

BUILDING THE VIRTUAL HEALTH ENGAGEMENT PLATFORM OF THE FUTURE

The next five years are primed to consolidate the future of virtual health given the green space for innovation. By leveraging the technologies enabling virtual care and integrating health information, virtual health can provide consumers with a fundamentally different experience than what we know today. Healthcare experts have been promoting [virtual visits](#) for two decades, and we have seen more investments in [digital health](#) than ever before. However, that growth has not translated into widespread adoption of virtual health services, with reimbursement and resistance to change cited as [major barriers](#) to adoption. This growth in demand and investment has now come up against the COVID-19 global pandemic, an exogenous shock to the healthcare industry. While the industry adapts in the short-term at an unprecedented pace, virtual health offerings have allowed the system to continue to function with some semblance of normalcy and deliver care that may otherwise not have been possible. Given the current rapidly changing landscape (e.g., interim shifts in regulations, security, and financial assistance) and increased consumer and provider willingness to utilize virtual health solutions, this has become an opportunity for health plans to lean in and build on this developing momentum.

Health plans are responding to the significant growth opportunity in virtual care by defining new

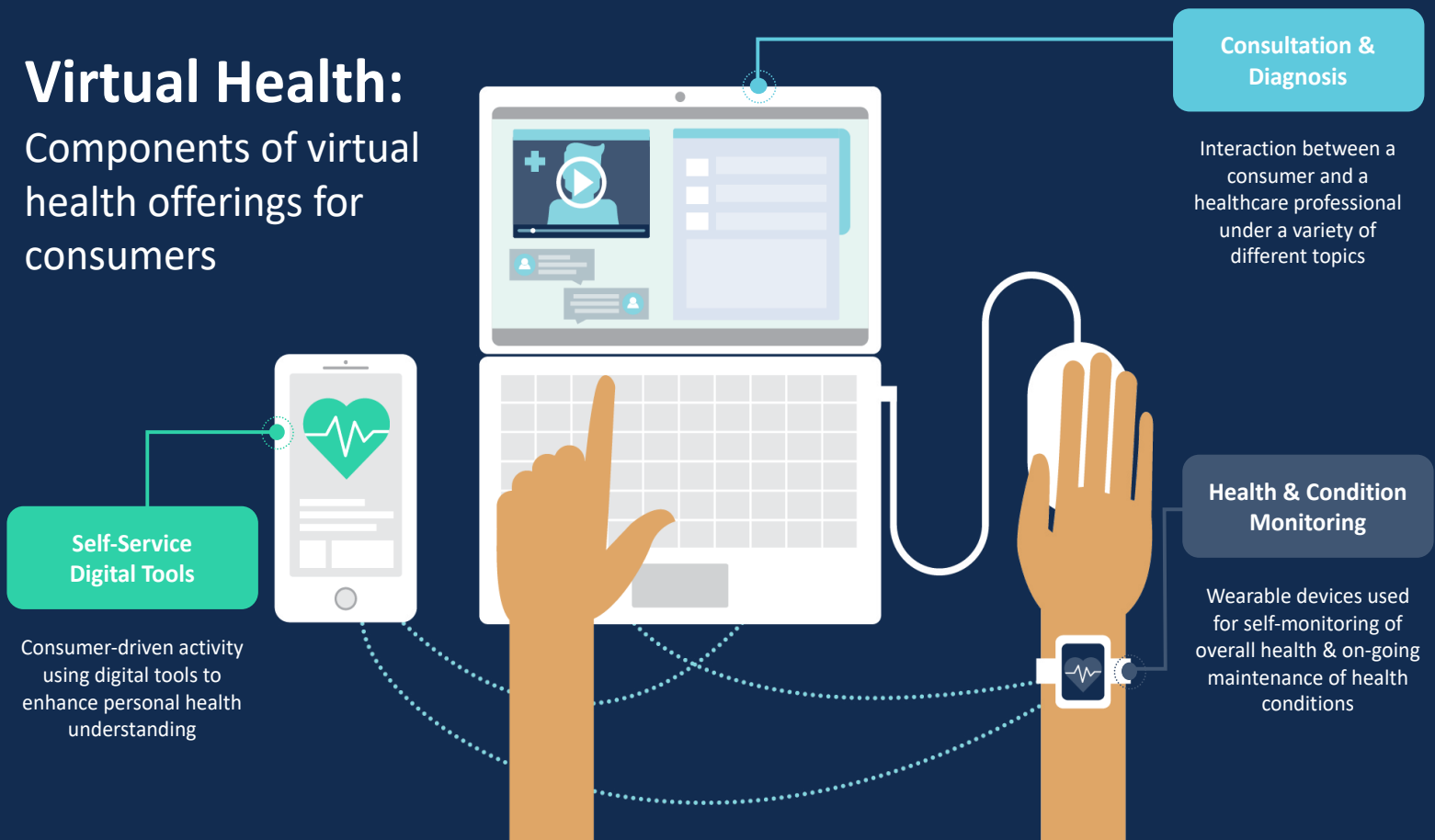
products, technology platforms, reimbursement strategies, care management and advocacy programs. Moreover, health plans are defining the most appropriate ways to integrate with their networks to become an important aggregator and promoter of virtual health in the most appropriate setting. We believe now is the time for health plans to reflect further on their virtual health strategy and define a differentiated strategy.

