



2017 State of Consumer Telehealth Survey Report

BECKER'S —————
HOSPITAL REVIEW



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2017 State of Consumer Telehealth Survey

Executive Summary

Telehealth's expansion and increasing maturity are two constants in a hospital environment otherwise characterized by many changes and uncertainties. The second annual State of Consumer Telehealth Benchmark Survey by Teladoc, in partnership with Becker's Healthcare, found that current telehealth programs are expanding, new adoption continues to rise and the barriers to adoption are falling.

Amid this backdrop of continued telehealth momentum some new developments emerged about how consumer telehealth is being leveraged and prioritized. While hospitals and health systems are still using telehealth to attract new patients, their priorities are clearly changing to encourage telehealth use to better serve existing patients, and to improve care for at-risk populations. This shift suggests healthcare leaders see additional value beyond direct revenue generation from telehealth visits and recognize telehealth's potential to add greater value by contributing to healthier populations and reducing readmissions. Administrators reported less concern about telehealth reimbursement in 2018, which is more evidence they value the access telehealth can provide above the direct revenue it can produce.

The benchmark study uncovered signs of maturity for the technology itself, and in provider understanding of how to apply it. Nearly all the leading obstacles to telehealth adoption are considered less of a barrier in 2018 than they were the year before. This is another clear sign that telehealth is maturing. Software performance and the ability to integrate telehealth solutions with EHR and other systems declined notably as barriers to implementation in the past year.

Key Findings Include:

These findings along with other key themes and results are documented and explored in the full report.

- 75 percent of U.S. health systems either currently have consumer telehealth systems in place (44 percent) or plan to implement them by 2019 (31 percent).
- 63 percent of organizations that have consumer telehealth systems in place are expanding their programs.
- Volumes are increasing: 21 percent of organizations with existing programs completed more than 5,000 patient consultations in the past year, up from 17 percent the year before.
- Extending or improving care to existing patient populations is the top priority for consumer telehealth programs in 2018, and the percentage of organizations that made it their top priority nearly tripled from the previous year.
- Only 23 percent of user organizations said reimbursement was a barrier to their telehealth programs last year, although it was the top-cited barrier.
- As organizations gain experience with telehealth, they attach more importance to the operational and marketing aspects of their programs (e.g. patient attraction, utilization promotion).
- Patient satisfaction remains the dominant success metric for telehealth services. More than twice as many organizations define success by patient satisfaction than those that measure program success by the revenue, savings or ROI telehealth generates.
- Organizations that plan to introduce consumer telehealth programs in the next two years tend to be smaller than those offering services now and will be less likely to seek reimbursement for their telehealth services. The upcoming adopters are also more interested in offering direct-to-consumer and local employer group programs.

About the Report

The second annual State of Consumer Telehealth Benchmark Survey was conducted by Becker's Healthcare in association with Teladoc. In November, 2017 Becker's surveyed hospital and health system leaders about their consumer telehealth program plans and collected 274 valid responses, which was a 53 percent increase over the inaugural survey conducted a year earlier. Respondent demographic data is presented in Figures 1 and 2. Seventy percent of respondents represent hospitals and health systems, 12 percent represent short-term acute care facilities and the remainder are classified as other, which includes long-term care facilities, rehabilitation centers, critical care facilities and pediatric, psychiatric and other specialties. Respondents were almost evenly distributed among large, midsize and small facilities.

Figure 1: Geographic Distribution of Survey Respondents

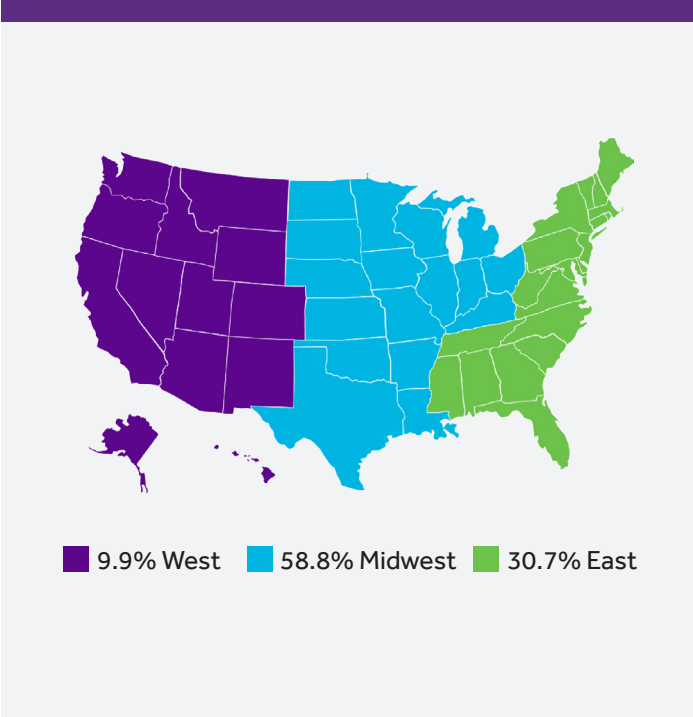


Figure 2: Select Demographic Data

TITLES

- **29.9%** Executives
- **39.4%** Directors and managers
- **30.7%** Other

HOSPITAL TYPE

- **69.7%** Health systems
- **12.0%** Short-term acute
- **18.3%** Other (critical access, pediatric, psychiatric, rehabilitation, long-term acute)

