

WHITE PAPER

Dynamic Disruption: Embracing the Rise of Virtual Care

Executive summary

Driven by regulatory changes and the pandemic-fueled pivot away from face-to-face care, virtual care has proven its value as the front door to integrated care delivery. It is helping healthcare leaders navigate the sometimes-competing priorities represented in the Quadruple Aim—improving the patient experience, improving the health of populations, reducing the cost of care and improving workforce satisfaction.

The movement began before the pandemic. In 2019, the Business Group on Health indicated that 64% of U.S. hospitals said they offered consumer virtual care programs and an additional 24% planned to offer some level of consumer telehealth within a year or two. On the insurer side, America's Health Insurance Plans (AHIP) reported that 94% of commercial health insurers, 92% of Medicare Advantage plans and 93% of Medicaid managed care plans offered or considered offering virtual care services.¹ Likewise, the Business Group on Health noted that 51% of large employers said that expansion of virtual care for employees was a top priority.²

Interest grew with increased consumer demand and the advent of community-based “safer at home” orders—not to mention the vacuum that virtual care filled for providers and health systems overwhelmed by COVID-19 patients.

This sea change appears irreversible. The Business Group on Health survey revealed that 80% of large employers believe that virtual care will have a significant impact on how care is delivered in the future.

With the immediate demand for virtual care triaged, health plans and employers are looking ahead to identify how best to integrate these services in future plan designs—to meet the healthcare needs of their members and their own strategic priorities.

“As we plan for the ‘new normal’ in a post-pandemic world, we anticipate that telehealth services will be more important than ever.” **Michael Balakier, director of vendor relations, Geisinger Health Plan**

How is virtual access changing patient care?

The roots of virtual care go back decades, planted in after-hours and on-call telephone services to help patients determine whether a health issue required a visit to the emergency department.

This rudimentary archetype has blossomed into a full complement of services designed to deliver a variety of benefits. A 2019 Virtual Care Survey of Health Plans, managed by AHIP and sponsored by Teladoc Health under the organization's Sponsored Research Program, found keen interest and eager adoption across all types of health plans.³ In all cases, plans sought to give members and clients convenient access to high-quality care for improved outcomes at reduced costs.

As these new models gained traction, plans identified access as the primary barrier to traditionally delivered healthcare for many patients and recognized virtual care as the antidote. Physician shortages contribute significantly to these obstacles. In rural America, for instance, only 13 physicians are available for every 100,000 people, compared to 33 per 100,000 in urban areas.⁴ Often, the availability of specialists is even less.



Shortages have a cascading effect

Because physicians aren't locally available, patients forego care or must travel to a distant facility.

Some patients do not have access to necessary transportation—particularly those with limited mobility.

Others may need to change work or caregiver schedules or weigh the impact of lost wages.

All of these compound delays and deferment of consultations, diagnoses and treatment.

These barriers are exacerbated when patients require mental health services, as evidenced by U.S. Department of Health and Human Services (HHS) reports estimating about 96.5 million Americans live in areas lacking these important providers.⁵ The shortage is felt most acutely by those in rural or low-income areas.⁶ People in need often wait more than a week for initial assessment and much longer to begin face-to-face counseling or psychiatric treatment.

This is where virtual care is a game-changer. The availability of a broad range of health services—primary care, general medicine, mental health, nutrition, back care, dermatology, chronic condition management, expert medical services and an expanding range of specialty care—that can be leveraged at the patient's convenience and preferred location represents a genuine paradigm shift.

What's driving demand for virtual care?

Until a couple of years ago, virtual care was regarded as a backup plan to traditional care. But no longer. Increasingly, virtual care is recognized as a critical component of truly integrated patient care. In collaboration with traditional brick-and-mortar systems, it provides a virtual front door to a full spectrum of services.

