KPMG

The doctor will text you now

Telehealth's COVID-19 breakout and how to win in the new landscape of digital health

Introduction

Sheer necessity led to greater adoption of remote healthcare services (telehealth) over the past two years. When the risk of COVID-19 infection made it unsafe for patients to visit doctors' offices or healthcare facilities, the adoption and utilization of telehealth—the delivery of healthcare services via digital systems—took off.

Now, the positive experience with telehealth services in the past two years—for both patients and providers—should drive sustained growth. The data shows that a permanent shift to telehealth in select medical specialties has taken place, and this will help telehealth penetrate other specialties where it has not yet been widely adopted.[1]

This shift compels providers to rethink care-delivery paradigms to capture the promise of telehealth and avoid the potential peril of being left in the digital dust. For this paper, we draw on recent client engagements in digital health strategy and insights from proprietary healthcare analytics to assess the impacts on providers of telehealth's emergence.

We identify five imperatives for providers to thrive in the new landscape of telehealth:

1. **Define where to play:** Reassess potential expansion markets that can broaden catchment via telehealth and evaluate these market opportunities in light of organizational capabilities.

2. **Define how to play:** Evaluate and evolve service-line strategies to capitalize on emerging market opportunities in telehealth.

3. **Optimize service delivery:** Redesign service-delivery protocols, practices, and workflows in existing and emerging telehealth service lines to maximize outcomes and profitability.

4. **Adapt physician recruitment practices:** Modify the physician recruiting approach to create a workforce with more digital health capabilities required to meet patient needs.

5. **Restructure practice economics:** Reevaluate existing practice economics to provide incentives that align with telehealth-driven growth markets.

In this paper, we lay out the case for why providers should fully embrace telehealth for future success in the world of digital health.

[1] Source: Centers for Medicare & Medicaid Services professional claims 2018-2021

What is driving the growth of telehealth?

Prior to the pandemic, there was limited adoption of telehealth even for the most basic services. Total claims for eligible services remained below one percent of commercial and Medicare office visits in 2019.[2] However, the onset of the COVID-19 pandemic catalyzed telehealth by shaping three forces—1) patient acceptance, 2) provider acceptance, and 3) reimbursement policies—which we believe have greatly accelerated its adoption.

Patient acceptance

The pandemic exposed millions of patients to telehealth services for the first time and that created greater acceptance—patients saw that a nurse or physician at the other end of a video call could provide the service. In 2020, 32 percent of patients in the U.S. felt they received comparable healthcare through telehealth as they do during in-person visits. In 2021, that figure increased to about 41 percent of patients. In 2020, 60 percent of patients in the U.S. said the COVID-19 pandemic has increased their willingness to try telehealth in the future, and that number rose to 77 percent in 2021.[3] Furthermore, 86 percent of patients said telemedicine made it easier to get the care they needed.[4] Other factors that contributed to greater patient acceptance of telehealth were technological advancements, having access to high-quality providers outside of local geography, and overall convenience.

Provider acceptance

Prior to the pandemic, provider adoption of telehealth remained relatively limited. The American Medical Association conducted a three-year study (2016-2019) that revealed a telehealth provider adoption rate of 28 percent in 2019 (up from 14 percent in 2016), and remote patient monitoring tool adoption of 22 percent in 2019 (up from 13 percent in 2016).[5] Additionally, AmWell's 2019 Physician Survey showed that 22 percent of providers had a virtual visit but just one year later, that number had increased to 80 percent.[6] The survey also noted that 84 percent of providers were "very" or "somewhat" satisfied with telehealth platforms and were most interested in utilizing them for prescription renewals, chronic management visits, or post-surgery/hospital follow-up. The rapid increase in the prevalence of telehealth during COVID-19 demonstrated to providers that healthcare delivery can be effective in a virtual context and has laid the foundation for telehealth's expansion into the broader continuum of care.

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[2] Source: KPMG proprietary claims analysis, Truven data, commercial and Medicare office visit claims (2019)
[3] Source: SYKES telehealth survey
[4] Source: Ibid.
[5] Source: Digital Health Study, American Medical Association, 2019
[6] Source: Physician and Consumer Survey, Amwell, 2020

Reimbursement policies

In early March 2020, as the first wave of COVID-19 infections was beginning to overwhelm the healthcare system, the Trump administration signed an $8.3 billion emergency funding bill which allowed Medicare to expand Telehealth coverage.[7] Previously, payments for telehealth services were only reimbursed if patients were in a designated rural area or when they traveled to certain designated healthcare facilities. With the declaration of a national emergency, the Centers for Medicare & Medicaid Services (CMS) was authorized to grant waivers, which provided full reimbursement parity for all care delivery mechanisms—in-person, video, and select audio visits—during the pandemic. Furthermore, the emergency funding bil allowed the Department of Health and Human Services to waive licensing regulations. Patients in states with large COVID-19 outbreaks were now eligible to receive care from physicians in other states, via telehealth.