ORGANIZATION STATUS

- **63.5%** Non-profit
- **25.5%** For-profit
- **10.9%** Unknown

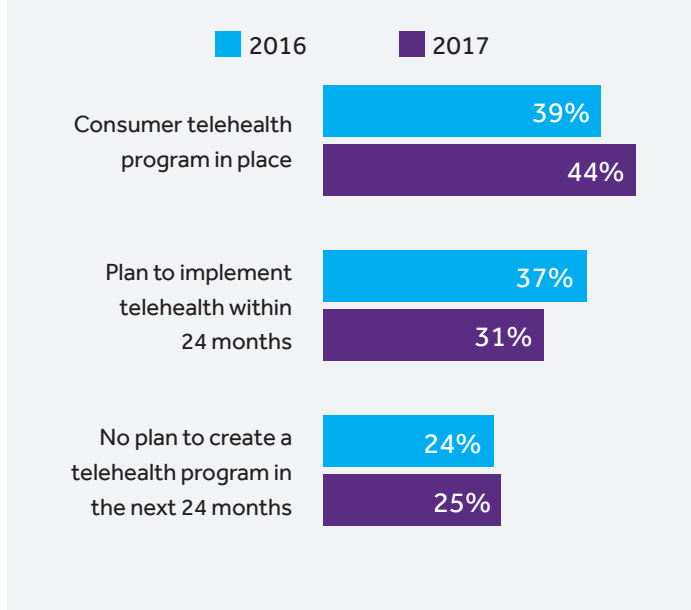
BED SIZES

- **20.4%** greater than 1,500 beds
- **22.6%** between 500 and 1,500 beds
- **29.9%** between 100 and 500 beds
- **27.1%** less than 100 beds

Current State of Adoption

The second annual survey conducted in 2017 provides the first opportunity to use year-over-year data comparisons for insight on how attitudes about telehealth and its adoption are changing. Consumer telehealth program adoption momentum increased in 2017, although the ways it is being applied and program goals are changing somewhat. For example, 44 percent of respondent organizations had consumer telehealth programs in place (Figure 3), which was 5 percent more than the year before. There was a corresponding 6 percent decrease in organizations that are planning to introduce telehealth programs in the next 24 months, which suggests many planned programs went live. Consumer telehealth adoption by large hospitals grew 15 percent in 2017 and for the second-consecutive year approximately three quarters of all hospital systems either currently have or are implementing consumer telehealth programs. The percentage of providers not currently pursuing telehealth remained relatively steady at 25 percent. Additional analysis found the non-adopters tend to be smaller, and tend not to be hospitals.

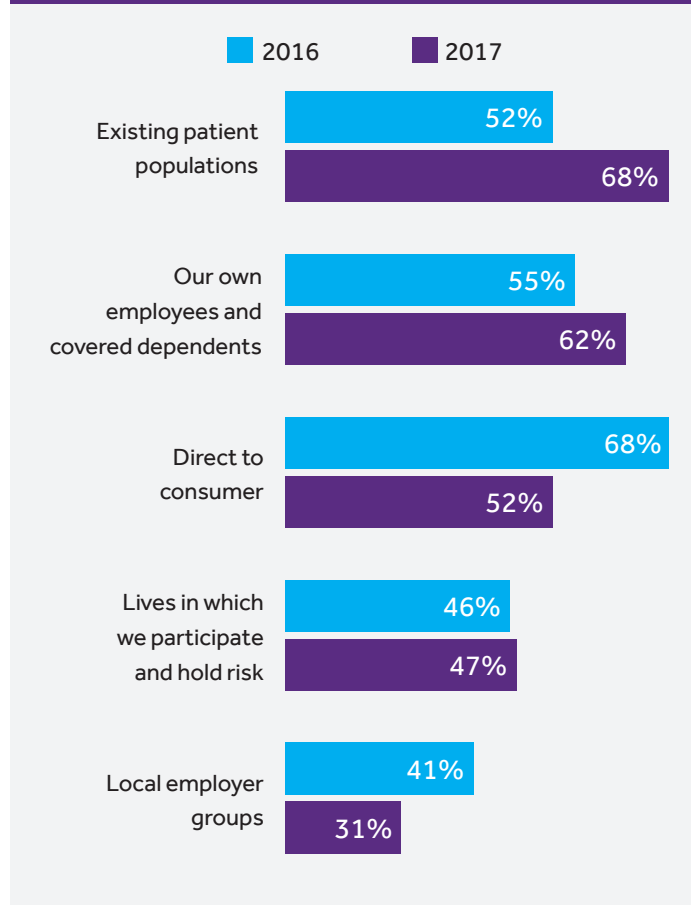
Figure 3: Current State of Consumer Telehealth Adoption



While 2018 has a smaller pipeline of organizations that are planning to roll out telehealth programs for the first time, telehealth momentum may not slow appreciably because 63 percent of organizations that now have consumer telehealth system in place are planning to expand their programs. Expanded use of telehealth is nothing new. Things get more interesting when we examine how and why providers are expanding their consumer telehealth programs in 2018.