We have already seen other industries go through a fundamental shift due to COVID-19, and we expect healthcare to be no different. There are signs that the pandemic will shorten the innovation and adoption cycle for virtual health and serve as a catalyst to move towards the next iteration of virtual health from a mostly consultation and diagnostic model to an AI-enabled health future. Health plans need to be at the forefront and lead the efforts to be ready for this reality and encourage other stakeholders to join.

"I can't imagine going back. People recognize the value of this, so it seems like it would not be a good thing to force our beneficiaries to go back to in-person visits."

Seema Verma, Administrator of the Centers for Medicare and Medicaid Services

Virtual Health: Components of virtual health offerings for consumers



WHAT IS VIRTUAL HEALTH?

Virtual health is a broad term that encompasses the different ways consumers can utilize current digital technologies to support their healthcare needs. HealthScape believes virtual health is an essential enabler toward improving the accessibility, effectiveness, and efficiency of care delivery. For purposes of this discussion, HealthScape has categorized virtual health into three separate components: **(1) Self-Service Digital Tools**, **(2) Health and Condition Monitoring**, **(3) Consultation and Diagnosis**.

We anticipate the recent market demand due to COVID-19 coupled with favorable consumer and provider willingness will result in broader and greater depth of virtual health adoption within the next five years. The current increases in virtual

visits across platforms and providers can be viewed as a “window into the future” and help accelerate the changes needed to move towards a successful and sustainable model for mass adoption. While we anticipate growth within all three components of virtual health, we believe the consultation and diagnosis component will face the biggest changes.

“It’s critical that health plans win the hearts and minds of consumers and providers. Because of COVID we have seen that virtual health is more than a sense of convenience, it’s a matter of life and death at times. Very few of the calls right now are actually COVID-related which means there are lots of health priorities that consumers will look to address through virtual platforms.”

Ann Mond Johnson, CEO of the American Telemedicine Association

HOW SHOULD PLANS RESPOND?

The future of healthcare, enabled by technological innovations, is to provide consumers with more effective, personalized, and holistic care. The promise of virtual health is not just to provide another access point of delivery but rather to digitize healthcare. Digitization allows for data, virtual care technology, and integrated analytics to enhance predictability of health and deliver better care. As we move towards a multi-modal, personalized healthcare future, virtual health and its components will be the critical element in making that a reality.

Health plans find themselves in a unique position to enable this future and need to focus on customer centric solutions to build long-term relationships whether through their own capabilities or partnerships. We have already seen new entrants and big tech offerings that have the potential to fundamentally disrupt the health plan business; if health plans are slow to respond, they run the risk of disintermediation in a rapidly shifting landscape.

Given the opportunity in virtual health, HealthScape has identified several strategic levels of health plans to reach. We recommend that health plans begin to both evaluate and expand existing capabilities to ensure they can meet the changing marketplace conditions. We expect most plans' current state to have Level 0 elements in place, but we have outlined next steps to adopt Levels 1 - 3 as plans evaluate more aggressive virtual health measures. Health plans should challenge themselves and ask the tough question: Where do you want to end up and by when?

Health plans have a range of opportunities based on how aggressive and differentiated they want to be in penetrating the market. HealthScape believes that the four strategic levels outlined below can be combined in varying degrees to align with each health plans' virtual health strategy as each level builds off the preceding capabilities.