The $2 trillion COVID-19 relief package passed by Congress in 2020 included support for telehealth programs for rural and critical-access hospitals, and added 85 Medicare-covered services that could be provided via telehealth.[8]
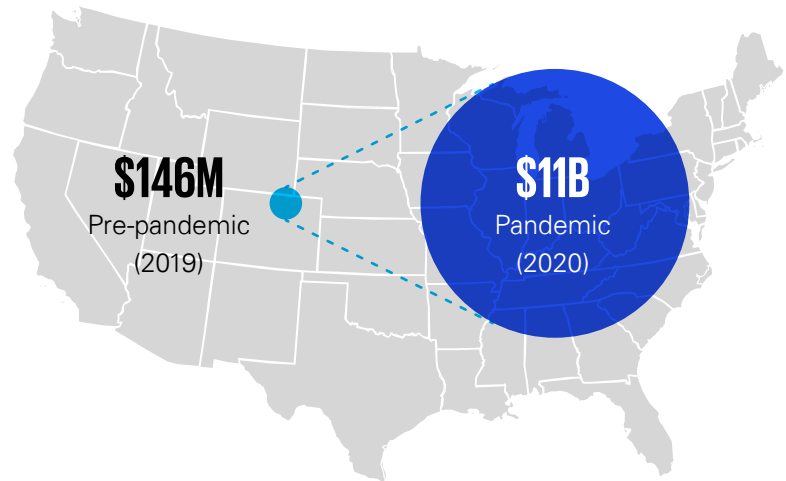
[7] Source: "Trump Signs $8.3B Emergency Spending Bill For U.S. Domestic, International Response To COVID-19," Kaiser Family Foundation, March 6th, 2020
[8] Source: Jacob Pramuk, "Trump signs $2 trillion coronavirus relief bill as the US tries to prevent economic devastation," CNBC, March 27, 2020

Emerging trends in telehealth

As a result of the pandemic and new reimbursement rules, revenue from telehealth visits jumped 75-fold, from $146 million in December 2019 to $11 billion in December 2020, according to KPMG analysis. We compared the total addressable market size for U.S. telehealth visits across all specialties, accounting for population, visit rates, average reimbursement, and percent of visits that are telehealth by age cohort.

Overall penetration

Even after the first wave of COVID-19 subsided, telehealth utilization rates remained 133 times higher than pre-pandemic levels at the end of 2020. At the height of the quarantine, in April 2020, telehealth claims represented 47.5 percent of total claims, but had declined to 24.7 percent by December 2020.

Where does telehealth go from here? Part of the answer is up to policy makers. The COVID-19 Federal Public Health Emergency (PHE) must be renewed by the Department of Health and Human Services (HHS) every 90-days to maintain certain healthcare waivers and flexibilities, and as of the time of this publication, the PHE was renewed at its most recent renewal deadline. Additionally, the Consolidated Appropriations Act of 2022 provided a 151-day extension for select flexibilities once the PHE ends, providing the potential for continued support of Telehealth once the federal

PHE ends. Federal and state policy makers' decisions regarding whether or not to continue extending access to services and reimbursement, as well as concerns over fraudulent claims, will directly impact telehealth's future pace of growth.

However, we believe that even if some reimbursement policies change,

powerful forces have been unleashed that will continue to drive telehealth into the mainstream of healthcare delivery. Based on extensive analysis[9] of syndicated and proprietary data, KPMG has identified key drivers of continuing adoption, ranging from demographics to regulatory changes and reimbursement.

How telehealth visits exploded during the pandemic

$146M
Pre-pandemic (2019)

$11B
Pandemic (2020)

Telehealth penetration accelerated after January 2020
(Most recent data on percent claims, commercial vs. Medicare)
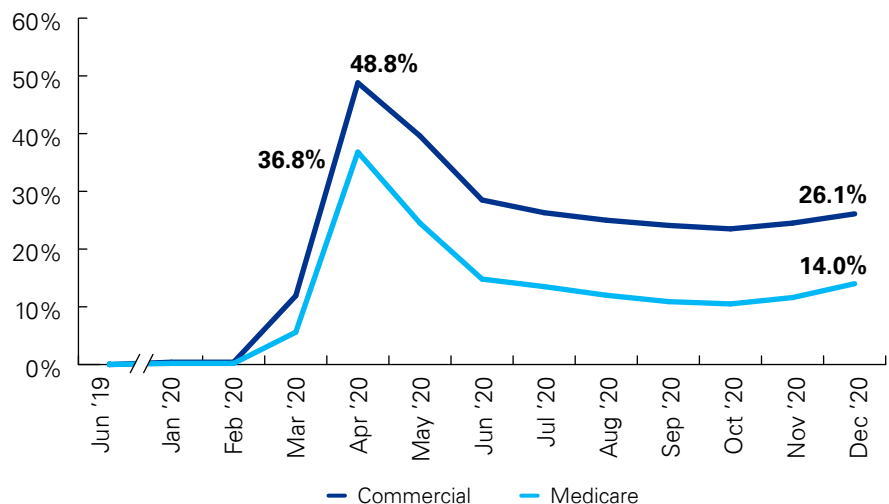
Source: Truven MarketScan commercial and CMS professional claims 2020