Many current telehealth programs began by serving the provider organization's own employees then were expanded to its existing patient population and the general public. Today, existing patient populations are the most commonly targeted segment (Figure 4) and direct-to-consumer and employer groups have become lower-priority target markets.

Figure 4: Patient Populations Served by Organizations with Operational Consumer Telehealth Programs, 2017-18



Who Are the Non-Adopters?

The 25 percent of respondents that are not currently offering consumer telehealth services and have no plans to do so have some distinct demographic differences from the organizations that are pursuing telehealth.

- **Non-adopters tend to be smaller:**

70 percent of non-adopters are at organizations that have 500 or fewer beds. For comparison, only 18 percent of respondents representing organizations with 500 beds or more have no plans to pursue telehealth; more than half (57 percent) of organizations in the 500+ category already offer consumer telehealth services.

- **They are more likely to be short-term, specialty facilities:**

Short-term, acute-care facilities account for 24 percent of all respondents that are not pursuing telehealth. Only 6 percent of respondents that are currently offering telehealth services represent short-term, acute-care facilities.

- **Price, complexity are top concerns:**

81 percent of respondents that are not pursuing telehealth expressed concern about the cost, and 63 percent said complexity was a reason for not pursuing adoption.

Plans & Priorities for Today's Telehealth Users

There is a clear shift in priorities among organizations that already have consumer telehealth programs. In 2018 these organizations are putting much more emphasis on serving at-risk patient populations and their existing patients than they have in the past, when more programs were oriented to serving internal employees and to attracting new patients. This suggests that telehealth use will be more focused on outcomes and population health, rather than as a tool to attract new patients or employer plan business. Compared to the prior year, 31 percent more organizations are prioritizing their existing patient populations to serve through telehealth in 2018, and 14 percent more are prioritizing serving populations where they hold risk (Figure 5). The largest decrease in priority was for direct-to-consumer oriented programs.



Figure 5: Patient Segment Priorities for Organizations with Consumer Telehealth Programs in Place

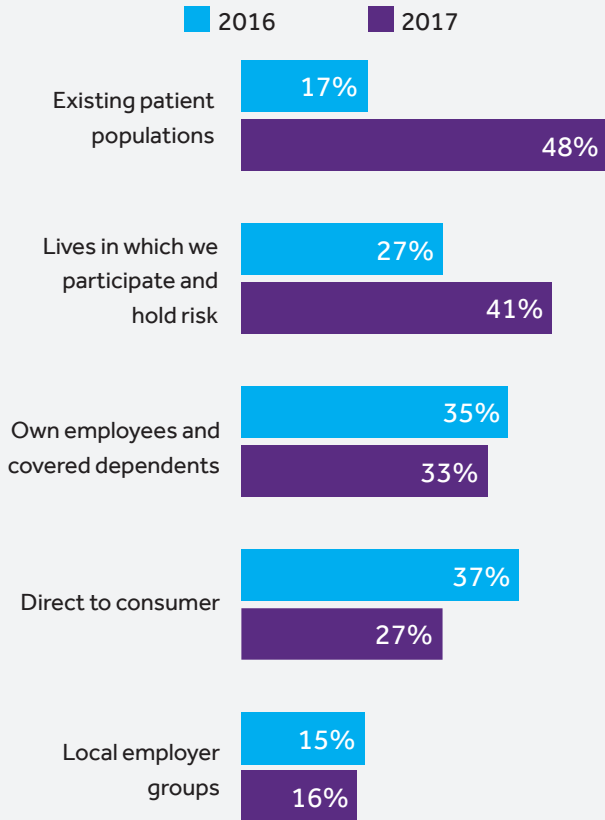
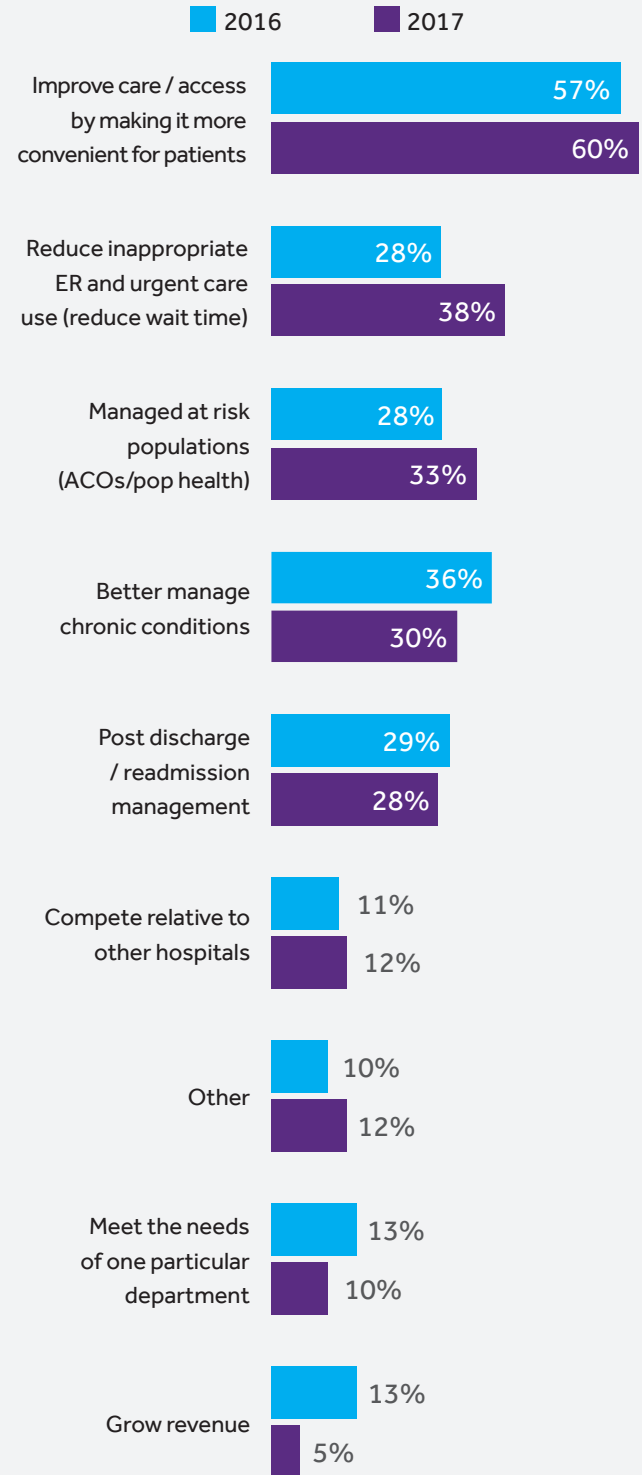


