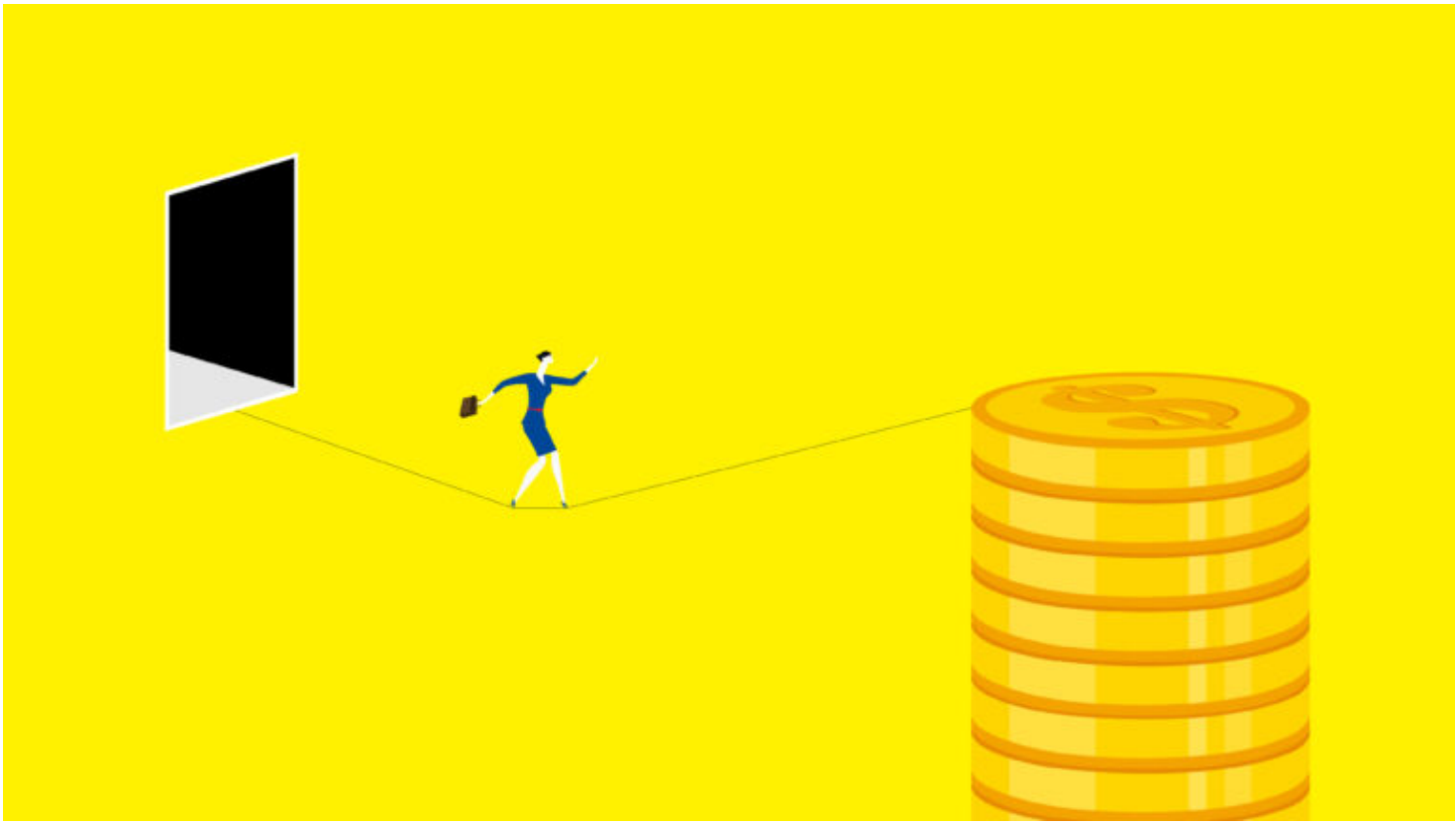
STAT+ [1]

Telehealth companies are testing the waters with taking on more risk

- 

By Mohana Ravindranath[2] Jan. 13, 2022



Adobe

Ahandful of telehealth companies are dipping into payment systems that reward them for keeping patients' costs low and penalize them for overspending — a potentially risky move for companies still finding financial footing, but one that could win them favor with large health plans and employers.

These companies are negotiating new contracts that give them a bigger financial stake in patients' care. They can shoulder that risk in a number of ways, such as by covering the full cost of patients' care up front and pocketing the savings, or by betting that their offerings can drive down costs and splitting the savings later. These types of contracts are a departure from fee-for-service, a system that reimburses providers a set fee for doctor's appointments or procedures and has long been a mainstay of both brick-and-mortar medicine and telehealth. The riskier approach also reflects the need to find novel ways to get paid for a bevy of telehealth offerings that don't fit traditional billing models, like in-app messaging and automated reminders to check vital signs.