[9] KPMG analyzed patient-level commercial and Medicare professional billing claims data with place-of-service code 2 or 11 from 2019 to 2021 across the U.S. for all current procedural terminology (CPT) codes approved by Medicare to be billed for telehealth as of August 2021.
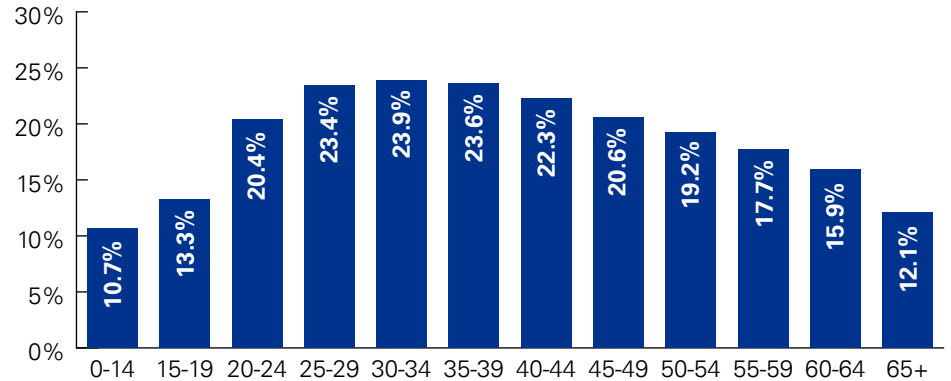
Demographic and geographical influences

Attractive markets for telehealth adoption can be defined by a range of factors, including age, urban versus rural, and household income:

Age:

Based on our analysis, all age groups are adopting telehealth in material ways, with the highest adoption among those aged 25-40. As of the second half of 2020, utilization was lower in the pediatric and Medicare populations, although these still had significantly higher adoption compared to pre-pandemic levels.

Telehealth adoption by age group
(Telehealth claims as a percent of total claims, July-December 2020)

Age group	Percent
0-14	10.7%
15-19	13.3%
20-24	20.4%
25-29	23.4%
30-34	23.9%
35-39	23.6%
40-44	22.3%
45-49	20.6%
50-54	19.2%
55-59	17.7%
60-64	15.9%
65+	12.1%

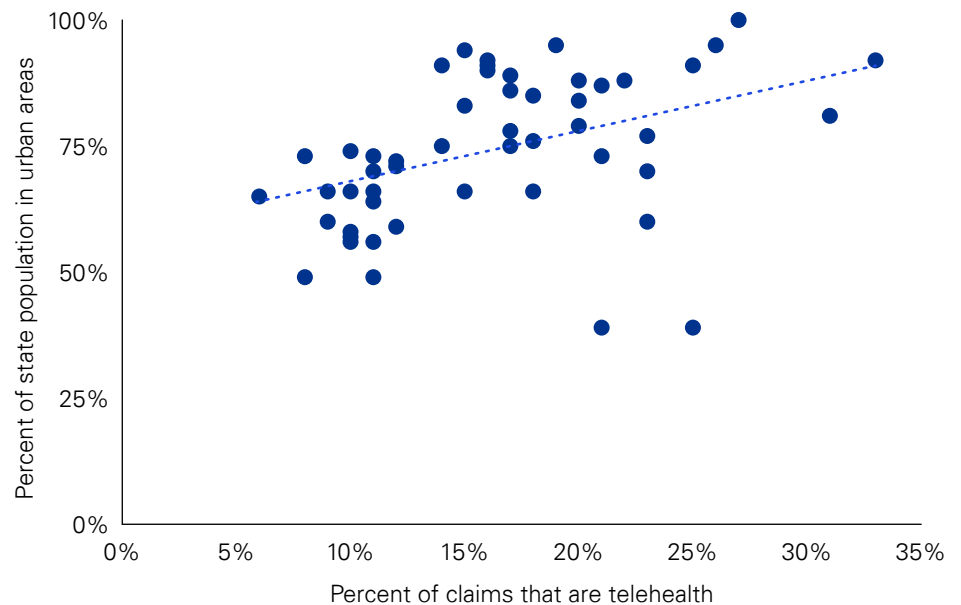Source: Truven MarketScan commercial professional claims 2020

Urban vs. rural:

Our analysis looked at the correlation between the utilization of telehealth and the percent of population that lives in urban versus rural areas. The data shows a positive correlation, suggesting that, in general, telehealth has higher adoption in urban areas. Several factors may explain this, such as a younger and wealthier population in urban areas more predisposed to using technology, and greater prevalence of behavioral health challenges that have driven the most significant uptake of telehealth.

Telehealth has higher adoption in urban areas
(By state, July-December 2020) $R^2 = 0.1797$

Percent of state population in urban areas (y-axis)
Percent of claims that are telehealth (x-axis)

Source: Truven MarketScan commercial and CMS professional claims 2020

Household income:

Our analysis included a similar comparison between the utilization of telehealth and average household income by state, which also showed a positive correlation.

Higher income may drive higher utilization of telehealth as individuals may have more disposable income for virtual care, are more likely to have the technology required to access telehealth services, and are less likely to delay seeking healthcare services due to financial constraints.

While telehealth adoption has historically been higher for select geographical, demographical, and socioeconomical markets, regulations (e.g., nonrural use) and ease of access (e.g., availability of smart phones) will continue to allow telehealth to penetrate low-adopting markets. Furthermore, as providers continue to integrate telehealth into workflows and better understand how telehealth offerings can be tailored to fit the needs and preferences of targeted populations rather than pushing a "one-size-fits-all" model, adoption will surely increase.