Figure 6: 2017-18 High Priority Goals for Organizations with Consumer Telehealth Programs in Place



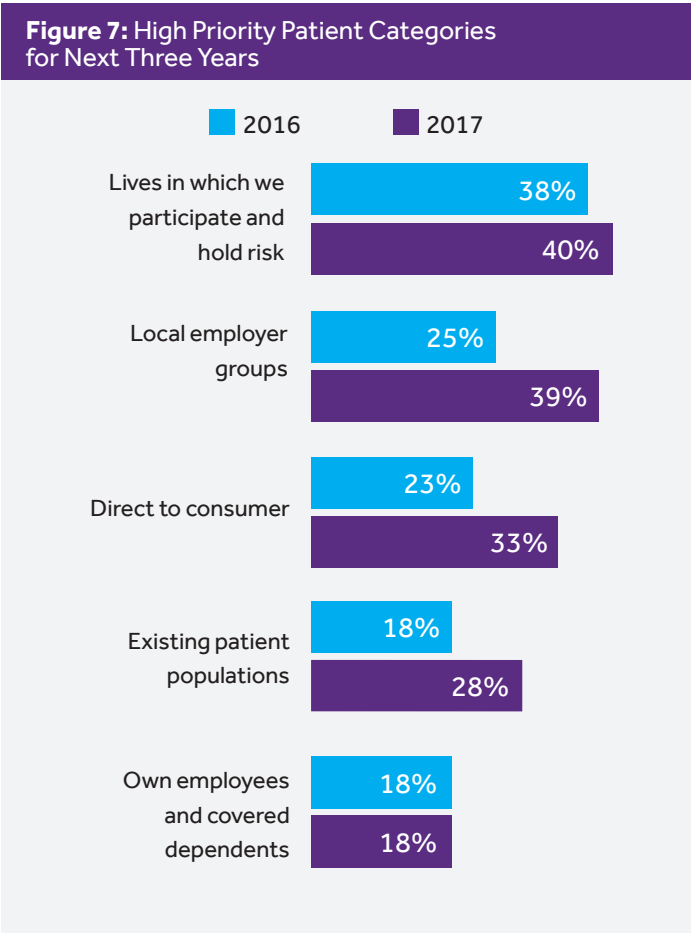
The top telehealth goals for 2018 are largely aligned with 2017 (Figure 6), with a few exceptions. The biggest change is that 10 percent more organizations want to use telehealth to reduce inappropriate emergency room visits. Doing so can reduce wait times and thereby increase patient satisfaction, which is the key consumer telehealth success metric. Improving access to care and patient convenience remains by far the leading goal for telehealth programs. Results for organizations that already have telehealth programs in place are shown in Figure 6; improving access / convenience is their top goal and is also the top goal for organizations that are planning to implement telehealth.

Only 5 percent of organizations with existing consumer programs said growing revenue was a goal for 2018, which is 8 percent fewer than the year before. More than six times as many – 33 percent – want to use their programs to improve management of their at-risk populations. These results are further evidence of how telehealth views and roles are evolving.

