

WHY ACOs ARE HOT FOR TELEHEALTH

Telehealth is on the rise for ACOs

Interest in telehealth continues to rise in U.S. healthcare organizations. The August 2014, Healthcare Information and Management Systems (HIMSS) study on telemedicine adoption found a very favorable view of the U.S. telehealth market,¹ and it's predicted that in 2014 alone there will be 75 million e-visits in the U.S. and Canada.² Healthcare systems know that clinical interactions don't always need to be done in the same room and they are increasingly incorporating telehealth into their every day practices.

Telehealth deployments run the gamut from acute treatment of minor illness, rashes, strains and infections, to more advanced specialty use cases such as cardiology, radiology, mental health, urology, and neurology. Most telehealth deployments aim to address gaps in care such as improving post discharge or post surgical follow-up, but we also see applications of telehealth that expand the geographic reach of specialists or reduce travel burden for home bound patients. As a result, early telehealth deployments look very different from each other depending on specific clinical initiatives, patient demographics, and location.

But while there is no universal prototype, we do see that telemedicine initiatives in ACOs are driven by the need to:

1. Expand revenue

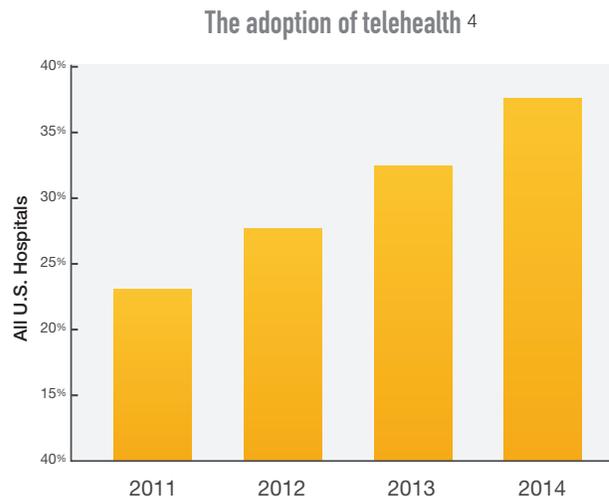
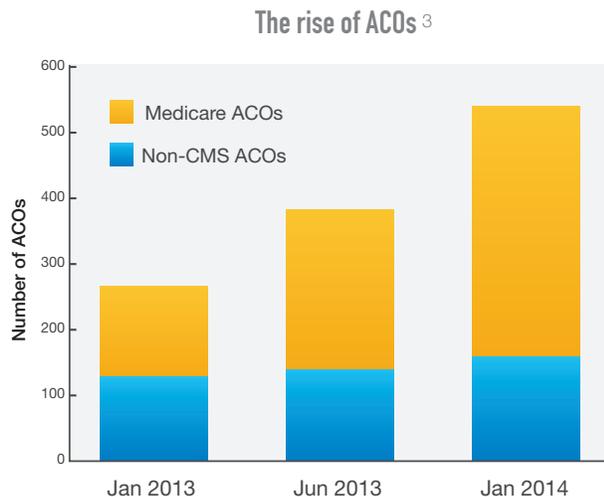
ACOs recognize revenue from covered lives, and they keep more of that revenue by keeping their patient base healthy. Telehealth is a powerful tool to increase catchment area, acquire new patients, and provide more touch points to address gaps in care.

2. Engage patients

ACOs see telehealth as a powerful tool to increase access to care and provide more convenient care. Not surprisingly, telehealth results in high patient satisfaction scores and has the potential to improve HCAHPS scores.

3. Save costs

ACOs can use telehealth to protect profits from unreimbursed spend or penalties that can arise from overutilization of the ER or avoidable hospital readmissions. And they can use telehealth to compete with retail clinics, adding or retaining patients without incurring the capital cost of bricks and mortar.