Telehealth has higher adoption among higher income earners
(By state, July-December 2020) $R^2 = 0.392$
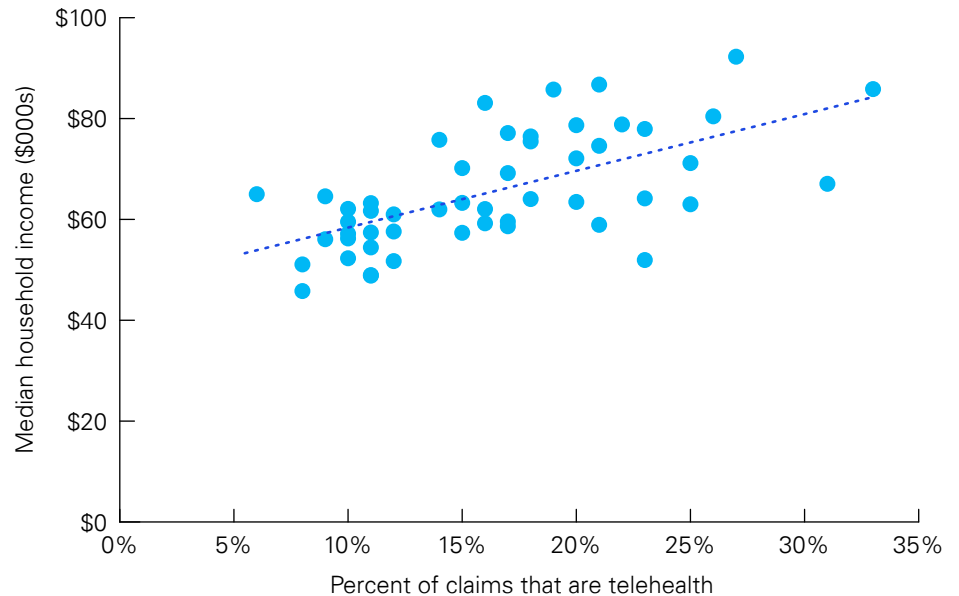

Source: Truven MarketScan commercial and CMS professional claims 2020

Reimbursement

Regulatory changes during the pandemic have eliminated the gap in reimbursement for telehealth. Further, increasing consumer adoption of telehealth could lead to certain policies becoming permanent.

Average allowed amount per claim for telehealth has risen since 2019*

$90
$80
$70
$60
$50
$40
$30

2018   2019   2020   2021

—•— Non-telehealth   —•— Telehealth
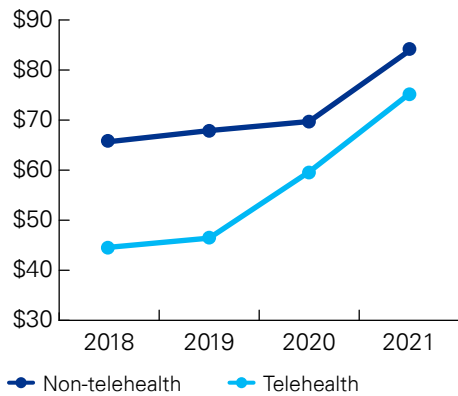
*CPT code 99213
Source: CMS professional claims 2018-2021

Accepted procedures:

Since the onset of the pandemic, 104 CPT codes have been added to CMS's list of approved procedure codes in the telehealth setting. Of the 271 total codes on the list, 162 (60 percent) are currently earmarked as temporary additions via the COVID-19 PHE.

Rate parity:

For the duration of the COVID-19 PHE, CMS and other major commercial payers are paying the same telehealth and in-person rates. Unless there are legislative changes, reimbursement will revert to pre-pandemic levels between telehealth and in-person at the conclusion of the PHE. However, given the significant adoption and satisfaction with telehealth among both payers and providers, we expect some legislative changes will be implemented before the PHE expires permanently.

Cross-state billing:

One barrier to telehealth adoption before the pandemic was cross-state billing and licensing. Each state has different rules and regulations for which physicians can practice in their state and where a patient can be located to receive service. The pandemic saw almost all states waive these restrictions so medical professionals could cross state lines and help in areas hardest hit by COVID-19, either virtually or in-person. However, as the pandemic subsides, previous restrictions are being reinstated, disrupting telehealth options that consumers have become accustomed to. Currently, 19 states and four U.S. territories have adopted long-term or permanent interstate telemedicine policies that will allow telehealth services to be provided across state lines.[10]

[10] Source: "Telehealth licensing requirements and interstate compacts," Department of Health and Human Services, 2022