- **Health plans are recognizing value.** The needle began to move dramatically early in 2019. At that point, statistics from the Business Group on Health indicated that 64% of U.S. hospitals said they offered consumer virtual care programs and an additional 24% planned to offer some level of consumer telehealth within a year or two. On the insurer side, AHIP reported that 94% of commercial health insurers, 92% of Medicare Advantage plans and 93% of Medicaid managed care plans offered or considered offering virtual care services.⁷
- **Plan sponsors are meeting employee demand.** Millennials are the largest population in the workforce,⁸ and by mid-2019, 48% of millennials said they prefer a virtual visit to an in-person one.⁹ And millennials aren't alone. Almost five years ago, health consumers of all ages indicated that they have used or would like to use virtual care.¹⁰ Employers have been keen to design benefits to attract and retain employees.
- **Legislative and regulatory changes began to impact adoption.** In April 2019, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that updated the Medicare Advantage (MA or Part C) program by allowing MA plans the ability to offer "MA additional telehealth benefits" as part of the government-funded basic benefits. These changes opened the door for broader use of telehealth, extending coverage to different types of visits.

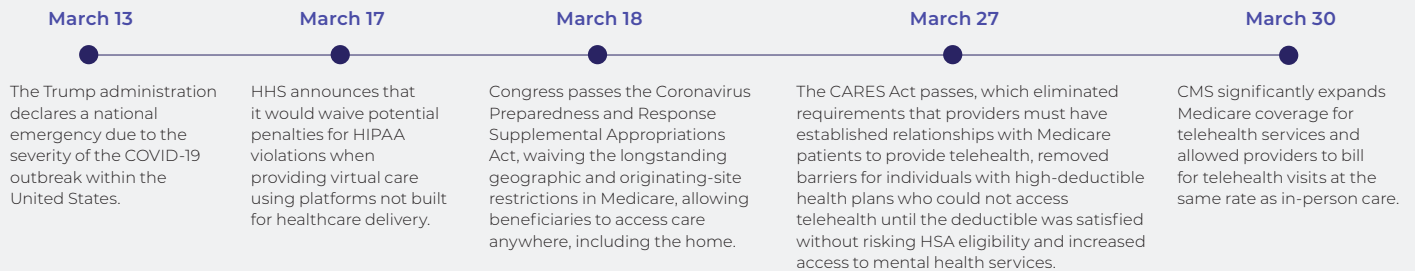
Further, it defined these benefits as "electronic exchange," including secure messaging, store-and-forward technologies, telephone, videoconferencing, other internet-enabled technologies and other evolving technologies as appropriate for non-face-to-face communication. This broad definition gave MA plans flexibility in the type of technology most appropriate to deliver a covered virtual care service.

- **COVID-19 fuels adoption and expanded legislative action.** COVID-19 subsequently acted as a catalyst to bring virtual care to the forefront. Public health officials encouraged patients, providers and payers to leverage virtual care to combat the pandemic. At the outset, Congress approved broader use of virtual care services as part of the Coronavirus Preparedness and Response Supplemental Appropriations Act, providing HHS with the authority to waive the long-standing restrictions on telehealth in traditional Medicare.

Building on the telehealth policies in the first COVID relief package, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March 2020, included a provision allowing for high-deductible health plans with a health savings account to cover virtual care expenses even if the participant hasn't reached his or her deductible. This means employers are allowed to cover virtual care visits for their employees without risking the tax deductibility of employee HSA contributions for plan years beginning on or before Dec. 31, 2021. Further legislative changes have created a "no-turning-back-now" environment for the industry.

- **Demand for comprehensive virtual care surfaces.** A notable need surfaced during the pandemic: comprehensive care. In the case of Teladoc Health, while the number of potential COVID-19 visit requests has increased, these represent a fraction of our overall impact. Only 5% of visits are due to what the patient describes as a "COVID concern," and less than 50% of those visits are diagnosed as high-risk exposure or clinically diagnosed COVID-19. In 9 out of 10 visits, we have addressed needs such as allergies, dermatology issues and mental health concerns.

Timeline of key drivers during the early days of the pandemic in 2020

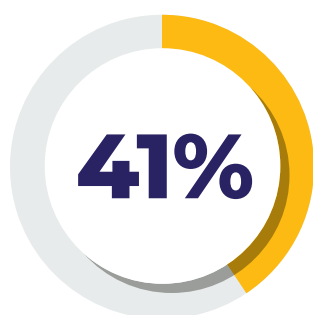


By the end of March, the majority of governors and state boards used authorities granted under state emergency declarations to waive restrictions on clinicians who were licensed, registered or certified in good standing in another state, allowing providers to practice virtually across state lines.