“Many of these companies have a model where they’re having lots of touch points [with patients],” Harvard health policy professor Ateev Mehrotra, who studies telehealth insurance claims, said. “Payments for a visit doesn’t really make sense in that view.”

Teladoc, for instance, plans to gradually embrace more risk-sharing, CEO Jason Gorevic said at the JPMorgan Health Care Conference this week. Teladoc offers on-demand video visits and a range of digital programs for chronic and behavioral health and currently makes the bulk of its money through contracts with health plans and employers who pay a monthly per-member fee, as well as a per-visit fee for appointments.

“Certainly we’ll move forward toward not only getting a share of savings, but ultimately taking risk on a population,” Gorevic said. That might involve getting paid a flat fee for patients’ care, known as capitation, or a range depending on how much patients use their services, he explained. The company is piloting some of these models with clients, he said.

These various types of “risk-sharing” agreements aim to avert expensive medical care by incentivizing providers to focus on prevention, such as managing diabetes or high blood pressure to stave off the need for pricier and more complex care down the line. They could also help health plans and employers ensure that the services they’re paying for meaningfully improve patients’ health and reduce costs.

Agreements that hold providers accountable for patients’ health are increasingly common in the brick-and-mortar world, including for health systems and payers focused on Medicare and Medicaid patients. But many payers still reimburse per visit or per procedure, and telehealth companies billing their services as virtual doctors’ appointments may be forgoing additional payment for services that can’t easily be billed in today’s claims system, Mehrotra said.

“It’s been a realization that ‘Wow, a significant portion of care can be delivered through a variety of different modalities within the telemedicine industry, ranging anywhere from chatbots to video chat,’” Andy Altorfer, CEO of CirrusMD, told STAT. “We need to move away from that transactional model…We need models where [patients] have continuing and ongoing access.”

But telehealth companies and their clients are still working out how to structure the contracts and how to price their offerings.

“We’re taking a pretty slow and steady approach to it,” said Jeff Wessler, founder of Heartbeat Health, which offers cardiac consultations and technology to help patients and doctors monitor heart health remotely. About a quarter of Heartbeat’s business comes from contracts that split the costs it saves insurers by averting expensive cardiac procedures, and he hopes that’ll tick up to 50% by the end of the year.

Negotiating these cost-savings contracts can be difficult because it requires a company to compare patients to a benchmark group to show how much they might have racked up in medical costs without these services. With that data, telehealth companies must convince clients that its interventions are what drove down costs, he said. “You really need to understand what outcomes you can influence before you get into it,” Wessler said. “If a payer is going to make a decision to go at risk, there needs to be very clear lines for what’s attributed to an intervention.”

An insurer that also offers weight loss and a smoking cessation programs to a member who might have been at high risk for a heart attack may question which program actually averted hospitalization, Wessler said. “Who do you give the credit to? Those are hard decisions to make.”

Depending on their margins and business performance, health plans’ and employers’ priorities may shift year to year from reducing medical costs to boosting patients’ satisfaction with digital health benefits, CirrusMD’s Altorfer

said. CirrusMD, which offers text-, phone- and video-based consultations with doctors, takes on full-risk for about a third of its customers. About a third of customers opt for per member per month fees with an additional fee for appointments — a more traditional approach that incurs less risk for the company. “Literally every customer is trying to solve for something different,” Altorfer added.

How these new types of contracts fare hint at virtual care’s role in the traditional health care system, and could incentivize them to link up with brick-and-mortar providers to ensure that patients are able to access preventive care, instead of simply offering one-off appointments, said Jennifer Goldsack, chief executive officer of the Digital Medicine Society.

“There is an opportunity to reimagine what health care looks like when it is around the patient,” she said.

About the Author

Mohana Ravindranath[2]

Health Tech Correspondent

Mohana Ravindranath is a health tech correspondent at STAT.

Mohana.Ravindranath@statnews.com [7]

Add a Comment

Create a display name to comment

This name will appear with your comment

Links

1. https://www.statnews.com/stat-plus/latest/
2. https://www.statnews.com/staff/mohana-ravindranath/
3. https://www.parsintl.com/publication/stat/
4. https://www.statnews.com/signup/
5. https://reports.statnews.com/products/continuous-glucose-monitoring/?utm_source=statnews.com&utm_medium=readmore&utm_campaign=jan22_report
6. https://www.statnews.com/2022/01/05/telehealth-automation-triage-appointments/
7. https://www.statnews.com/2022/01/13/telehealth-risk-sharing-teladoc/mailto:Mohana.Ravindranath@statnews.com
8. https://www.statnews.com/topic/medical-technology/
9. https://www.statnews.com/topic/stat-plus/
10. https://www.statnews.com/topic/telehealth/