Telehealth specialties and service lines

KPMG analyzed Medicare and commercial claims data to better understand telehealth adoption by service line.[11] For this analysis, we categorized a range of specialties into four distinct levels of telehealth adoption (see below). The data reveals significant adoption in neurology, behavioral health, and social work, while specialties such as ophthalmology, orthopedics, and physical medicine and rehabilitation (PM&R), show very limited adoption likely due to the intrinsic nature of how doctors treat patients in these service areas.
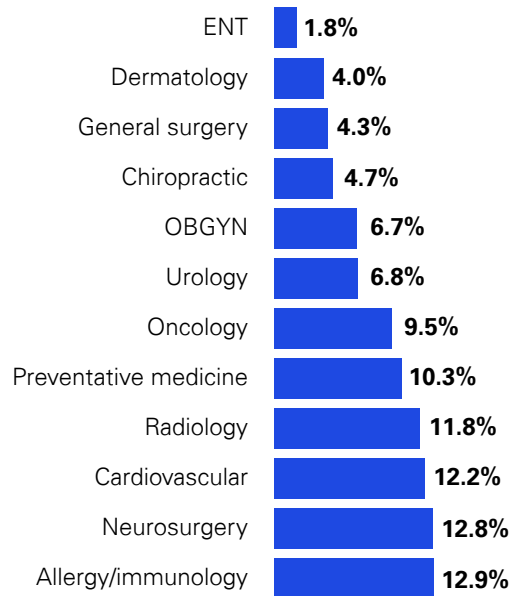
Telehealth utilization, by specialty
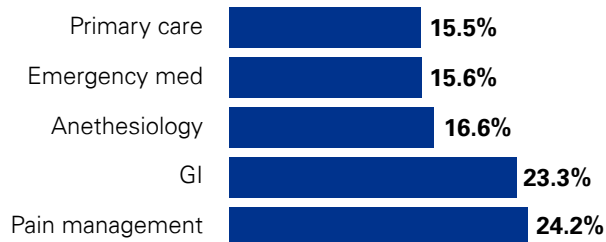(As a percent of total telehealth eligible CMS claims, as of December 2020)

Low adoption: Telehealth claims as a percent of total eligible telehealth claims never reached 15 percent.

Specialty	%
Opthamology	0.5%
Orthopedics	1.0%
PM&R	1.3%

Temporary adoption: Telehealth claims as a percent of total eligible telehealth claims reached 15 percent but declined to below 15 percent by the end of 2020.

Specialty	%
ENT	1.8%
Dermatology	4.0%
General surgery	4.3%
Chiropractic	4.7%
OBGYN	6.7%
Urology	6.8%
Oncology	9.5%
Preventative medicine	10.3%
Radiology	11.8%
Cardiovascular	12.2%
Neurosurgery	12.8%
Allergy/immunology	12.9%

Lasting adoption: Telehealth claims as a percent of total eligible telehealth claims reached 15 percent and remained above 15 percent by the end of 2020.

Specialty	%
Primary care	15.5%
Emergency med	15.6%
Anethesiology	16.6%
GI	23.3%
Pain management	24.2%

Long-term shift: Telehealth claims as a percent of total eligible telehealth claims reached and remained above 25 percent through the end of 2020.

Specialty	%
Neurology	25.8%
Behavioral health	47.4%
Social work	51.6%

Source: CMS professional claims 2020

[11] Service line was identified via physician specialty.

The future of telehealth: our predictions

As technology evolves and more providers integrate telehealth into their workflows, we anticipate wider adoption across the spectrum of care. Here's where we think telehealth might be headed:

Primary care and emergency services

In April 2020, telehealth-approved primary-care and emergency-service procedures reached over 35 percent of claims in the virtual setting. However, by December 2020, this had dropped to 15 percent. Despite the negative trend, sample data from Medicare claims suggests that this percentage drop is largely due to the return of in-person services rather than a transition away from virtual-care offerings. In fact, by March 2021, telehealth-approved procedures decreased further to 10 percent, but the absolute volume of claims rose to nearly 4.5 million—closer to the level seen in May 2020. We believe the pandemic-level percentages are sustainable based on two core hypotheses:

Telehealth claims rose even as in-person services returned**

Legend:
- ■ Percent of procedures in a telehealth setting
- — Absolute number of telehealth claims
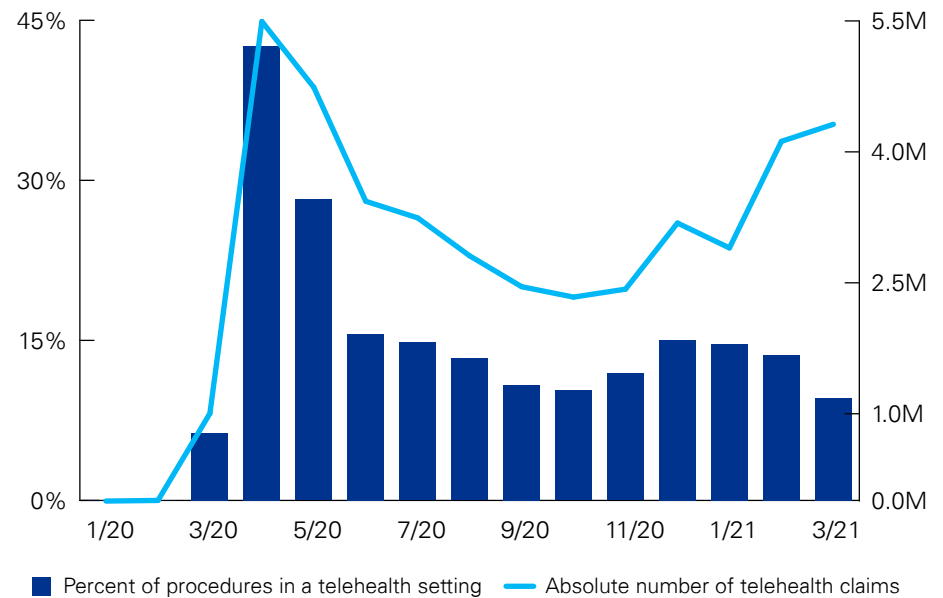
**CMS sample data, CPT codes: 99213, 99214, 99215, 99203, 99212
Source: Truven MarketScan commercial and CMS professional claims 2020-2021