A survey conducted by Fierce Healthcare found primary care physicians reporting a 42% decrease in primary care office visits, while nearly 80% of survey respondents said patients were deferring or delaying care.¹¹ The JAMA Network similarly found a 46% decline in cancer detection during the pandemic,¹² noting, “The delay in diagnosis will likely lead to presentation at more advanced stages and poorer clinical outcomes.”

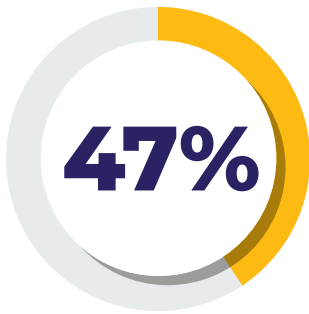
Similarly, studies show that significant numbers of patients around the globe have deferred elective surgeries. A study published by CovidSurg Collaborative projected more than 70% of elective surgeries would be canceled during peak COVID-19 periods, impacting 28.4 million procedures.¹³ Each additional week of disruption to hospital services is associated with a further 2.4 million cancellations. The impact of these delays and deferments is a rise in acuity, which translates into higher costs. The need for virtual services has never been more clear.

To mitigate a trend toward higher costs, virtual services are available to help people prioritize their needs and assess options, as well as connect with high-quality experts to assist them in evaluating new aches and pains or emerging concerns. These services empower employees to avoid lapses in care that might lead to costly complications.



41% of U.S. adults delayed or avoided medical care as of June 30.¹⁴ American Hospital Association

The pandemic has driven an equally disturbing increase in mental health issues. A 2019 study conducted by Ipsos MORI and sponsored by Teladoc Health in the U.S., Canada, Australia and the U.K. revealed 61% of survey respondents said mental health symptoms had affected their job performance. A second survey conducted in April 2020 by Leger documented 47% of U.S. survey respondents reporting that their mental health had been negatively impacted by COVID-19.



of U.S. survey respondents said their mental health has been negatively impacted by COVID-19.

Access to virtual mental healthcare has literally been a lifeline for these employees. Responding rapidly to this urgent need, employers have initiated services to make counselors, psychologists and psychiatrists easily accessible. Convenient, confidential and high quality, virtual care enables ongoing support for depression, anxiety and other mental health conditions. Besides promoting wellness, employers embracing these services also can reduce emergency room visits by 26% and hospitalizations by 30%.¹⁵