¹ 2014 HIMSS Analytics Telemedicine Study

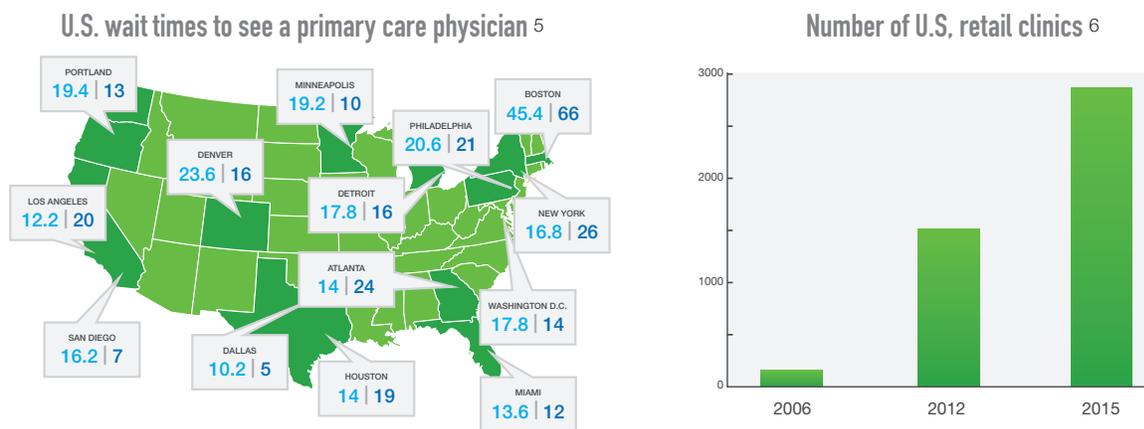
² Deloitte, "Technology, Media & Telecommunications Predictions 2014"

³ Oliver Wyman, "ACO Update: Accountable Care at a Tipping Point," 2014.

⁴ 2014 HIMSS Analytics Telemedicine Study

Telehealth generates revenues

ACOs recognize revenue differently than healthcare systems of days past which brought in dollars under a fee-for-service model. These days, the key to revenue is to cover more lives and keep them healthy. Obtaining new covered lives isn't always easy, especially with the dramatic growth of retail care clinics that boast short wait times and convenient hours.



The remedy to revenue pressure and retail competition is to compete head-on and bring in new patients. Telehealth can do this by enabling health systems to:

1. Offer urgent care services

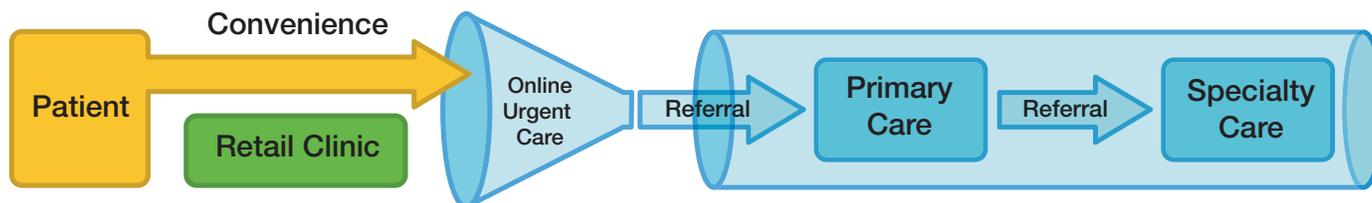
Telehealth can bring in new covered lives through urgent care services, enabling healthcare systems to offer acute care services during late and weekend hours. And, with telehealth, ACOs can prevent at-risk patients from wandering out of sight to obtain convenient urgent care and keep a better handle on the total care picture of these patients.

2. Manage capacity

Eighty-one percent of physicians say they are overextended or at full capacity and telehealth enables systems to reduce wait times through virtual appointments and load-balancing.⁷ Affiliated online medical practices, such as American Well's® Online Care Group, can handle overflow from backlogged ACO physician calendars while keeping patients within the ACO system. Alternately, ACO's that have grown through acquisition and have excess clinical staff can use these resources by making their capacity available on a system such as American Well.