Hypothesis 1: telehealth workflows

Providers were forced to rapidly adopt telehealth offerings without formally creating clinical pathways that shift consumers away from in-person care. In the future, we expect greater movement of intentionally designed pathways that establish a virtual-first operating model.

Hypothesis 2: at-home diagnostics

Many emergency and primary-care services require lab tests and medical imaging. With at-home diagnostic investment continuing to rise, we expect additional procedures will shift to the virtual setting. As evidenced by the examples below, traction in virtual-health technology is gaining across a range of therapeutic areas, and we expect the pace of innovation to continue if not accelerate.

> "
> **Pre-pandemic, we focused on interchanging virtual visits for in-person visits, but we learned telehealth is another tool in the toolbox rather than simply a replacement to in-person services. While there was initial concern about added costs of care, we have come to see telehealth as a strategy to meet patients where they are and to bend the cost curve on the back-end.**
>
> **Keith Hustak**
> *VP of Virtual Health*
> Spectrum Health

At-home testing

Cue

Cue has designed the first-ever self-testing system that can read results for multiple illnesses at home. Cue has already received regulatory approval for a molecular COVID-19 test and is in active clinical trials for approval of a flu test and chlamydia test.

EKGs

AliveCor

Kardiamobile is a clinical-grade personal and portable EKG recorder allowing patients to detect atrial fibrillation, bradycardia, tachycardia, or normal heart rhythm with their mobile device anytime, anywhere.

Fertility testing

MFB Fertility

MFB Fertility's Proov offers at-home fertility testing for both women and men. For women, the Proov test will indicate the likelihood of ovulation and for men, the Yo test records sperm quantity and quality. Testing can be linked to a companion mobile app for digital tracking and insights.

Cancer screening

Exact Sciences

Cologuard is a stool DNA-based colorectal cancer screening test.

Stool samples are collected at home and sent to a lab with a prepaid mailing label. This is a noninvasive option for early-stage colon cancer detection.

Behavioral health

Access to services has transitioned well beyond the expensive four walls of a therapist's office, with the industry adopting both virtual visits and mental health management platforms (e.g., Talkspace, Headspace, Calm, etc.). Telehealth-approved behavioral health procedures increased to more than half of claims in April 2020, and remained above 40 percent through March 2021. As the population continues to age rapidly, understanding how to support the 20 percent of adults aged 60 and over that suffer from mental or neurological disorders (excluding headache disorder) will become increasingly important.[12]

With recent studies confirming behavioral health's ability to improve patient well-being, hospitalizations, and outcomes, providers will expand focus on integrating behavioral health services with adjacent offerings in neurology, pharmacy, and social services to create preventative health programs and an entry point for specialty services that is equally important to primary-care networks. Provider adoption will be further supported by employers expanding access to mental-health benefit programs, which aid employee retention and productivity. Indeed, Cigna found that behavioral telehealth users reported a 45 percent decrease in sick days compared to a 28 percent decrease among those not using telehealth.[13]

Specialty care services

Specialty telehealth will continue to focus on staffing constraints by assessing where physicians can be replaced in the consultation process, as well as by identifying areas where more patients can be covered using less resources with alternatives. One key to unlocking a higher level of specialty telehealth is to rely more on remote patient monitoring. However, currently provider organizations and payer regulations are not designed to realize a return on investment (ROI) from such a level of telehealth.

Technological advancement

With new telehealth service offerings entering the market every day, organizations will have to assess how niche and disparate offerings are coming together to ease their usability for patients and providers while also creating synergies from a continuum of digital offerings. As a result, the industry will increasingly focus on the development of interfaces and interoperability solutions to support coordination of care.

[12] Source: "Mental Health of Older Adults," World Health Organization, 2017
[13] Source: Paige Minemyer, "Cigna: COVID-driven demand for virtual behavioral healthcare remains high," Fierce Healthcare, 2021

A platform for patients and providers

Prior to the pandemic, Advocate Aurora Health turned its focus toward consumers by launching its virtual platform, LiveWell. Aimed at enhancing usability and participation, the platform integrates core components of patient care—currently including MyChart and scheduling, virtual care, health and wellness education, nutrition support, meditation, health risk assessments, and home screenings.

With over 1.5 million downloads since launching, LiveWell reflects consumers' desire to not only participate in their care but also to have a single access point that ties together traditional care, telehealth services, and historically disparate wellness platforms. As LiveWell capabilities expand, Advocate Aurora is also investing in creating the same experience for providers by tying together disparate data from virtual telehealth and wellness platforms in electronic health records (EHR) to enable greater insights and more intentionally designed care programs. "We've seen telehealth demand increase exponentially from both patients and providers and, as a result, we are making investments to better integrate telehealth into appropriate service lines and connect it with the EHR and our digital health platform," says Jamey Shiels, Senior Vice President, Digital Experience, Advocate Aurora.

