Virtual care takes center stage for health plans

Health plans are investing in the growth of virtual care
Executive summary

The 2019 AHIP (America’s Health Insurance Plans) Virtual Care Survey of Health Plans, sponsored by Teladoc Health under AHIP’s Sponsored Research Program, reveals the current state of virtual care programs and a nuanced understanding of the successes, challenges, and barriers health plans face.¹

From the AHIP Virtual Care Survey we learn that health plans view virtual care as a strategic imperative and are investing in its growth. For nearly 100% of plans surveyed, the importance of virtual care is increasing. With new payment models and expanding consumer demands, health plans are establishing a broad array of virtual services to give members and clients convenient access to high-quality care for improved outcomes, reduced costs, and to provide a scalable, modern health benefit that differentiates them from their competitors.

Scope and methodology

To effectively address the study objectives, AHIP uses an approach that combines a literature review, a survey of health plans, and structured qualitative interviews. Such an approach enables them to systematically characterize the “current state” of virtual care programs.
THE AHIP VIRTUAL CARE SURVEY RESPONDENTS FROM ACROSS COMMERCIAL, MEDICARE ADVANTAGE, AND MEDICAID PLANS WERE ASKED CATEGORIES OF QUESTIONS ACROSS KEY FOCUS AREAS:

- **Health plan profile**
  - Status of virtual care services offerings
  - The length of virtual care services provision
  - Details of virtual care programs by product type

- **Virtual care program characteristics**
  - Motivations of offering virtual care
  - Incentives and value-based design
  - Medical care that could be offered virtually
  - Benefits of virtual care programs including observed outcomes, evaluation methods, etc.
  - Challenges and lessons learned in implementing virtual care

- **Integration of virtual care in plan’s operations**
  - Effect of virtual care on specific health plan departments
  - Current status of health plan virtual care offerings
  - Perception of virtual care by members, employers, providers, and regulatory agencies

- **Experiences and positions of plans not currently providing virtual care**
  - Reasons for not offering virtual care services
  - Potential approaches to virtual care implementation

In the selection process, AHIP used the definition of a health plan as given in the Atlantic Information Services’ (AIS) “Directory of Health Plans: 2017,” which defines a health plan as: “A health insurance company operating in the U.S. that offers some type of risk-based, primary care health insurance product based on a regional provider network.”

Responding plans reflected the diversity of the modern health plan industry: they operated in all 50 states, included plans of all types (for-profit, not-for-profit, integrated model, provider-owned, etc.), varied in the size of their total enrollment from tens of thousands to millions of members, and covered a combined total of 118 million lives as of the beginning of 2017. Individual respondents represented a variety of functional areas as well as positions within the respective organizations.

Following the analysis of the survey data, AHIP conducted structured follow-up interviews with representatives from 13 health plans (five commercial, four Medicare Advantage, and four Medicaid).

Overall, 216 health plans were invited to participate in the AHIP Virtual Care Survey and AHIP received 74 responses, with a response rate of 40% for commercial plans, 50% for Medicare Advantage, and 18% for Medicaid Managed Care plans.
AHIP Virtual Care Survey respondents’ roles within health plans

Key finding: Virtual care adoption is gaining momentum and rapidly growing

Most health plans now offer virtual care—94% of commercial plans, 92% of Medicare Advantage plans, and 62% of Medicaid plans—with behavioral health, acute (non-emergency), and chronic care as the most common offerings. While this might be new for some, nearly 65% of the commercial health plans surveyed have been making virtual care available to members for three years or more. However, the motivation for offering virtual care varies based on the type of plan. For commercial plans, over 60% of both fully insured and self-insured want to make access to care more convenient and realize cost savings. More than half of the self-insured plans also want to make high-quality care more available and boost employee productivity. Offering modern, innovative health benefits motivates nearly 50% of fully insured plans to provide virtual care.

For Medicare Advantage and Medicaid plans, the motivation is slightly different. These plans also want to make access to care more convenient on an as-needed basis and make high-quality care more available for their members. But for more than 75% of these plans, improving health outcomes is one of the main reasons for offering virtual care.

“We have found that over 60% of our members’ telehealth visits are occurring during the primary care physician’s regular office hours! Our telehealth platform gives our members access to a doctor within five minutes.”

