

The Accelerated Adoption of Telemedicine as a Result of COVID-19 & it's Impact

*on Virtual Strategies for Pharmaceutical, Medical Device, Diagnostic,
and Healthcare Information Technology Companies*

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TABLE OF CONTENTS

Introduction 3

Methodology..... 4

Key Takeaways 4

Key Findings 5

Telehealth - some “Key Vitals”: 7

Conclusion..... 8



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INTRODUCTION

Telehealth, or telemedicine, is the virtual delivery of healthcare services, and information via telecommunication technologies (phone or video calls). It allows long-distance patient and clinician contact, care, advice, reminders, education, intervention, monitoring, and remote admissions.¹ Despite past challenges such as lack of reimbursement by Medicaid, telemedicine has quickly become a powerful weapon to prevent the spread of COVID-19:

*“Telemedicine is becoming a critical strategy during the COVID-19 emergency to limit the risk of person-to-person transmission of the virus as social distancing becomes the norm. Prior to the COVID-19 health emergency, telehealth had never reached its full potential in the US, with a number of barriers preventing its widespread uptake, including lack of reimbursement by Medicaid and restrictions affecting access for rural populations by Medicare. **GlobalData believes that the recent changes to regulations will rapidly expand access to these services and drive the use of telehealth, as more US cities and states are locked down to mitigate the spread and impact of the virus.**” – GlobalData²*

In light of social distancing and stay-at-home orders, companies have quickly adapted their services to meet changing customer demands. The largest shifts observed in healthcare are occurring in the pharmaceutical, medical device, diagnostics, and healthcare information technology industries. The tactical and strategic moves made by companies in these industries will set the stage for a new wave of offerings from the pharmaceutical and connected sectors. Pioneers in telemedicine will position themselves for leadership in the post-COVID-19 world, while those who fail to adapt may be left behind.

¹ <https://en.wikipedia.org/wiki/Telehealth>

² GlobalData Pharma Covid-19 Bulletin - April 6th, 2020

METHODOLOGY

Since the beginning of the COVID-19 surge in the US in which started around mid-March 2020, Fletcher/CSI has witnessed an unprecedented rise in news, industry collaborations, and the expanded use of tools facilitating telemedicine. Over the past few months, Fletcher/CSI Life Science analysts and leadership have collected, and prioritized telehealth news and catalyst events based on the impact it has had on our clients. Alongside this effort, several of our pharmaceutical, technology, and other clients have come to us asking what their competitors are doing to respond to the rapidly evolving COVID-19 situation. Examples were obtained via daily industry news scanning, client calls, RFPs, and emails from clients, our peers, and proprietary database providers.

KEY TAKEAWAYS

1. Access to, investment in, and adoption of telemedicine has skyrocketed due to the COVID-19 pandemic – the trend is expected to continue after the global health crisis subsides
2. There is a narrowing opportunity for technology, pharmaceutical, medical device, diagnostic, healthcare IT, hospitals, payers, and related companies to invest in telehealth services, which are expected to become a standard of care in the near-term future (i.e. by the end of 2020)
3. Companies that ignore these signals and fail to adapt their business models to harness telehealth may be left at a disadvantage in the post-COVID-19 world
4. Demand for virtual CI services is expected to remain steady or increase over the next few years; these services include, but are not limited to virtual conference coverage, virtual strategy workshops, CI portals, and in-depth, quality primary competitor intelligence *“from the comfort of your own home”*

KEY FINDINGS

Access to Telemedicine has Rapidly Improved



On March 13th, in an emergency declaration under the Stafford Act and the National Emergencies Act, President Donald Trump announced a waiver allowing CMS to expand telehealth service offering to a range of healthcare providers such as doctors, nurse practitioners, clinical psychologists, and licensed clinical social workers. The mediums approved included common apps like FaceTime and Skype. Normal HIPAA violations governed by the HHS Office for Civil Rights (OCR) were waived temporarily.³

Insurers such as Aetna are also working quickly to expand access to virtual care, especially in high need areas such as mental healthcare.⁴

Pharmacies such as Walgreens and CVS have joined their peers in the fight, as well. Walgreens announced on April 9, 2020, that it would expand its Walgreens Find Care™ program to include new features and telehealth service providers with guidance from the Centers for Disease Control and Prevention (CDC).⁵

Pharma, Payers and Tech Companies Adapt with Lightning Speed



Several companies, small and large, have witnessed a surge in demand for their telehealth products and services. For example, Lyra Health, a mental health benefits startup, reported that demand for video visits has nearly doubled as the pandemic stretches on. Doctors on Demand has had to extend its hours.⁴ CIOs and hospital/healthcare company IT teams such as Geisinger Health System are setting up technologies such as “chatbots” “on the fly” in days, vs. what

could have taken years in the past.⁶

While other industries brace for the financial impact of COVID-19, telehealth companies are adjusting revenue projections upward. Take Teledoc, who had originally projected Q1, 2020 revenues of ~\$170 M, and is now looking at an increase of about 6% “boosted by a surge in telehealth visits.”