LEVEL DESCRIPTIONS

Virtual Health Integrated Care Delivery

Multi-channel ownership approach that enables plans to create their own virtual platform and ownership of healthcare professionals

Customer Advocate Virtual Delivery

Sophisticated and holistic care management model that provides a seamless virtual experience to members (and providers)

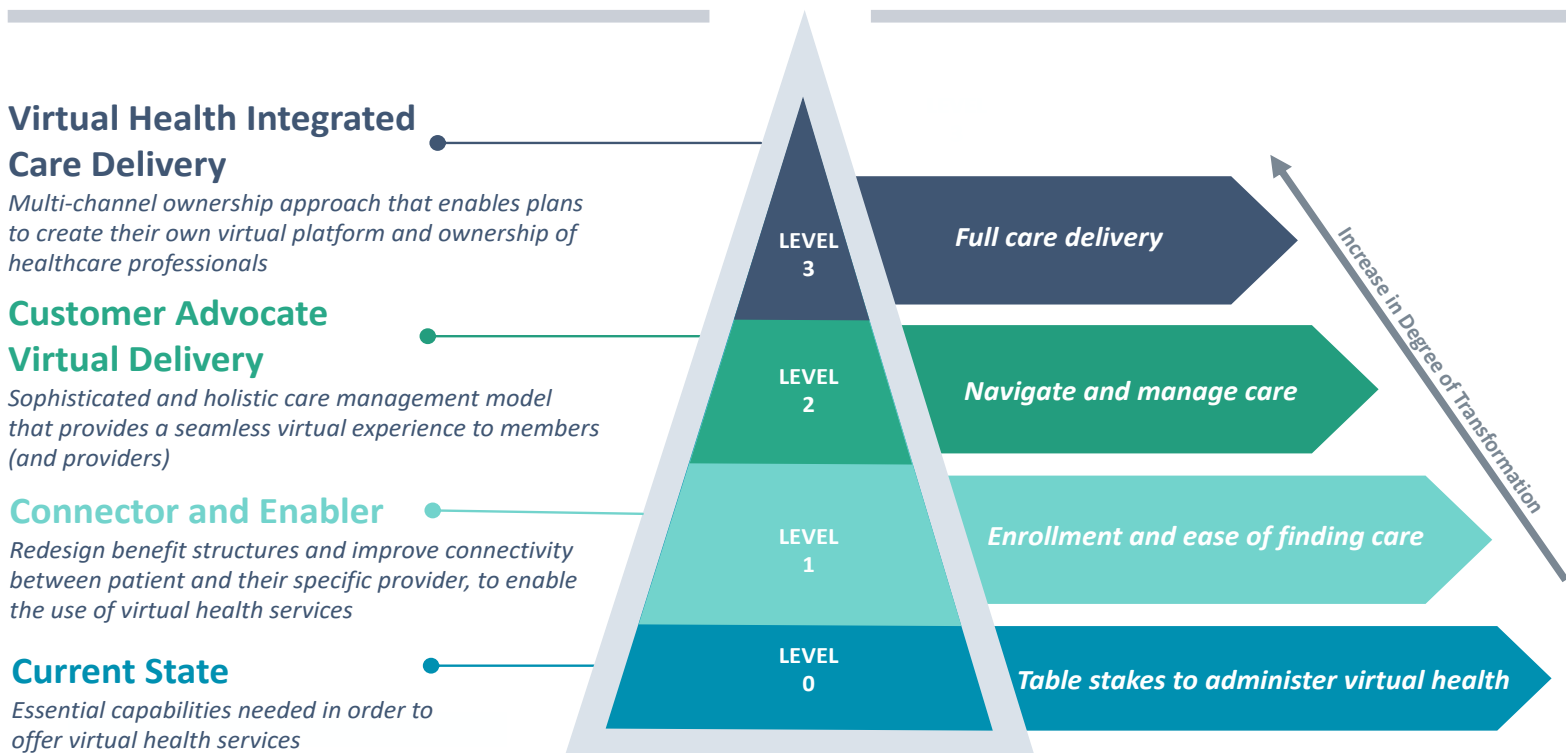
Connector and Enabler

Redesign benefit structures and improve connectivity between patient and their specific provider, to enable the use of virtual health services

Current State

Essential capabilities needed in order to offer virtual health services

LEVEL CAPABILITY IMPACTS



DETAILED LOOK INTO EACH RESPONSE OPTION

LEVEL 0 Current State

This level recognizes the basic capabilities needed to offer virtual health services. This involves access to a virtual health platform and a provider network for consumer use. It is important to acknowledge that

TELEHEALTH

Member interface technology that allows for a provider-to-patient interaction (e.g., a vendored partner solutions such as Teladoc, Doctors on Demand, American Well).