Payer landscape

Consumer and provider adoption will likely influence CMS to revisit temporary policies and make them permanent. However, increased support will come with increased scrutiny as questions on authenticity of telehealth claims and total number of claims (in-person plus virtual) will continue to rise. The foundational backing from CMS nevertheless will mean commercial payers will likely take the lead in pushing innovative telehealth policies forward based on several factors:

- Ability to increase deductibles and cost-sharing relative to in-person visits, as Medicare is limited to 20 percent cost sharing for Part B services.[14]

- Increasing Medicare Advantage penetration in which risk is handed off to commercial payers.

- Ability to influence policies across state lines, since programs such as Medicaid are controlled at the state level.

> "
> **The long-term success of telehealth will be predicated on favorable reimbursement, expansion of catchment areas, successful medical condition management, efficient dual operating models, including staffing, and cost-effective technology platforms.**
>
> **Ross Nelson, MD**
> *KPMG Principal*
> National Leader, Healthcare Strategy

[14] Source: "Medicare telehealth and COVID-19," KPMG, June 2020

Implications for providers

The disruption brought about by telehealth will have wide-ranging impacts on the business models of providers. To maintain a competitive presence in the face of ever-tightening financial constraints, they will need to make myriad decisions. We believe the key actions providers should consider taking include:

1. Define where to play

Telehealth has largely followed a one-size-fits-all model, which has led to disparate adoption across geographies and socioeconomic lines. By assessing the following factors, organizations not only will be able to better tailor marketing and offerings but also expand patient catchment beyond current geographies:

- Urban versus rural
- Facility proximity
- Provider supply
- Ethnic background
- Age distribution
- Household income
- Health status
- Medical spend

> "
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> **With clinics and systems, there's a land grab. Now it's like geography got thrown out the window. You can see the best specialist in the region rather than the local specialist.**
>
> **Kristin Pothier**
> *KPMG Principal*
> Global Leader, Healthcare & Life Sciences (HCLS)

2. Define how to play

Telehealth can assist providers in filling operational gaps, alleviating staffing burdens, increasing patient access, and modernizing care-delivery channels. Defining organizational goals and pain points will help identify the telehealth solutions which will work best for your organization. Key questions that must be asked in order to prioritize and make the right investments include:

- Who is the market leader of digital services? Are offerings differentiated or commoditized?
- Which service lines are experiencing shortages within your expanded market area?
- How do you define your clinical network? Can telehealth reduce leakage or increase catchment?
- What specialties do you have trouble recruiting for? What are pipeline opportunities?

- Where can telehealth increase provider productivity or patient throughput?
- How much does it cost to build or acquire telehealth capabilities? What are the go-to-market implications?
- What organizations can you partner with to jointly build telehealth products?
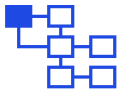
3 . Optimize service delivery

During the pandemic, providers were forced to rapidly transition to telehealth services as in-person visits and procedures were postponed. The focus was on getting up and running rather than taking the time to formally integrate telehealth into clinical workflows. Now, providers must assess how to redesign operating models to not only incorporate but also to prioritize telehealth:

- **Build telehealth workflows:** Map pathways for common procedures to enable seamless patient transition between in-person and virtual visits of care, as well as between physicians, advanced practice providers, and technicians.

- **Adjust scheduling and incentives:** Establish dedicated time blocks to prioritize provider participation on telehealth platforms and adjust incentive structures to support incremental telehealth visits.

- **Market offerings:** Establish telehealth as a primary engagement tool and market to patients.

- **Integrate technology products:** Make investments in solutions that enable interoperability to electronic health records systems, as well as interfaces that ease provider and patient use of platforms.

- **Provide technical support:** Determine the staff and supporting infrastructure necessary to ensure that patients and practitioners have continuous support when technical issues arise.

- **Build adaptable facilities:** Develop flexible office and treatment spaces to accommodate both in-person and virtual services.

4 . Adapt physician recruitment practices

Unemployment regulations, vaccine mandates, aging or retiring workforce, and general burnout amid mental and physical health concerns during the pandemic have led to a nationwide shortage of practitioners. The Association of American Medical Colleges is predicting a deficit of up to 139,000 primary-care and specialty physicians by 2033. Telehealth can be a source of relief for providers as they continue to combat staffing shortages and rising expectations on salaries and wages, which make up more than half of hospital operating expenses:

- **Develop training programs:** Ensure provider and support staff onboarding, and that yearly trainings include instructional sessions on utilization of a suite of telehealth products; ensure that products are seen as a resource for satisfaction rather than a burden to productivity.

- **Evaluate staffing levels:** Determine professional/ administrative staffing levels to accommodate operational changes related to care delivery.

- **Supplement physician staffing:** Determine service lines and specific procedures which can further benefit from advanced-practice provider and technician support in pre- and post-consultation follow-ups.

- **Create recruiting channels:** Ensure that human capital teams have the resources to attract a vastly different talent pool of data scientists, software developers, and technicians; design incentive packages comparable to sector benchmarks.