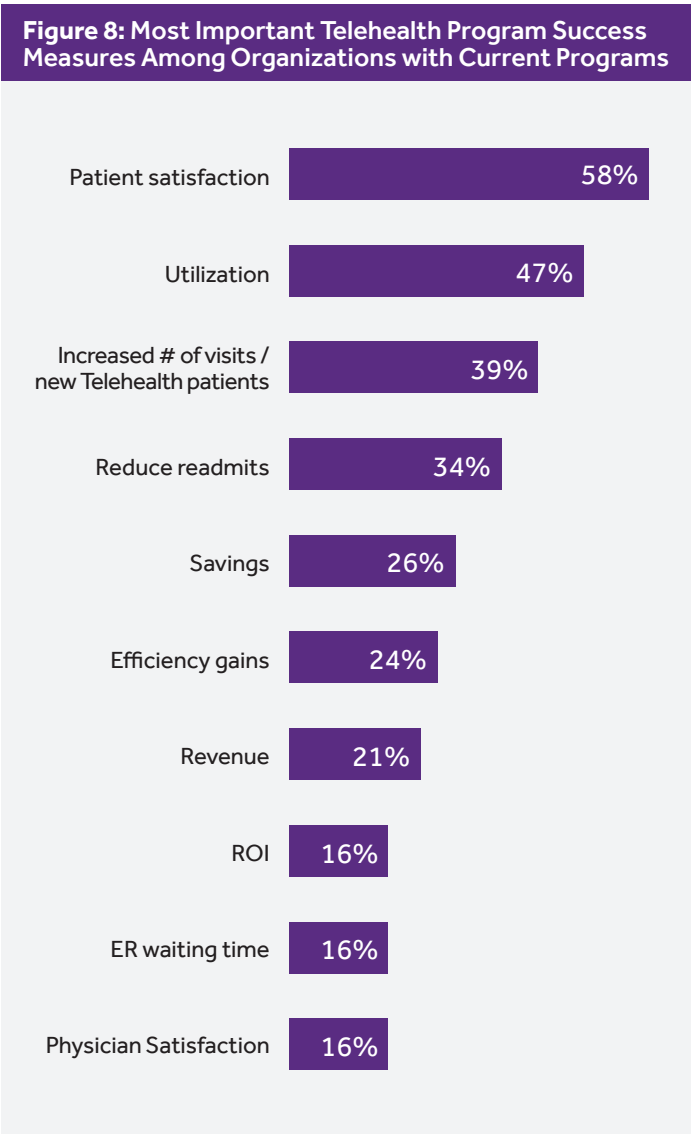
Shifting Patient Population Targets

The survey revealed some significant year-over-year changes in the types of patients that providers are prioritizing to serve through telehealth. A clear takeaway is that the focus is shifting from acquiring more patients to providing more care for patients that are already in the provider's system. As previously shown in Figure 5, direct-to-consumer patients were a top priority for 10 percent fewer telehealth programs in 2018 than they were before, which represents the largest priority decline of any patient category. Existing patient population was the top-priority category for 2018 and was the highest percentage gain of any category.

The existing patient population segment will continue to increase as priority over the next three years among organizations that currently have consumer telehealth services (Figure 7). During that time, local employer groups and DTC programs will get renewed focus.



With telehealth priorities and use cases changing, it is interesting to see how providers measure success for their programs. Patient satisfaction remained the most widely used and highly valued success metric (Figure 8). Among experienced organizations, utilization surpassed several other metrics and is now considered the second-most important measure of telehealth program success. Note that measures related to patient care and quality (e.g. patient satisfaction, utilization, readmission reduction) are considered more important than financial metrics (e.g. savings, revenue, ROI). Results are consistent between current telehealth program operators and those that are planning to deploy.