3. Expand geographic reach

Removing geographic barriers to care is one of the primary drivers of telemedicine investments.⁸ Telehealth allows patients to access more services and allows delivery systems to project specialty care beyond the traditional "Hub and Spoke" model.



⁵ Merritt Hawkins, "2014 Survey: Physician Appointment Wait Times and Medicaid and Medicare Acceptance Rates", 2014.

⁶ Advisory Board, "Telemedicine and Concierge Care: Trends in Consumerism and Non-Traditional Primary Care Delivery", 2014.

⁷ Survey conducted on behalf of The Physicians Foundation by Merritt Hawkins | Completed September, 2014

⁸ 2014 HIMSS Analytics Telemedicine Study

Telehealth engages patients

ACOs thrive when accountability is in part shouldered by the patient, not just the system and care team. Engagement and empowerment are central to patient responsibility and are the gateways to treatment compliance, speed of recovery, and avoiding unnecessary readmissions. And in the end, healthy patients are happy patients, and high satisfaction drives ongoing compliance and prevents leakage. CEOs of health systems of all sizes see telehealth technology as key to empowering patients. With telehealth, health systems can:

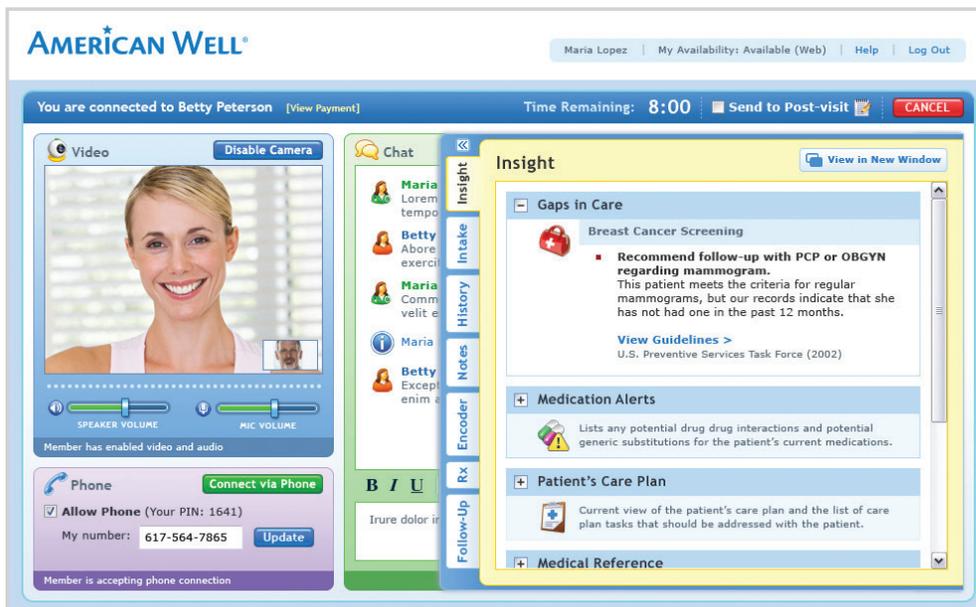
1. Provide care on patients' terms

Patients consistently report high satisfaction with telehealth encounters,⁹ and American Well is no exception with an overwhelming 97% of patients reporting satisfaction with their online healthcare encounter. Telehealth provides convenient after-hour care options, reduces wait times, travel time and expense. Telehealth leapfrogs competition from unaffiliated, unintegrated retail and urgent care clinics. Physicians also report high satisfaction with virtual visits leading researchers to conclude that everyone can benefit from appropriate use of telehealth.¹⁰

2. Support improved clinical outcomes

Research shows that patients who participate in their healthcare have significantly improved health outcomes.¹¹ Telehealth is a powerful tool to drive patient compliance with medications and post-discharge instructions. Telehealth removes stubborn barriers of time, mobility and distance to more easily connect them with caregivers. More traditional approaches to telemedicine such as virtual curbsides are also possible without expensive, dedicated hardware and software. Beyond this, telehealth can help providers efficiently address and close care gaps (see Exhibit A).

Exhibit A: Telehealth Helps Close Gaps in Care



DID YOU KNOW?

