication strategy going forward.

Compelling advantages are offered in the virtual space by a high quality organization with top-notch clinicians. Consumers will compare such advantages with those offered through primary care models put forward by retailers and other entities. Who would you rather get advice from, even for minor ailments—a Walmart clinician on site, an unknown physician employed by MDLive or Teladoc, or a physician affiliated with “name your leading organization” over Skype?

This suggests, for example, that a major hospital in Chicago could create a virtual platform for a pediatric interventional cardiologist to be accessible to referring primary care physicians and individuals on a global basis. Individuals in developing countries probably would have limited access to such sophisticated expertise without this technology. Opening leadership and clinical minds to different ways of delivering care and serving different markets in an organization’s core areas of strength could lead to significant growth opportunities.
Address Price and Non-Price Points of Competition

Consumer-driven organizations will develop a nuanced pricing strategy based on an understanding of who is making the purchasing decision, consumer behavior, and competitive intelligence. Different services have different demand elasticity in the marketplace. In the case of “commodity” services, consumers believe that quality varies little from one entity to another. Pricing strategies for such services need to be more aggressive than with services for which consumers perceive a significant difference in the quality of the service and/or the expertise that a particular provider brings to the table. A deep understanding of price elasticity in the target market is important.

Organizations must drive down their costs in order to be more competitive on price, but ultimately, most hospitals will be challenged to compete based on price alone. Other competitive elements to be leveraged include convenience, customer experience, multichannel access, quality of care, product/service relevance, physician quality, and brand preference, as described earlier.

Determine Reimbursement Strategy with Payers

According to the National Telehealth Policy Resource Center, “reimbursement for telehealth-delivered care remains one of the largest barriers to telehealth adoption, regardless of the form of telehealth.” But barriers notwithstanding, both governmental and commercial payers increasingly are covering telehealth services. Stipulations often apply.

For example, in 2014, Medicare covered telehealth services that provide an interactive audio and video telecommunications system between the provider at a distant site and the beneficiary at the originating site in a rural professional shortage area. As mentioned earlier, in 2015 the agency will expand reimbursement coverage. Store-and-forward applications, such as teleradiology, which typically do not involve direct interactions with patients, are not covered.

Medicaid policies, which are governed by each of the 50 states and D.C., vary considerably, with no two states alike in how they define and regulate telehealth.

Commercial payers are recognizing the benefits of telehealth and paying for selected services. Some insurers, such as Aetna, have done so for more than a decade. The model often involves including providers such as MDLive and Doctor on Demand in the insurer’s provider network and encouraging use of such providers when efficiencies (i.e., lower costs) can be realized. Twenty-one states and D.C. have laws mandating the coverage of telehealth services under private insurance plans, but some insurers are resisting covering such services at payment rates comparable to in-person services.

Hospital systems either can use a “pull strategy” by obtaining signed agreements with commercial insurers before offering virtual services, or a “push strategy,” which involves adding the virtual service first, then selling the benefits to payers. In all cases, organizations need to keep abreast of new competitive offerings from health insurers and changing telehealth regulations. Payer-provider telehealth partnership strategies represent both a threat and a competitive opportunity that organizations should evaluate and pursue, as appropriate.

Maintain a Competitive Presence as Technology and Services Evolve

The U.S. healthcare industry will see a fundamental redefinition of primary care access, and perhaps specialty care access. This is being driven by the opportunity to deliver high-quality, lower-cost products on-demand or close to on-demand through virtual channels.

The displacement of activity from inpatient to outpatient settings and to the virtual space has significant implications for the right-sizing of delivery networks. These implications include the need for fewer and smaller inpatient sites, and strategically located and sized ambulatory operations. Critical too is the development of telehealth capabilities and services that allow physicians and mid-level providers to engage consumers. Capital investment will be much less in bricks and mortar and much more in human expertise and IT systems that enable electronic connectivity and strong relationships with consumers.

Consumer needs, technology, and services will continue to evolve as change accelerates in the industry. Health systems, hospitals, and physician groups can and should maintain a competitive position in the virtual space, reinforcing their presence and expanding their reach by redefining access to their expertise.

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References

1 The American Telemedicine Association defines telemedicine as “the use of medical information exchanged from one site to another via electronic communications to improve a patient’s clinical health status.” “While the term telehealth is sometimes used to refer to a broader definition of remote healthcare that does not always involve clinical services, ATA uses the terms in the same way one would refer to medicine or health in the common vernacular.” www.americantelemed.org (accessed Oct. 20, 2014).


4 Barriers include reimbursement policy, credentialing and privileging, online prescribing, malpractice liability, licensing of physicians and other healthcare providers, and informed consent.


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Mark Grube, Managing Director, leads Kaufman Hall’s Strategic Advisory practice, which provides a broad array of strategy-related services to regional and national healthcare systems, academic medical centers, community hospitals, and specialty providers nationwide. Mr. Grube has more than 25 years of experience in the healthcare industry, as a consultant and as a planning executive with one of the nation’s largest healthcare systems.

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