Medical director, commercial plan
### AHIP Virtual Care Survey results

#### HEALTH PLANS OFFERING VIRTUAL CARE

<table>
<thead>
<tr>
<th>Health Plan Type</th>
<th>Over 5 Years</th>
<th>About 3-5 Years</th>
<th>About 1-2 Years</th>
<th>Less Than One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>18%</td>
<td>47%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Medicare Advantage</td>
<td>17%</td>
<td>38%</td>
<td>33%</td>
<td>25%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>13%</td>
<td>31%</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

#### KEY MOTIVATORS DRIVING ADOPTION OF VIRTUAL CARE

**SELF-INSURED/ASO**

- Convenient access to care: 64%
- Realize ROI: 58%
- Increase access to high-quality care: 36%
- Boost employee productivity: 36%

**FULLY INSURED**

- Convenient access to care: 71%
- Realize ROI: 46%
- Offer modern, innovative health benefits: 43%

**MEDICARE ADVANTAGE AND MEDICAID PLANS**

- Improve clinical outcomes, health of members: 75% Commercial, 88% Medicare Advantage, 90% Medicaid
- Increase access to high-quality care: 67% Commercial, 50% Medicare Advantage, 50% Medicaid
- Make care convenient to access on an “as needed” basis: 25% Commercial, 25% Medicare Advantage, 25% Medicaid
- Offer modern, innovative health benefits: 42% Commercial, 25% Medicare Advantage, 25% Medicaid
**Key finding: Increasing member engagement and satisfaction are top priorities**

As adoption and expansion of virtual care increases, health plans identify numerous priorities. More than 90% of all health plans agree that increasing member engagement and satisfaction are at the top of their priority list. Other important priorities are to simplify the member experience and expand access to behavioral healthcare. Reducing the cost of care is an imperative for all plans; 90% of Medicare Advantage plans, 84% of commercial plans, and 74% of Medicaid plans agree. More than 70% of plans want to use virtual care to increase market differentiation. For Medicare Advantage plans, additional priorities top their list: 100% of Medicare Advantage plans are increasing access to general medical care, improving health outcomes, and ensuring data privacy and security. Nearly 90% of these plans list enabling alternative payment models or shared-risk models as an important priority. Interestingly, fewer than 75% of commercial plans see measuring return on investment (ROI) as a priority for virtual care. For Medicare Advantage and Medicaid plans, these numbers are even lower—67% of Medicare Advantage plans and just 55% of Medicaid plans view measuring return on investment as a priority.

**Key finding: The value of virtual care spans across five core domains**

AHIP Virtual Care Survey respondents rank the value of virtual care across five core domains: access, clinical quality and outcomes, physician network, member engagement and satisfaction, and type of care. For each domain, one aspect of virtual care is the most highly valued, with additional noteworthy aspects.

For example, respondents from all three lines of business value how virtual care can improve access by expanding their ability to provide cost-effective, quality healthcare to more members. And, more than 88% of all respondents agree that virtual care can be used as an entry point to route members toward the right type of care. As an important contributor to improving clinical quality and outcomes, most survey respondents believe that virtual care is valuable as a complementary strategy to their existing service offerings to help reduce wasteful, unnecessary, and oftentimes expensive care. More than 50% of Medicaid respondents think virtual care is useful for collecting clinical quality measures as part of an alternative payment model. Broadening the health plans’ physician network is valuable to all three lines of business. Of Medicare respondents, 84% feel that virtual care is useful for coordinating care with other providers and services. All respondents agree that virtual care, once used, can lead members to become regular virtual care users—thereby serving as a valuable component of their member-engagement strategy. More than 60% of Medicare respondents see virtual care as a viable way to enable regular communication with family caregivers of home hospice patients. As an example of the impact virtual care can have on varied types of care, at least 70% of all respondents see virtual care as a viable way to augment case management for complex cases. More than 70% of all Medicare respondents value virtual care as a useful tool for end-of-life care.
VALUE OF VIRTUAL CARE ACROSS FIVE DOMAINS

Access
+88%
of all respondents believe virtual care can be used as an entry point to the right type of care.

Clinical quality and outcomes
+50%
of Medicaid respondents think virtual care is useful for collecting clinical quality measures as part of an Alternative Payment Model (APM).

Physician network
80%
of Medicare respondents feel that virtual care is useful for coordinating care with other providers and services.

Type of care
+70%
of Medicare respondents value virtual care as a useful tool for end-of-life care.

Member engagement & satisfaction
+60%
of Medicare respondents see virtual care as a viable way to enable regular communication with family caregivers of home hospice patients.