REIMBURSEMENT METHODOLOGY

A payment model that accepts claims and reimburses providers for virtual visits. Commonly, in the pre-COVID environment, virtual visits are reimbursed less than an in-person visit.

most health plans in the market are likely at Level 0 today, and these capabilities are considered table stakes:

PROVIDER NETWORK

Group of high-quality health care professionals contracted to perform telehealth services. The network is commonly provided by the virtual health platform provider.

CONSUMER EDUCATION AND INTEGRATION

Virtual health specific marketing campaigns to raise awareness of virtual offerings available, member engagement to increase utilization, and integrating solutions into existing members' health care tools for ease of use.

LEVEL 1 Connector and Enabler

This level is focused on helping consumers find care in a virtual setting and providing consumers with robust information to determine which care settings are most appropriate based on their needs. This functionality requires leveraging technology to determine access to the healthcare "front door." For a health plan, the goal is to provide access to virtual care through search and transparency tools. To achieve this goal, redesigned benefit structures and

PRODUCT AND BENEFIT DESIGN

Introduce new products and reshape current benefit structure to incentivize members to increase utilization of virtual health services (e.g., enabling telehealth visits to be the same price or cheaper than in-person visits)..

ENHANCED NETWORK

Broaden network participation by incentivizing providers to join, minimizing administrative burden (e.g., credentialing, contracting), as well as offering technological support as needed to enable virtual health services. Ultimately, this will allow members to connect with their preferred PCP versus the historical triage of sending a member to an unknown in-network PCP.

payment models as well as improved connectivity between patients and providers is required. While the main goal is to increase members' utilization of virtual health services, it is important to incentivize providers to participate as well (e.g., reimbursement for virtual health services must be at parity). The following key capabilities are needed to execute this option:

CARE SEARCH AND TRANSPARENCY TOOLS

Reinvent the provider search function with the adoption of a "digital front door" highlighting all consumer options based on their location, preference, and unique needs (e.g., telemedicine, urgent care clinics, in-person PCP visits). This function assists consumers to find the appropriate care settings, incentivizing virtual health where appropriate, and allowing for real-time appointment booking for a virtual health setting.

PROVIDER REIMBURSEMENT

A payment model that acknowledges providers may be paid less for a virtual visit (i.e., due to the inability to code for new diagnoses compared to in-person visits) and develops incentivized compensation strategies accordingly.

LEVEL 2

Customer Advocate Virtual Delivery

This level is focused on delivering advocacy solutions to promote virtual care to members when appropriate. This is accomplished through the redesign of legacy care and service models to form a holistic engagement model, regardless of the interaction point, to provide a seamless virtual experience to member (and provider) for both behavioral and physical health. In order

to appropriately support this initiative, a strong emphasis must be placed on development of sophisticated, integrated care management models (e.g., POD models). In addition to Connect & Enabler level capabilities, the following key capabilities are needed to execute this level:

INTEROPERABILITY AND DATA EXCHANGE

Ability to collect and manage data from the entire care ecosystem including clinical and non-clinical data (e.g., consumer profile, virtual health providers, EMRs, remote monitoring) and allowing for data sharing between virtual health professionals and care management teams to enable more effective care delivery.

CARE MANAGEMENT AND SERVICE WORKFLOW

Activities intended for improved member care by effectively managing health conditions (e.g., monitoring chronic illnesses, promoting and integrating use of digital tools such as remote patient monitoring, utilizing virtual health tools to deliver care) and placing care management teams on the same virtual care platforms as the provider network for increased care coordination.

CUSTOMER ADVOCACY

Integrated service and clinical functions across medical and behavioral health with a focus towards strengthening the customer relationships and engaging members across multiple channels utilizing virtual health and digital tools. Navigate consumers to the right virtual health option based on their profile, self-reported data, as well as remote monitoring and other health data that has been incorporated (i.e., navigate to the appropriate virtual or in-person option).