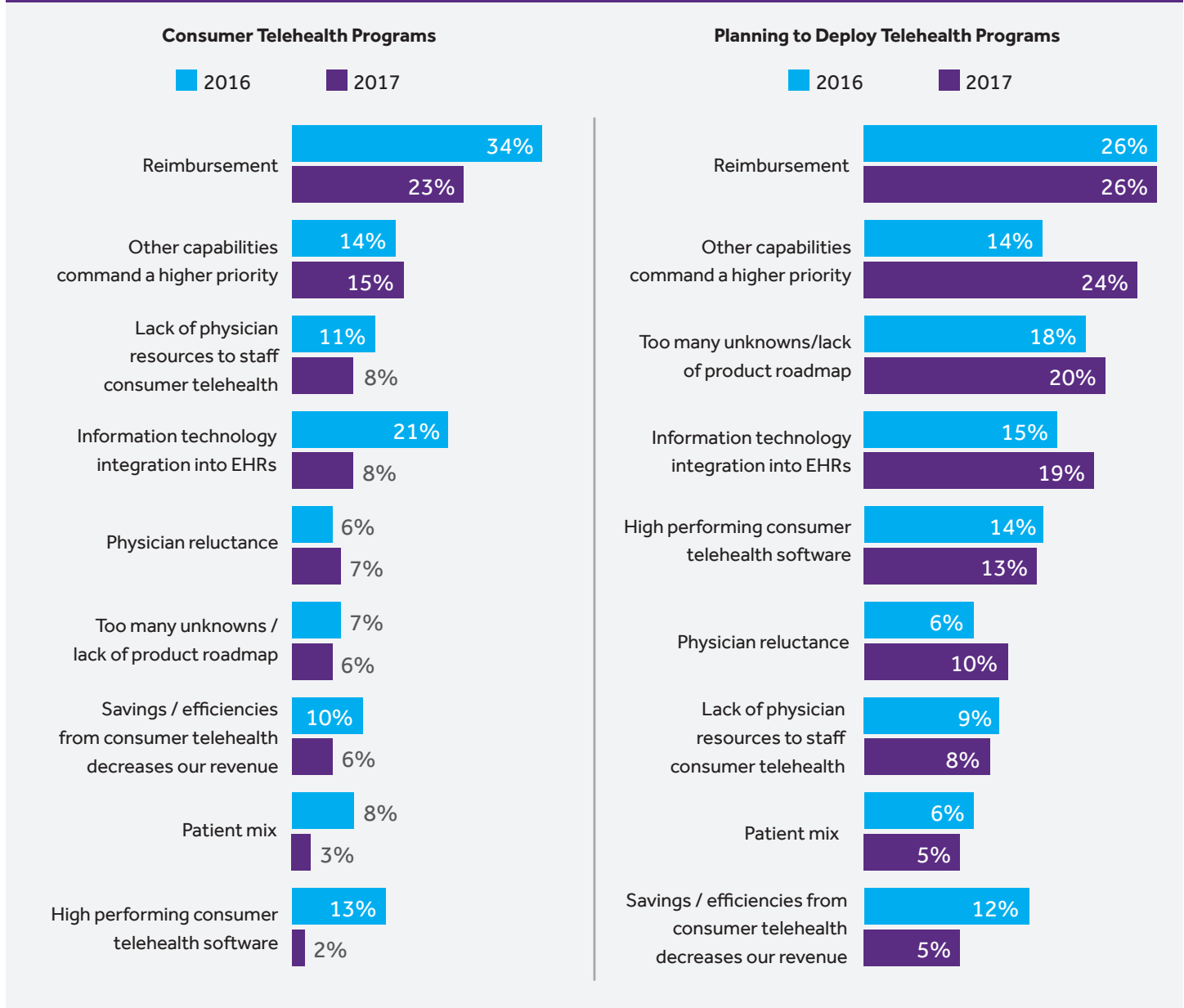
Barriers Weaken But Remain

One of the strongest signs that telehealth has matured is that the barriers to adoption have weakened. The maturity is particularly evident on the technology side, where only 8 percent of users and 19 percent of those that are planning deployments reported obstacles to integrating their telehealth solution to their EHR system. As noted, only 2 percent of users say the available telehealth software functionality is

an obstacle to what they want to accomplish. Another encouraging sign is that most physicians are no longer reluctant to engage in telehealth. Physician reluctance is only considered a barrier by 10 percent of organizations that are planning telehealth programs, and is a barrier to even less (7 percent) organizations that have consumer telehealth programs up and running.

Organizations that are planning their consumer telehealth rollouts express more concern than those that already have programs in place. Reimbursement is the leading and most widely shared concern, as shown in the graphics below (Figure 9).

Figure 9: Implementation Barriers Cited by Organizations with Telehealth Programs & Those That Are Planning Deployment



Changing Views on Reimbursement

Reimbursement concerns have traditionally been a top inhibitor to telehealth adoption and 2017 was no different. What's notably different this year is how few respondents believe reimbursement is now a significant barrier.

Executives that are actively planning telehealth program rollouts and those that already have systems in place both cited reimbursement as the top barrier to their programs for 2018. However, only 23 percent of organizations that are currently running telehealth programs cited it as such (an 11 percent decline from the previous year), and only 26 percent of those planning programs consider reimbursement a barrier.

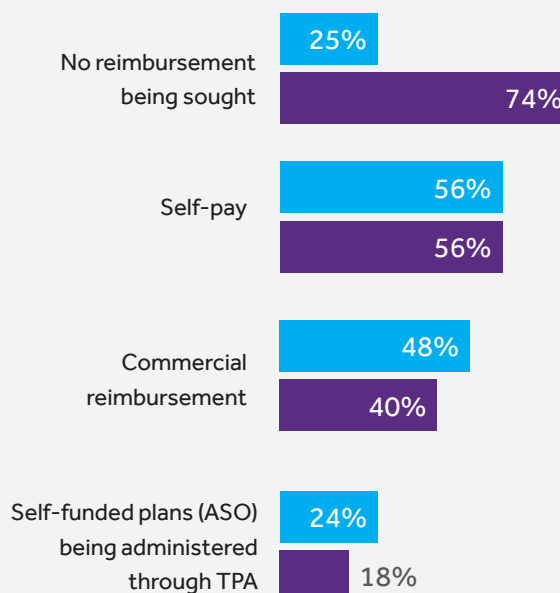
Why has reimbursement lost influence as a telehealth inhibitor? The data doesn't say, but it does provide some clues, and they relate to telehealth strategy.

As noted, organizations are prioritizing telehealth consultations to improve population health and improve access for their existing patient populations, rather than using telehealth to acquire new patients, compete with other systems or generate revenue. This emphasis on population health suggests organizations are viewing telehealth as a tool to improve outcomes, and that their expected benefits gained (e.g. reduced readmissions, lower total cost of care) are potentially greater than financial benefits that would be achieved by a program oriented to revenue generation.

It is notable that 74 percent of organizations that plan to introduce programs for the first time in the next two years will not seek reimbursement for at least some of their consumer telehealth services, which compares to 25 percent of organizations with current programs. Cost savings are a leading priority for 26 percent of organizations with consumer telehealth programs in place, but will be for only 13 percent of those planning to roll out in the next two years.

