



VIRTUAL HEALTHCARE BECOMES A REALITY

The COVID-19 pandemic forced doctors and patients to adopt virtual healthcare after years of reluctance. But whether the growth continues depends on a host of forces inside and outside the healthcare system.





The problem:

Healthcare systems are facing massive disruption across their enterprises because of the growth of virtual healthcare.

Why it matters:

The adoption of virtual healthcare accelerated much faster than expected as a result of the COVID-19 pandemic.

The solution:

Take stock of organizational design and talent needs now to prepare for a new normal where virtual healthcare is the main source of primary care.

In a typical week, the virtual healthcare company Teladoc Health onboards 10 to 20 new physicians. During the first three weeks of the COVID-19 outbreak, however, tens of thousands of new doctors rushed to join. Some doctors joined out of necessity; with offices closed, virtual care was the only way to see patients. Other doctors joined out of service, because people were getting sick and needed care. Thousands of doctors came out of retirement to offer what help they could to ease the burden on an overwhelmed healthcare system.

Jeff Nadler, Teladoc Health's chief information officer, says the onslaught of new providers meant the company had to completely automate its onboarding process on the fly. It's not as though you create a profile and start practicing virtual medicine, after all. Licenses need to be verified, credentials need to be issued, and doctors need to be trained on the platform. Previously, the onboarding process took between 30 and 45 days. "But the pandemic's rapid spread necessitated a faster process," says Nadler.



To be sure, the pandemic shifted the adoption of virtual care into overdrive. The numbers are staggering: estimates suggest coronavirus-related virtual healthcare visits alone are expected to top 1 billion this year. General virtual healthcare visits unrelated to the coronavirus are expected to grow approximately fivefold to 200 million in 2020, up from the originally expected annual total of 36 million. Teladoc video visits now routinely exceed 10,000 per day, says Nadler.

Virtual visits didn't just take off because doctors discovered the technology—it has been available for years. Nor is the rising popularity because patients decided spending hours in a waiting room for a 10-minute visit wasn't the best use of time. It took off in large part because the pandemic forced insurance companies to change rules to allow doctors to get reimbursed for virtual visits, whereas prepandemic they did not. Insurers also reduced copays to zero. Relatedly, some states waived laws requiring doctors who conduct virtual visits to be licensed in the patient's state, thus allowing any doctor to treat any patient.

"COVID broke the dam on virtual healthcare," says Shelly Carolan, sector leader for the For-Profit Healthcare practice for Korn Ferry Professional Search. "The question now, however, is if the floodgates will remain open once the pandemic subsides." And the answer depends not just on doctors and patients but also on a complex tangle of lawmakers, insurers, and new entrants into the market—all of which will impact every aspect of how healthcare systems operate, from workflow processes to talent needs.

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There are two primary models for virtual healthcare: fee-for-service and subscription-based. The former model is what most people envision when they think about virtual healthcare, where a patient has an issue and schedules an at-home Zoom call with a specialist. Think of it like Uber for medicine—requests come in and get routed to an available doctor who has a license in the patient's state. In the fee-for-service model, patients pay a small fee for the consultation, not unlike a copay for an office visit.

The subscription-based model takes a hybrid approach, where consumers can access the service individually for a flat fee, and companies can offer it to employees as part of their medical benefits. One Medical, which raised \$245 million in its initial public offering in January, is a perfect example of this model. The company's 455,000 members are split almost equally between individual consumers, who pay an annual fee of \$199 to access its services, and members derived from employer clients, who offer the benefit to their employees and dependents.

Both models solve what Hai Tran, chief operating and financial officer at SOC Telemed, calls a "load-balancing issue." As the pandemic has brought into stark focus, one of the biggest problems in healthcare is getting patients

access to clinical resources—in part because there are too many doctors located in one area and not enough in another. It isn't uncommon, for instance, for a cluster of regional hospitals to have doctors who specialize in neurological care coalesce around one main trauma center as opposed to fanning out across the entire network. "With virtual healthcare, we can efficiently provision scarce clinical resources to where they are needed most," says Tran.