LEVEL 3

Virtual Health Integrated Care Delivery

This level provides health plans with a vertically integrated virtual care option with the plan owning the virtual clinical assets (e.g., virtual care platform, employment of virtual health professionals). This enables plans to have full control over the consumer experience with access, delivery of care, quality management, and overall coordination of care. Beyond the delivery of virtual care, this level also needs to incorporate data from other sources (e.g.,

social determinants of health, prior utilization, member engagement) allowing plans to anticipate customer needs before they initiate a visit as well as utilizing the same data to enhance their workforce management strategies. In addition to Customer Advocate Virtual Delivery capabilities, the following key capabilities are needed to execute this level:

CARE DELIVERY OWNERSHIP

Direct ownership / employment of health professionals (including nurse practitioners, social workers, etc.) rather than relying on a network to provide an integrated care experience for members. As virtual health visits increase and reach scale, the ownership model provides plans the ability to deliver care within their network, send referrals and follow-ups to specific practices and specialties, control cost and quality, and tie these efforts to value-based outcomes while enabling a higher ROI for managing healthcare.

WORKFORCE MANAGEMENT

As members find care, book appointments, and schedule follow-ups in a virtual environment, health plans will have to deploy greater resources to fulfill member needs. Health plans need to be prepared for member requests for a virtual interaction with a physician, follow-up with a nurse practitioner, questions for a customer service representative, chronic condition monitoring with a health coach, or access to a social worker. This multi-modal care offering, and the concurrent data generated through these member requests is now accessible to be utilized for better workforce management for owned assets / employed professionals.

NETWORK AND DATA INTEGRATION

Robust exchange of patient healthcare data between virtual health physician, plan and PCP to reduce fragmentation of interactions (e.g., full electronic system interface integration) and closed-loop reporting on outcomes (e.g., ability to create and run analytic reports to capture efficiency, accessibility and quality metrics for virtual health).

In order to prepare for the ever-changing market, health plans need to begin thinking tactically about their future virtual goals. When considering which options to execute, it is important to align the levels that enhance existing capabilities and best support each health plan's growth strategies.

IMPLICATIONS & CONCLUSIONS

Technological innovations often seem to happen gradually, then all at once. We have seen examples of this across industries with the space program in the 1960s, smart phone ubiquity in the early 2010s, and the media shift to streaming. Within the healthcare industry, we've seen the cost of genome testing drop dramatically from **\$50K to \$600** within a decade. As we look over the next five years to 2025, we believe these years will serve as the launching pad for stratospheric success in virtual health.

The next frontier of healthcare from 2025 onwards will be radically different with virtual health solutions serving as the underpinning and core foundation. This is being enabled through technological innovations (e.g., genomics, precision medicine, AI, machine learning), leveraging new data sources (e.g., social / demographic / behavioral factors), and following rules-based medicine, combined to create an ecosystem that is much more efficient, cost effective, and most importantly allows for better health outcomes. In this future world, we fully expect a consumer to have an AI-enabled digital doctor as their first point of contact to solve for most of his or her health concerns as well as recommend next steps.

As we transition towards this future, the increasing prevalence of virtual health solutions will lead to multiple avenues of innovation within home health options, integrated solutions with health plans / providers / consumers, accessing prescriptions and supplemental benefits, to utilizing AI to enhance predictability.

As consumers are exposed to more data in all aspects of their lives, they will become increasingly comfortable with making data driven decisions and receiving data driven recommendations. Existing firms or new entrants that can utilize data in a better way, provide customer friendly virtual health platforms, build a stronger customer relationship while providing better and cost-effective care will disrupt the health plan business in the future.

With a boost in virtual health adoption rates related to the COVID-19 pandemic, health plans have an opportunity to utilize learnings from this environment as an accelerant towards a virtual health future. Organizations have a chance to invest in their digital assets and move to providing innovative solutions in response to changing consumer behavior in the short-term. These proactive decisions today also position organizations to be at the forefront of a revised healthcare environment. Defining their strategic goals, choosing how aggressively to participate and which capabilities to have within Levels 1 – 3, and setting timebound goals will help inform investment decisions, capability requirements, and partnership opportunities.

Health plans need to define a clear strategy and the path to get there. They need to both be enablers of the shift to virtual health for providers and consumers as well as build their own capabilities to be positioned for success in this new healthcare landscape.



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HEALTHSCAPE CAN HELP.

From insight to execution, HealthScape works with clients to define their strategic positioning for virtual health, build actionable and pragmatic roadmaps, and help manage execution to drive lasting results and a competitive advantage.

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