Key finding: Non-emergency acute care and behavioral health are well-suited to be handled virtually

When asked which types of care can be handled virtually, we see similarities from the AHIP Virtual Care Survey respondents across the three types of plans. Non-emergency acute care and behavioral health are the most common examples. For commercial plans, 80% of respondents believe that non-emergency acute care can be provided virtually and 84% feel that behavioral healthcare can be provided in this same manner. Similarly, for Medicare Advantage plans, 91% of survey respondents see acute care and behavioral health as good candidates to be provided virtually. For these two plans, dermatology is the third on the list as having aspects that can be handled virtually, primarily monitoring and medication management. For commercial plans, 77% say monitoring and medication management, and for Medicare Advantage, treatment is the aspect most commonly handled at 91%. The aspect of behavioral health that is currently handled virtually is treatment—92% for the Medicaid population.

At 100%, pediatric care is on the top of the list for Medicaid plans of the types of care that can be handled virtually. Care for this population is derived from adult use, as children cannot provide consent. If mom and dad are comfortable using virtual care, their children are more likely to be using it. With children making up over 40% of Medicaid recipients, we are seeing pediatric care rise to the top for Medicaid plans while absent from commercial and Medicare Advantage plans.
Other types of care that are beginning to be handled virtually within Medicare Advantage plans are:

<table>
<thead>
<tr>
<th>Care Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex care</td>
<td>67%</td>
</tr>
<tr>
<td>Fall prevention</td>
<td>43%</td>
</tr>
<tr>
<td>Pre- and post-surgical care</td>
<td>40%</td>
</tr>
<tr>
<td>Dementia or suspected Alzheimer's disease</td>
<td>40%</td>
</tr>
<tr>
<td>Hospice care</td>
<td>40%</td>
</tr>
</tbody>
</table>

“We view virtual care as important to member convenience. It helps us address many of the social determinants of health-related barriers to care.”

CEO, Medicaid plan

Key finding: Virtual care supports the shift to value-based care

Most AHIP Virtual Care Survey respondents say they believe that virtual care will have a positive impact on their value-based agreements with provider organizations. More than 85% of all respondents believe that virtual care helps reduce the provision of wasteful and unnecessary care. More than 73% of all respondents see virtual care serving as a useful component of a shared-saving strategy and that virtual care improves appropriate care measures. Within the survey responses, we see the benefits of virtual care emerging in these four areas:

- Playing an important role in bundled or episodic payment approaches
- Improving coordination of care among a team of providers
- Increasing the ability to capture important quality-of-care data
- Helping to better define the attributable patient population

**BENEFITS OF VIRTUAL CARE ON VALUE-BASED PROVIDER AGREEMENTS**

<table>
<thead>
<tr>
<th>Response options</th>
<th>Commercial</th>
<th>Medicare Advantage</th>
<th>Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serve as useful component of shared-saving strategy</td>
<td>88</td>
<td>89</td>
<td>73</td>
</tr>
<tr>
<td>Reduce the provision of wasteful/unnecessary care</td>
<td>85</td>
<td>89</td>
<td>91</td>
</tr>
<tr>
<td>Improve appropriate care measures</td>
<td>73</td>
<td>89</td>
<td>91</td>
</tr>
<tr>
<td>Play important role in bundled/episodic payment</td>
<td>56</td>
<td>56</td>
<td>64</td>
</tr>
<tr>
<td>Ensure improved care coordination among care team</td>
<td>54</td>
<td>67</td>
<td>64</td>
</tr>
<tr>
<td>Better capture important care quality data</td>
<td>46</td>
<td>67</td>
<td>45</td>
</tr>
<tr>
<td>Help better define attributable patient population</td>
<td>29</td>
<td>44</td>
<td>64</td>
</tr>
</tbody>
</table>
Key finding: The perceived value of virtual care is variable

Who values virtual care the most varies by plan since key stakeholders differ. For commercial plans, large employer customers perceive the value virtual care to be 74 on a scale from 0 to 100. Small employers are second, assigning the value of virtual care at 66. For these plans, members are third, with the value of virtual care at 63. For Medicare Advantage plans, their members are top on the list, perceiving the value of virtual care at 58. For in-network, primary care physicians perceive the value at 54 and specialists assign the value of virtual care at 45. Included in the list of Medicare Advantage plan stakeholders that find value in virtual care are home health agencies, and hospice facilities. Similarly, for Medicaid plans, their members, home health agencies and social service providers also rank the value of virtual care at 54 out of 100.