The other major issue virtual healthcare helps solve is cost. A typical employer-sponsored healthcare plan costs companies about \$20,000 per year per family and costs employees more than \$6,000 in out-of-pocket expenses. According to a recent study, organizations can lower their healthcare costs as much as 45% by offering a model such as One Medical's, which incorporates virtual and in-person care. "We've put together a model which looks to make access to primary care—including virtual primary care—the most frictionless, service-oriented, and value-based choice," says Amir Dan Rubin, One Medical's chairman, CEO, and president. One Medical members use the service on average seven times per year, with five of those touches being digital; in turn, the members use emergency room and specialty care less, per the study.

As healthcare moves toward a value-based model—where services and treatment are provided proactively in a bid to reduce health issues and limit chronic illness—access and cost will only become more important. The problem, says Doug Greenberg, Korn Ferry's North America market leader for healthcare, is that costs are rising as access to care is declining. Part of the reason why healthcare jobs in the United States are growing faster than the average for all occupations, with projections calling for 1.9 million new jobs to be added by 2028, is because the population is aging and in need of more clinical services. "The pace of job growth isn't keeping up with the need for care," says Greenberg, adding that in a virtual context, talent needs extend beyond healthcare professions to data analysts, engineers, and other technology professionals.

Virtual healthcare, however, can lower service costs while also improving access by allowing nurse practitioners to serve as generalists within a hospital; they can evaluate patients for admission, for instance, or reach out to doctors virtually on an as-needed basis. Tran says doing so would allow advanced practitioners to work at the top of their license—meaning the highest level of practice for which they hold credentials—at significantly lower costs than using a physician. "Not only would that cut costs, but it would also free up more doctors to administer care to those who most need it," says Tran.



The Path Ahead for Virtual Healthcare

COVID-19 created behaviors and conditions that accelerated the adoption of virtual care. Whether it will become mainstream, however, depends on whether those changes become permanent.

Doctors and Patients

Virtual healthcare usage spiked because there was literally no other way to access care outside of a hospital visit. True adoption won't be known until conditions return to normal and usage corrects.

Copays and Reimbursements

To handle the crush of care in response to COVID, insurers waived copayments for patients and agreed to reimburse physicians for virtual healthcare visits. Whether insurers keep these changes in place or roll them back will certainly impact the continued use of virtual healthcare.

Regulations

To allow for greater access to care, lawmakers set aside the requirement that doctors hold a license in the patient's state of residence. It is widely expected that the requirement will be reinstated, however.

Privacy and Security

Even before the pandemic, laws governing patient data in a virtual environment were unclear at best. As barriers to entry lower and more nontraditional companies enter the market, privacy and security oversight are bound to get more complicated, not less.

Talent Needs

Healthcare systems are going to need more than just medical professionals if virtual healthcare becomes the main source of primary care. But will these organizations be able to lure data analysts, engineers, information technology, cybersecurity, and other tech professionals away from other industries?





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Anyone who has watched television in the last three months has seen the commercial with four healthcare professionals talking up the virtues of the Microsoft Teams video communication platform. In one part, a doctor marvels over the ability to show a patient x-ray images by sharing his computer screen. It's as if he is discovering virtual healthcare for the first time.

But, of course, virtual healthcare was around long before COVID-19. It's just that doctors never had a compelling reason to adopt it. Not being reimbursed played a part—why see a patient virtually for no fee rather than getting paid to see them in the office? An equally significant factor, however, was that many doctors didn't have the time or inclination to be trained on the technology or alter the way they gave care.

To be sure, the training can be rigorous. One Medical, for instance, requires the providers on its platform to attend regular educational rounds and coaching sessions and take regular exams. The company has a structured promotion process that, after the third year of employment, requires a written and oral exam similar to a PhD dissertation to advance to the next level. On the technology side, One Medical has built its own highly intuitive software platform, making it easy for providers and consumers to interact virtually while reducing the clinical learning and work steps needed by providers. Yet for most providers without such an organized platform, learning and implementing the technology can be challenging. Training may involve everything from simple tasks, such as scheduling availability and initiating a consultation, to more complicated actions, such as configuring a dashboard to prioritize more

serious cases and collecting specific medical data and mapping it to potential illnesses.