Another major form of telehealth involves texting, which offers an astoundingly high message read rate (98% read, with 90% of patients seeing the text within three minutes) when compared to email (read 20% of the time), and patient portal messages (read only 7% of the time). Vermont-based startup [OhMD](#) has positioned itself ahead of the global healthcare crisis to help clinicians out on the front lines, allowing them to slow pandemic by communicating with patients from afar. OhMD has clients in 50 states, and the number of texts being sent through the platform tripled in the span of one week in late March.⁷

“This is going to be the primary means of communicating and

³ [Trump administration opens up access to telehealth services during coronavirus outbreak](#), FierceHealthcare, March 17, 2020

⁴ [As COVID-19 isolates patients, telehealth becomes lifeline for behavioral health](#), FierceHealthcare, March 30, 2020

⁵ [Walgreens Find Care™ Introduces New Telehealth Features Enabling Easier Access to Care from Home During COVID-19 Pandemic](#), news.walgreens.com, April 9th, 2020

⁶ [Geisinger, UPMC among health systems fast-tracking tech, telehealth projects for COVID-19](#), FierceHealthcare, March 23, 2020

⁷ [This Company Is Making Texting With Your Doctor the New Normal](#), Entrepreneur, March 26th, 2020

conducting a visit in the coming months, and I don't think that genie gets put back in the bottle.” – Ethan Bechtel, founder of telehealth startup OhMD

Spike in Demand for “virtual” CI services by pharmaceutical companies monitoring competitor responses to COVID-19



Major clients and prospects of Fletcher/CSI have also increased their thirst for additional monitoring, primary calls, virtual conference coverage, and CI platform development. We witnessed a flurry of targeted messages, letters, website banner messages in bold, red font, and new and unique programs from pharma companies to not only develop a

treatment for COVID-19 but to ensure maintained access for patients’ treatments and services. AMAG, Gilead, Astra Zeneca, Genentech, BMS, Novartis, Takeda, UCB, Sanofi, to name a few, either put out messaging to assure continued supplies of their medications, or took it a step further to offer free drug to people who lost their job as a result of COVID-19, additional emotional support, or enhanced telehealth patient support services. Meanwhile, pharma companies without market intelligence platforms are racing to set up systems. Most medical conferences of the 2020 spring season were either canceled, postponed, or have gone virtual, causing CI units to adjust to virtual conference coverage to maintain competitor clinical and commercial data collection needs.

Small Private Practices are Preparing for a “death blow”



While major healthcare institutions with access to IT support services, the latest tele and video communication technology, tech-savvy employees, and financing quickly adopt the technologies to work from home and provide remote, virtual care and services, traditional brick and mortar private healthcare clinics are facing a threat of extinction due to inability to physically see patients. One private care practice in Salinas, California, reported its patients’ visits had dropped to 20% of the regular workload by April 3, 2020⁸

⁸ [Doctors worried about survival of their medical practices: 'This could](#)

[be the death blow,' says physician,](#) FierceHealthcare, April 3, 2020

TELEHEALTH - SOME "KEY VITALS":