PERCEIVED VALUE OF VIRTUAL CARE
Average value by LOB

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Commercial</th>
<th>Medicare Advantage</th>
<th>Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your large employer customers</td>
<td>74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your small employer customers</td>
<td>66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Your members</td>
<td>63</td>
<td>58</td>
<td>54</td>
</tr>
<tr>
<td>In-network primary care physicians</td>
<td>55</td>
<td>54</td>
<td>46</td>
</tr>
<tr>
<td>In-network specialist physicians</td>
<td>52</td>
<td>46</td>
<td>40</td>
</tr>
<tr>
<td>Home health agencies</td>
<td>41</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Hospice facilities</td>
<td>53</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social service providers</td>
<td>54</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

“It’s important to demonstrate ROI, but not just in terms of dollars and cents. Virtual care can also return better clinical quality or outcomes, or better care access.”

Medical director, Medicaid plan
AHIP Virtual Care Survey respondents identify three challenges to establishing and growing virtual care offerings.

ACCORDING TO TELADOC HEALTH, PROVEN GUIDANCE AND SUPPORT TURN THESE CHALLENGES INTO OPPORTUNITIES FOR HEALTH PLANS.
Challenge: Engaging members to change learned behavior and use virtual care

- Among commercial plans, 87% believe this is an area that needs to be improved and ranked the level of difficulty to make this improvement at 58%
- For Medicaid plans, the challenge is perceived to be higher at 91%, but easier to overcome at 45%
- And for Medicare Advantage plans, this did not appear to be a top challenge

Opportunity:

Health plans can partner with a virtual care provider to enable a complementary, customized, and collaborative approach to member engagement—to meet return on investment (ROI) and utilization goals for each distinct population by delivering all clinical services across markets and geographies.

Member-engagement success tips for health plans:

- One size does not fit all. An engagement strategy needs to be flexible and customized per plan, per population, per goal.
- Develop one voice for consistency across the health plan, clients, and members.
- The Teladoc Health surround-sound approach with engagement science is proven effective in delivering results.
- Timing is everything—deliver the right message at the right time for the right need.
- Email continues to be the most impactful channel across populations.
- Harnessing the combined power of brands wins for the health plan and the virtual care provider.
Opportunity:
When developing and implementing a virtual care strategy, health plans do not have to go it alone. Instead, they can rely on the experience of a proven virtual care provider with a long history of success partnering with every type of health plan to meet the rapidly growing needs of their clients and their member populations.

Challenge: Developing and implementing a virtual care strategy
All three types of plans report having faced challenges in developing and implementing a virtual care strategy but acknowledge that overcoming the obstacles was relatively easy. For commercial plans, 79% believe that developing and 70% believe that implementing their virtual care strategy is challenging. However, the perceived difficulty to overcome those challenges is 38% and 40% respectively. Although the Medicare Advantage plans believe the challenges are greater—88% believe that implementing and 75% believe that developing their virtual care strategies will pose challenges—the perceived difficulty to overcome them remains relatively low at 38%. Interestingly, Medicaid plans rank the challenges of implementing, but not developing, their virtual care strategy at 73%, with a level of perceived difficulty to overcome it a very low 18%.

Teladoc Health is the leader in virtual care. We transform how people access healthcare around the world by driving four times more utilization than our closest competitor with a comprehensive suite of fully integrated, scalable virtual care services. We partner with 40-plus health plans and work with their sales, account management, clinical, marketing teams, and more to help the health plans’ members resolve their care needs every day.
Challenge: Expanding virtual care access amid a historically inflexible state and federal regulatory landscape.

According to the AHIP Virtual Care Survey, governmental restriction was reported as having the highest level of impact for Medicare Advantage plans. This concern was reported by 70% of plans and 57% perceived that it was difficult to overcome.

Opportunity:
The new ruling by the Centers for Medicare & Medicaid Services (CMS) shifts the regulatory landscape by providing broader geographic access and innovative payment models for virtual care. Partnering with a trusted virtual care provider can help health plans differentiate their offerings through the development of innovative, scalable care models to meet the growing demand of the Medicare Advantage population, projected to increase to over 80 million beneficiaries by 2030. With this dramatic shift, an integrated virtual care strategy can provide a pathway for Medicare Advantage plans to expand their offerings by:

- Increasing access to care through expanded networks and in-network referrals
- Reducing the cost of care
- Better engaging members to enhance and simplify their healthcare experience
- Enabling better payer/provider collaboration
- Differentiating to drive enrollment
- Improving quality measures and Star Ratings

For one of Teladoc Health’s Medicare Advantage health plan partners, the 2018 claims savings and utilization numbers speak for themselves:

Teladoc Health is a trusted partner for Medicare Advantage plans to make high-quality care more accessible, collaborate on strategic engagement to increase utilization, reduce the cost of care, and increase satisfaction for members.