Reimbursement Plans for Consumer Telehealth Programs

- Organization with Current Consumer Telehealth Programs
- Organization Planning to Introduce Consumer Telehealth Programs by 2019



The fact that nearly three quarters of new telehealth programs will offer patients some free telehealth services suggests providers expect to benefit in other ways, such as by improving population wellness and thereby reducing risk.

Learning from Experienced Telehealth Providers

Perhaps the source of telehealth success lies more in hospital executive suites and physicians' lounges than at the point of care. The top three lessons learned by organizations that are operating consumer telehealth programs were to secure physician buy-in, engage senior leadership and to create programs that align with high-level organizational objectives (Figure 10). These results were consistent with the previous survey and represent fundamentals to program success.





Future rollouts may feature more subcontracted services than the programs in place now. For example, a majority of planners that know how their upcoming programs will be staffed are planning to contract for care providers, either through their telehealth vendor or another staffing source (Figure 11). In contrast, 57 percent of respondents at organizations that already offer telehealth services say their programs are staffed entirely with their own care providers. (Figure 12) Organizations that are planning programs are also approximately 10 percent less likely to fully support their programs internally (Figure 13), making them more likely to outsource functions such as tech support for patients and providers, training and marketing.

Figure 11: Staffing Models Under Consideration by Those Offering/Planning Consumer Telehealth Services

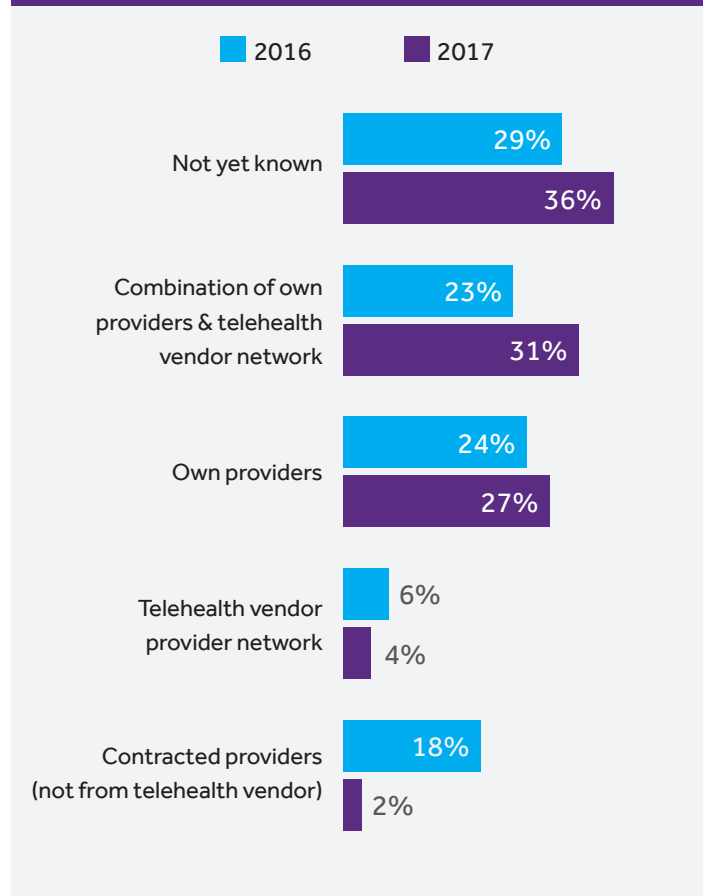


Figure 12: Staffing Models In Use/Under Consideration by Those Offering/Planning Consumer Telehealth Services