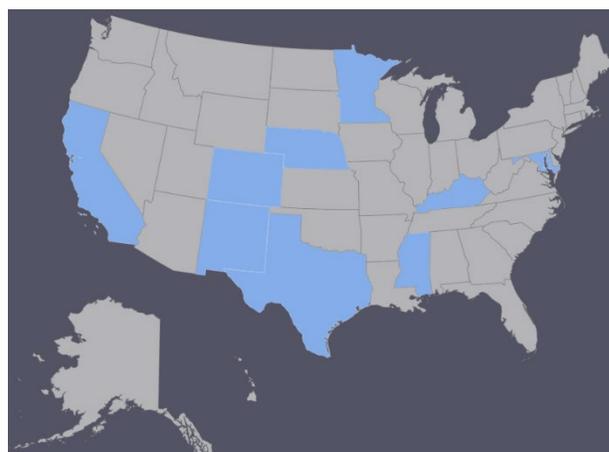
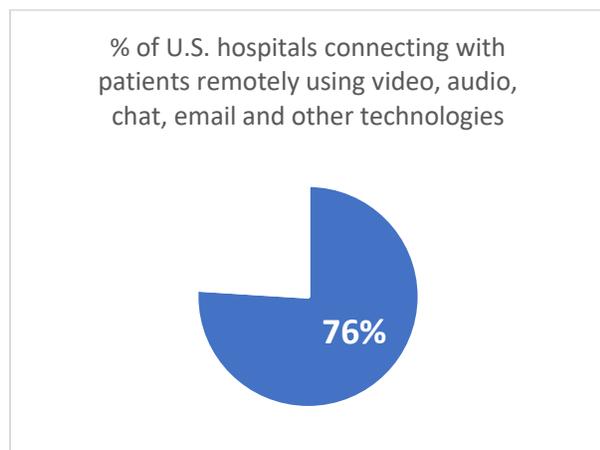


Figure 1: Remote patient monitoring is included in the reimbursement coverage during the pandemic in almost every state; 9 states and the District of Columbia have laws specifically mandating coverage for live telemedicine services under their Medicaid programs

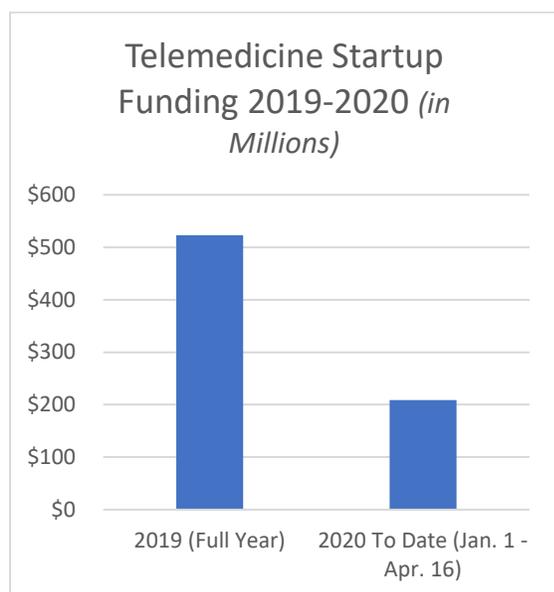


Figure 2: Source, Wall Street Journal, April 17, 2020

"...patient volume increased 200 percent since January."

98point6

"We have clients in all 50 states, and the number of text messages being sent through the platform has tripled in the last week. Everything changed overnight."

OhMD

"Demand for video visits has nearly doubled as the pandemic stretches on...85% of Lyra's mental health visits are now conducted via secure video or telephone calls."

Lyra

Other Facts and Figures on Telemedicine in 2020⁹:

- During the first quarter, **31% of digital health deals were Series C or later**, and 63% of the funded companies sell to providers
- Patients are more likely to turn to telehealth after the pandemic
- So far in 2020, big telehealth investments include **Tyto Care**, which raised \$50 million for its all-in-one modular device and telehealth platform for on-demand remote medical examinations – another virtual care startup, **98point6**, raised \$43 million to increase capacity for its technology amid COVID-19
- There were **five mega deals** in the first quarter that raised more than \$100 million among telehealth companies, with **CloudPass** raising the most at \$285 million

⁹ [Telehealth may see big long-term gains due to COVID-19: 10 observations](#), Becker's Hospital Review, April 17, 2020



CONCLUSION

Due to the COVID-19 pandemic, the telemedicine trend has taken off; it is expected to continue after the global health crisis subsides. The time for Healthcare and Life Sciences companies to invest is now, as telehealth services are expected to become a standard of care within nine to twelve months. Demand and support for virtual services are expected to remain steady and possibly increase over the next few years. As medical conferences move from cancelling events to hosting them virtually, and insurance companies adjust policies to support telehealth, the ability to embrace technology and change has never been more important. Companies that fail to adapt their business model to virtual services will likely face disadvantages when entering the post-COVID-19 world.

Authors note: As a result of the increased demand for virtual services, we realized our services had to adapt quickly to meet our client's rapidly changing demand for competitive market monitoring and analysis. Now, we are not only working remotely but leveraging the technology available to us to bring services like conference coverage and scenario planning into the virtual world. In a time of uncertainty, it is clear telemedicine (and its associated technology) will play a critical role in the future of healthcare delivery. We encourage our clients, prospects, and peers to join us in a quest to offer evolved products and services that will fit the demands of the post-pandemic life sciences business environment.