$472 claims savings per episode
$322,376 total claims savings to date
2.2% year-to-date visits x 12/# months accrued/year-to-date average primary members
How will virtual care enable growth for health plans?

Virtual care has expanded to offer broad access to clinical services
Health plans are exploring which elements of a patient’s care can be delivered virtually. To best address non-acute care needs, health plans are expanding their use of virtual care for behavioral health and an array of other non-acute care needs. Health plans should look for a partner that can deliver scalable, comprehensive care through an integrated member experience. This experience can include pediatrics, dermatology, sexual health, nutrition and wellness coaching, and more. It can even augment their care management strategy for high-cost and highly complex cases—all on one platform and in one contract.

A data-driven Virtual First™ approach optimizes care navigation
More than 88% of AHIP Virtual Care Survey respondents say that virtual care can be used as an entry point to route members to the right type of care. Teladoc Health enables a Virtual First strategy with guided navigation on a high-quality clinical foundation that integrates with the rest of the healthcare ecosystem. Virtual care is opening a new front door to healthcare. Whether immediately connecting members with doctors for general episodic care, identifying the world’s top specialists to review existing diagnoses, or recommending the nearest brick-and-mortar facility for a physical follow up, virtual care should be the first stop when navigating the complex healthcare system.
A smart plan design matches consumer preference to shared savings

More than 73% of respondents see virtual care as a useful component of a shared-saving strategy and believe that virtual care improves appropriate care measures. Virtual care leverages efficiencies to enable smart plan design based on members’ preferences. It accelerates the shift toward value over volume and directs members to the right care setting right away. And plan sponsors reap the savings while hospitals focus their clinical teams on the most urgent and complex care needs.

Increased engagement and satisfaction for members and providers

Growing virtual care hinges on the ability to engage members, which all AHIP Virtual Care Survey respondents report as a top priority. Commercial plans also report that engaging network providers to deliver virtual care services is a challenge. Satisfaction has long been healthcare’s holy grail, whether viewed through the lens of increasing patient engagement, mitigating physician burnout, or maximizing workplace productivity. We are now seeing virtual care increasing engagement and satisfaction across consumers, physicians, and employers. These varied constituents want many of the same things:

- For technology in healthcare to enable the mobility and experience we get in other areas of life
- For physicians to spend less time on paperwork and more uninterrupted time listening to patients
- For patients to engage in the healthcare system in a way that aligns with their expectations, wherever and whenever they need care

Health plans need a virtual care partner that believes engagement is their responsibility and invests accordingly to enable a complementary, custom, and collaborative approach.

Benefits to provider networks include expansion, coordination, and increased referrals

Of Medicare Advantage health plan respondents, 82% value virtual care for its ability to broaden their provider networks, and 80% find it useful to coordinate care with other providers and services. One respondent, the head of innovation for a Medicare Advantage plan, says, “We see virtual care as a tool for scaling our provider workforce.” As the new front door to integrated care built on a flexible platform, a Virtual First approach integrates with the rest of the healthcare ecosystem to support secure data exchange and patient referrals. Few virtual care companies have invested resources and deliver at the scale required to realize this type of strategy. With a Health Information Trust Alliance certification, call center performance reliability, 24/7 staffing for client and member resolution, and a network of more than 3,000 active telehealth physicians across all 50 states, Teladoc Health’s credentials make it the perfect partner for health plans.
Conclusion

Health plans are entering a period of unprecedented opportunity for growth, fueled by consumer expectations, advanced technology and analytics, the shift from volume to value, physician shortages, and an evolving regulatory landscape. Increasingly, health plans are seeing virtual care as a strategic imperative to simplify the complexities of the healthcare system, improve access to high-quality care, and reduce costs for their members.

How Teladoc Health can help

Teladoc Health is ready to help health plans as they expand adoption of virtual care for their clients and members. As a partner, health plans gain access to our spectrum of certified clinical services, unified user experience, and surround-sound engagement engine. This partnership allows plans to focus on designing the virtual care plan and customizing the member engagement experience that will be the most effective for each unique member population.


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