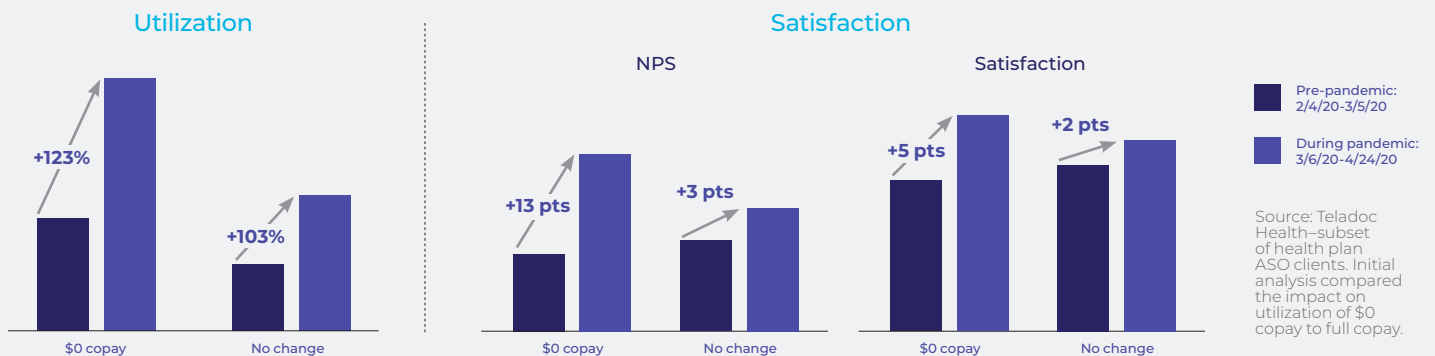
Member satisfaction is growing too

These industry trends have made an undeniable impact. A McKinsey & Company telehealth report from May 2020 showed U.S. consumer adoption of telehealth services grew to 46% from 11% in 2019. Across its own platform, Teladoc Health saw virtual care visits double in the first quarter of 2020, with more than two million virtual medical visits conducted around the world, 60% of which involved patients using virtual care for the first time.

Many health plans accelerated growth by implementing \$0 copays for virtual visits. Plans eliminating the copay for virtual care saw utilization increase 123% between February 4 and March 5, 2020 (compared to an increase of 103% where copay policy remained in place). Increasing utilization supported efforts to keep members healthy while providing an alternative to riskier, more expensive settings such as the emergency room and urgent care centers.

Interestingly, member satisfaction grew as virtual care became more common during the same period. Net Promoter Scores (NPS) rose 13% in plans with a \$0 copay and 3% in those where copays remained in place.

The impact of \$0 copay during the pandemic



“Virtual care is now really the primary entry into healthcare, no matter who you are.” **Joanne Abate, AVP global benefits and insurance programs, Unum**

Who's on board with virtual care?

Industry leaders anticipated that Gen Z, millennials and Gen X were the most likely to use virtual care. Adoption has unexpectedly spanned age groups, however, with 70% of all consumers interested in virtual care.¹⁶ Of particular interest is the increased appeal among those aged 65 and older, whose overall usage, including preventive care and acute visits, grew from 18% to 28% between April and May 2020.¹⁷ During the same time frame, the percentage of older adults using virtual care specifically for the ongoing management of existing chronic conditions rose from 58% to 64%.

Some experts had anticipated this age group would encounter barriers due to lack of access to internet devices. This proved not to be the case, however, with 68% of those 65 and older having these technologies readily available.¹⁸ Notably, consumers who have used virtual care once are highly likely to do so again—and to access additional services.

CLIENT SUCCESS STORY

Florida Blue

Florida Blue, a GuideWell company, started offering virtual care services in 2015. In 2019, the company began defining and executing a robust, multiyear virtual care strategy that included an expansion of Teladoc Health General Medical services to its entire fully insured membership. Florida Blue's planning paid off when the COVID-19 pandemic arrived, increasing demand for virtual care.

Results

<6	893%	501%
minutes average response time	increase in registrations, 2018-2020	visit increase, 2018-2020

“We've learned from experience in other markets and by looking at our own data how to build a new virtual care delivery model that optimizes our resources.”

Elana Schrader, MD, senior vice president, Health Care Services, and president, GuideWell Health

CLIENT SUCCESS STORY

American Heart Association

As a self-insured employer, it is important for the AHA to keep claims costs low. Providing easier access to high-quality healthcare through virtual care helps reduce the use of costly urgent care and ER visits. In 2019, with an increased focus on mental health, the AHA expanded its virtual care offering with mental health services at no additional cost for most employees.

Results

\$681,568

claims savings

\$472

average savings per visit

49.94%

utilization of mental health services

“People have become dependent on this virtual benefit. We have had so much positive feedback that we know we will always have this option available.”

Bryn Seay, benefits manager, American Heart Association

Conclusion

Although the COVID-19 pandemic has accelerated the need for, and adoption of, virtual healthcare, it is a model that was growing before the pandemic and will only continue to expand far into the future. Virtual care has shifted from a “nice to have” to a “must have” as organizations seek to ensure that people have access to the quality care they need and deserve. Employers, health plans and health systems that embrace virtual care are not only taking positive steps to enhance the health of their populations but also see bottom-line benefits in overall cost of care.

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About Teladoc Health

Teladoc Health is the global virtual care leader, helping millions of people resolve their healthcare needs with confidence. Together with our clients and partners, we are continually modernizing the healthcare experience and making high-quality healthcare a reality for more people and organizations around the world.