5. Restructure practice economics

The biggest question surrounding telehealth is "what's the ROI?" Given the rate of accelerated adoption, the new reality is that providers can't afford to not invest in telehealth. However, they must carefully consider the near- and long-term implications when making the investment.

In the near term, telehealth will push forward as a fee-for-service offering. Since consultations have never been the revenue driver for providers, they must assess the ROI without the revenue and expense implications of the telehealth offering itself:

- **Revenue integrity:** With declining in-patient utilization and less outpatient reimbursement, telehealth can provide access to an incremental patient base, which can fuel downstream revenue through market share gains or greater identification of patient need.

- **Expense management:** Labor costs remain the largest expense for providers. Increased staff productivity from telehealth may help provide immediate relief to financially distressed organizations that have challenges recruiting additional staff.

> "
>
> **ROI in a fee-for-service market is challenging to obtain given the limited codes by payers and significant variation in payments. There aren't clear revenue streams for many solutions coming online in a traditional fee-for-service model. You might be able to eliminate some costs and inefficiencies but regardless, telehealth is a critical part of healthcare delivery in the future.**
>
> **Zach Chandler**
> *Chief Strategy Officer*
> Baptist Memorial Health Care Corporation

In the long term, providers will be pressured to truly embrace value-based care. With risk bearing providers' increased focus on accurately coding patient visits to optimize capitation payments, the industry will need to prepare for a price reset which will further constrain revenue. While the direct return to providers on chronic condition management platforms, wearables, and other asynchronous devices remains difficult to assess in the near term, establishing infrastructure today will lead to success in this new environment.

Conclusion

Patient healthcare delivery has undergone an unprecedented disruption due to the COVID-19 pandemic. This disruption, in our analysis, has created a permanent role for telehealth as a key channel through which patients receive an increasingly broad array of healthcare services. This shift will continue to evolve as healthcare technology creates new opportunities to deliver care remotely, providers become better at integrating telehealth into their workflows, state and federal policymakers and funding organizations increasingly support telehealth's adoption, and more patients view telehealth as a viable care-delivery channel. This groundswell in support for telehealth will demand that providers adapt quickly to avoid significant risks to their competitive and financial standing.

How KPMG can help

The KPMG Healthcare Strategy practice serves corporate and private-equity players from strategy development through implementation and across all phases of the M&A lifecycle. Our diversified experience serving clients across multiple facets of the telehealth stakeholder spectrum, combined with our integrated, multidisciplinary, and data-analytics-intensive capabilities, provides clients with critical insights into value opportunities and obstacles to value at deal speed. The need to stay ahead of changes in patient-care delivery channels, in particular telehealth, will be increasingly important in the post COVID-19 M&A market. Our proprietary tools, methodologies and capabilities can help healthcare organizations undertake rapid analyses of potential assets that can help further their growth strategies.

HCLS team with extensive industry experience

Strategy and growth
- Market assessments and white space growth
- Strategic planning and growth strategies
- Physician alignment, funds flow, continuum of care, service line, quality, and payer-risk strategies
- New business model development and asset commercialization

M&A/ Partnerships
- Strategic options and redesign of portfolio of assets
- Deal theses and partner prioritization
- Commercial, synergies, operational diligence (in tandem with our financial, tax, coding/compliance diligence, valuation, and corporate finance teams)
- Integration and separation, including Day 1 planning, project management office, and value capture and post-close strategy

Performance transformation
- Enterprise-wide transformation and performance improvement
- Operating model redesign
- Technology strategy, including digital mobility

Authors

Ross Nelson, MD
National Leader
Healthcare Strategy

James Stephanou
Director
Healthcare Strategy
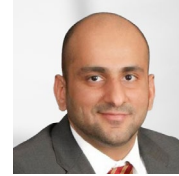
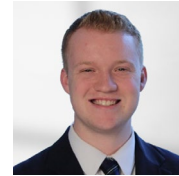**Osman Yousuf**
Director
Healthcare Strategy

Lindsey Manning
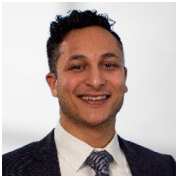*Director*
Healthcare Strategy

Evan Moore
Director
Healthcare Strategy

Adam McDonald
Manager
Healthcare Strategy

Cyril Iskander
Senior Associate
Healthcare Strategy

Jasmine Adkins
Associate
Healthcare Strategy

For more information, contact us:

Kristin Pothier
Principal
Global Leader, HCLS
617-549-2779
kpothier@kpmg.com

Ross Nelson, MD
Principal
National Leader, Healthcare Strategy
630-207-7728
rossnelson@kpmg.com

James Stephanou
Director
Healthcare Strategy
312-665-3183
jstephanou@kpmg.com

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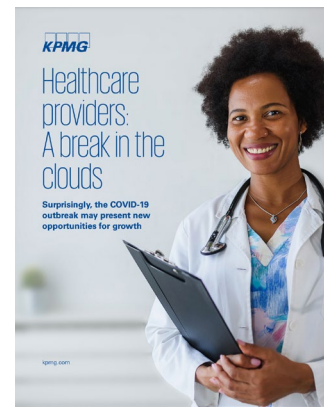
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