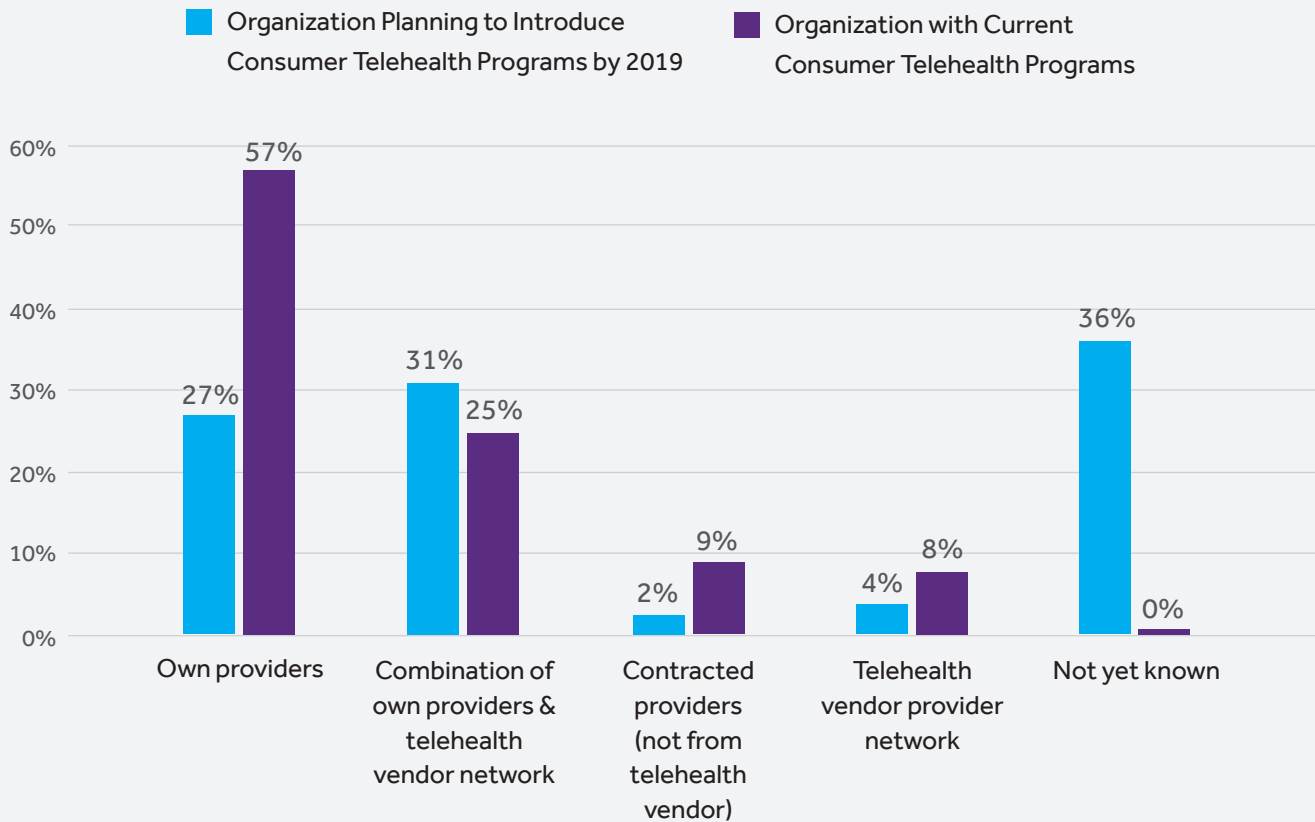
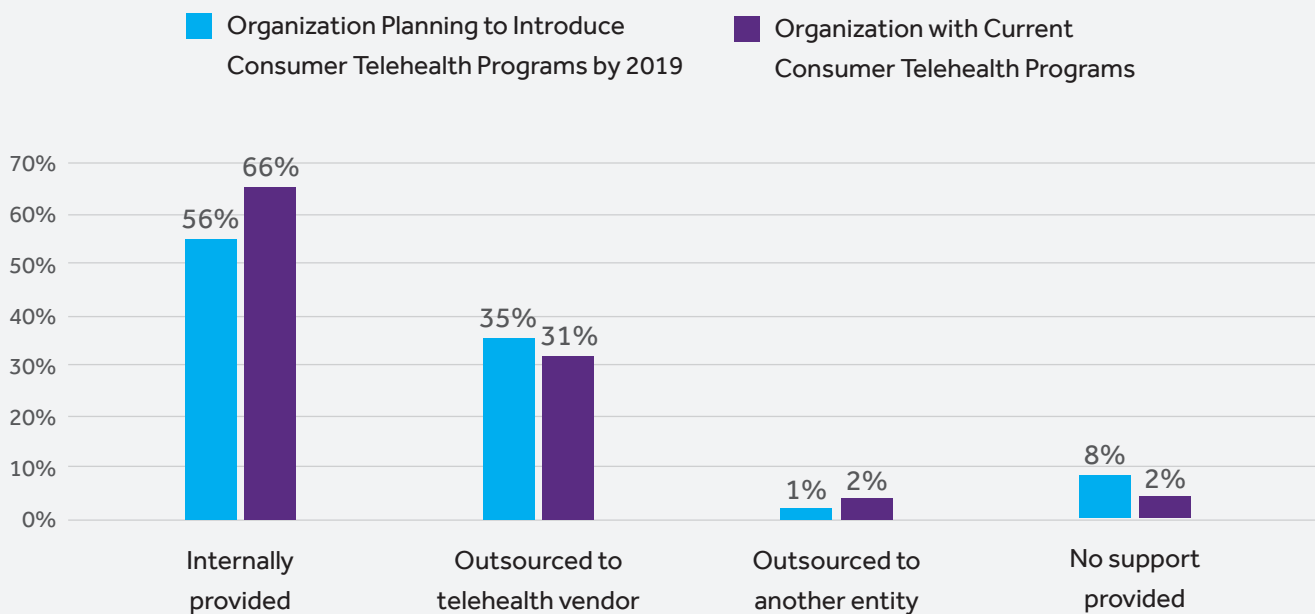


Figure 13: Operational Support Models In Use/Under Consideration by Those Offering/Planning Consumer Telehealth Services



Conclusions

Three quarters of U.S. hospitals surveyed now offer at least some telehealth services and their consultation volumes are growing. As telehealth gains momentum, its use cases and value are expanding. Data from the 2017 State of Consumer Telehealth Benchmark Survey suggests telehealth has an increasing role in population health and risk management. Implementation and expansion barriers have diminished, and in coming years we can expect telehealth to become commonplace as more programs are introduced and new services are added.



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