As a result, virtual healthcare initially attracted doctors at the end of their careers, says Josh Gnat, a senior client partner in Korn Ferry's Global Healthcare Services practice. “At first, it was doctors with a fairly flexible lifestyle who wanted to augment their retirement with some income,” he says. In recent years, younger, digitally savvy millennial physicians have flocked to virtual healthcare. These are the doctors of the computer generation, who grew up with technology and in many ways are more comfortable with it than interpersonal interaction. At each end of the physician barbell were patients who were equally resistant or open to virtual healthcare.

With the introduction of COVID, however, doctors and patients in the demographic middle of healthcare suddenly became interested in the virtues

of virtual. “We are getting a lot more middle-career doctors reaching out to us to learn more about what virtual healthcare can mean for their development and advancement,” says Teladoc Health’s Nadler, noting that the company has increased its in-house recruiting efforts and marketing campaigns in response to the increased attention. If the middle of the healthcare community remains all-in on virtual healthcare, “it could be the tipping point for it to become the key platform for primary care,” says Korn Ferry’s Greenberg.

Numerous challenges still remain before that can happen, however. Among the most paramount is maintaining the quality of the patient experience. For instance, some virtual healthcare services don’t differentiate between the severity of cases, prioritizing requests as they come instead of based on urgency. A consultation for a rash is treated exactly the same way as one for chest pains and shortness of breath.

As more artificial intelligence, machine learning, and language processing software is deployed to help decipher such issues, Matthew Kull, chief information officer at the Cleveland Clinic, cautions that the digital experience needs to be seamless and consistent, or else it could create more confusion for patients than the physical experience. “The technology has to be developed with the patient experience in mind,” says Kull. “It’s important not to dilute the human connection as care migrates to virtual platforms.”

Initial studies by the Mayo Clinic and others suggest that, so far, patients are more satisfied with virtual healthcare visits than regular office visits. Data from one study, for instance, found that patients felt they had received more attention, clearer communication, and were more involved in decision-making. “To the patient, virtual healthcare feels more like a relationship than a transaction,” says One Medical’s Rubin.



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One leak of a patient's medical records or other privacy breach could change that sentiment in a hurry. Indeed, laws governing patient information in a virtual context are still a bit murky—and, says Kull, they can get murkier as new, nontraditional companies enter the healthcare field. It isn't clear, for instance, who is responsible for the overall patient journey: the insurance provider, physician, or virtual healthcare company. Moreover, does a technology company or other nonlicensed entity connecting a patient and a physician have the same level of responsibility over data as a licensed medical provider? Or are they just a middleman and not subject to the same regulations?

Kull says it isn't implausible to imagine a future where a large technology company offers users primary care services. Or perhaps a social network could gamify a way to get users to share medical information and then sell it to third parties. Think of it like a “Guess Your Age” game on Facebook, but instead it involves smoking or exercise or some other way to glean healthcare habits. “In that sense, interactions become a product to create revenue,” says Kull.

As it relates to talent, Korn Ferry's Gnatt says healthcare organizations that have proactively built teams and systems to handle virtual programs and had payer models in place for

reimbursement found themselves ahead of the game during their response to COVID-19.

The lower barriers to entry are part of the reason why many experts believe regulations that were lifted to increase access to care during the most intense period of the pandemic will ultimately be rolled back. Already there is talk among insurers about ending reimbursements for physicians and reinstating copays for patients for virtual visits, which would clearly dampen enthusiasm among both sides. Similarly, state licensure requirements are likely to be reapplied as well.

Still, as Teladoc Health's Nadler says, COVID moved virtual healthcare from the margins to the mainstream. “Adoption is still significantly above where it would be normally, and while it will likely come down from the peak of the virus, it will remain much higher than it would have been without the virus,” he says.

Put another way, virtual healthcare is finally a medical reality.

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