Don’t Assume Telehealth Point Solutions are a Worthwhile Addition to your Health Plan

Despite headlines about the value of digital point solutions, the fundamental story about telehealth is enhanced access to existing providers versus plan savings

Data confirms continued Telehealth growth:

- Adoption has surged with 76% of adults now interested in using telehealth, up from just 11% usage in 2019[1]
- 35-40% of U.S. individuals have tried telehealth in some form[2]
- For existing condition, 95%+ of tele-visits are with existing doctors; for new conditions 80% of tele-visits are with existing doctors[3]
- 57% of providers view telehealth more favorably than pre-COVID; 64% of providers are more comfortable using it[4]

Telehealth CAN BE an important ancillary care channel

COVID-19 has created an important laboratory for the delivery of healthcare services. Due to the ‘forced trial’ of telehealth during COVID-19, there has been a dramatic increase in adoption with usage rates of up to 50% during the pandemic. Primarily, telehealth is being used to see one’s own doctor when an in-person visit is not possible, with 95%+ of tele-visits for existing conditions and 80% of tele-visits for new conditions being with existing doctors. A key factor enabling the shift is adjustments in the reimbursement landscape, with over 60 new telehealth services in the Centers for Medicare & Medicaid Services (CMS)’- 2021 fee schedule as one indicator.[6]

Telehealth IS NOT a cost play

Based upon Wellnecity's claims-level analysis for telehealth visits, telehealth offers minor cost savings for digital point solutions and is often more expensive as a channel for accessing existing providers. Given that the predominant volume of telehealth today is to see one's own doctor, client-level claims analysis indicates telehealth visits with in-network providers can cost up to 25% more for like-for-like services. Assessing client claims for a prominent digital telehealth vendor, Wellnecity identified savings versus in-person visits but at a much more modest rate (1.6x ROI on fees) compared with what the telehealth firm claimed (7x ROI). As noted, given the predominance of existing providers, the impact on plan economics is negligible.

How to best structure telehealth for your plan

Standalone telehealth solutions should be filling gaps versus fragmenting the link to a physician. The first objective of an optimal plan should be a care model with a primary care physician (PCP) as the cornerstone. Analysis shows that regular management of conditions, especially for those who are most chronic and most expensive, remains the key to prevention and cost containment. Start by determining how many members do not have a regular PCP (knowable through claims data) and then create a campaign/incentive for those members to find a PCP. For members living in low coverage areas, consider a telehealth provider service as a gap-fill solution (better to have a PCP than not). Based upon your member mix, optimize pricing models based on expected utilization from <u>your</u> data – not vendor data. Additionally, Wellnecity has seen dramatic ROI improvements by shifting from a per employee per month (PEPM) model to a fixed-fee model.

Conclusion

Telehealth can have a role for employers, but not as a replacement for establishing and maintaining a relationship with a Primary Care Physician. Instead, digital point solutions should act as a stopgap for members, and employers should contract based on utilization and not access.

[1]McKinsey [2]eMarketer [3]RAND [4]McKinsey [5]LEK