The #1 primary driver of telehealth investment by hospital systems is to fill gaps in care.¹²

⁹ Telehealth Services in the Department of Veterans Affairs, Darkins 2008

¹⁰ Randomized trial of virtual visits in a general medicine practice, Dixon 2009

¹¹ Hibbard, Judith H, "What the Evidence Shows about Patient Activation: Better Health Outcomes and Care Experiences; Fewer Data on Costs," Health Affairs 32, no.2 (2013): 207-14

¹² 2014 HIMSS Analytics Telemedicine Study

Telehealth saves money

ACO success is directly linked to limiting lost revenue from unnecessary ER visits and avoidable hospital readmissions. Healthcare organizations know that telehealth can help accomplish both. Telehealth enables health systems to:

1. Avoid unnecessary hospital readmissions

Health systems are leveraging telehealth for post-discharge care including medication management, follow up visits, and late-night and weekend care. The cost savings are significant: telehealth has been shown to reduce avoidable hospital readmissions by 70%.¹³

2. Re-direct inappropriate ER utilization

Between 14% and 27% of all ER visits are for non-urgent care, and if alternative care services were used instead this could save \$4.4 billion each year in healthcare costs.¹⁴ Telehealth can also help delivery systems triage low-acuity ER patients through the use of kiosks placed in waiting rooms (see Exhibit B).

3. Limit capital expenditure

More hospitals are managing patients on an outpatient basis, and as the volume of outpatient flow increases, organizations feel pressure to expand geographically. New outpatient clinics cost millions of dollars to build and maintain. Telehealth expands reach and projects care into the community at a substantially lower investment with no brick-and-mortar costs.

Telehealth is less costly!

In an economic analysis of telehealth studies, 61% of the studies reviewed found telehealth to be less costly than the non-telehealth alternative.¹⁵

EACH TELEHEALTH VISIT SAVES



Exhibit B: Telehealth Kiosks Enable On-Demand Care



¹³ Snell, "The Role of Remote Care Management in Population Health", Health Affairs Blog, April 4, 2014

¹⁴ Health Affairs, vol. 29, no.9, Sep. 2010, p.1630-1636

¹⁵ A systematic review of economic analyses of telehealth services using real time video communication, Wade 2010

Is your organization ready for telehealth?

As your organization considers telehealth, American Well can assist the decision-making process with resources and support. American Well has helped health systems, employers, government agencies, and insurers through adoption and implementation of telehealth services for a range of clinical and business applications. Below are resources for every stage.

Phase 1: You want to learn more

You've heard of telehealth, and are beginning to think about how telehealth could provide benefits to your organization. You might be unsure how it would fit into existing workflows and are interested in learning how other healthcare organizations have implemented telehealth and what would work for your particular needs.

Resources:

- [American Well's Delivery System e-Book](#)
- [Article: Becker's Health IT & CIO Review, "Best of Both Worlds"](#)
- [Article: Medscape, "Virtual Visits Benefit Physicians as Well as Patients"](#)

Phase 2: Telehealth is on your roadmap

You are sold on the value proposition of telehealth and are assessing how telehealth would fit into your organization. You are thinking of all of the ways that telehealth could provide benefits for your particular patient population. You may be unsure of the next steps to take and are interested in opening the discussion.

Resources:

- [Telehealth Use Case Checklist](#)
- [Federation of State Medical Boards Telehealth Policy](#)
- [Request a Custom ROI Analysis](#)

Phase 3: You are ready for Telehealth!

You are ready to enter the next stage of healthcare delivery like hundreds of hospital systems have done across the U.S. You know that telehealth can improve revenues, empower your patient base, improve clinical outcomes, and lower costs. You have identified possible use cases that would be appropriate for telehealth and are beginning to engage clinical staff.

Resources:

- [Top RFP Questions to Ask When Selecting a Telehealth Vendor](#)
- [Frost & Sullivan Telehealth Services Award, 2014](#)
- [Contact an American Well Strategic Solutions Expert](#)

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