

— Leading THROUGH Change —



EMERGING

Healthcare Trends

18 months into the pandemic,
6 healthcare leaders

discuss new care delivery approaches,
health inequities, and top industry challenges

A SAGE GROWTH PARTNERS REPORT

As we approach the 18-month mark since the CDC declared COVID-19 a global pandemic, Sage Growth Partners is assessing the long-term effects on the healthcare industry and identifying the new approaches that plans, providers, and health IT companies should be taking to adapt and thrive over the coming months and years.

To ensure our strategic thinking is informed by multiple perspectives, we regularly discuss new healthcare developments and trends with leaders from across the industry and with varying areas of expertise.

This piece features the perspectives of six of these individuals on three critical industry trends:

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Sherry Anderson

President, ProgenyHealth

Sherry leads ProgenyHealth, which provides comprehensive utilization management, case management, and payment validation and assurance for NICU populations. Responsible for all aspects of ProgenyHealth's business operations and strategic planning, she has more than 20 years of experience in healthcare, with significant expertise in the application of technology and complex operational decision-making.

Ben Rooks

Founder & Principal, ST Advisors

Ben brings his more than 25 years of healthcare experience in equity research, investment banking, and independent advisory work to bear for ST Advisors' clients. He works with healthcare companies to help define the key value drivers of their business, express their strategy, evaluate their approaches, and determine their best partners and ultimate goals.

Bob Crutchfield

CEO, TeleHealth Solution

Bob is an innovator, venture capitalist, and healthcare leader focused on advancing science, technology, and medicine. At TeleHealth Solution, a virtual care provider of 24/7/365 care for post-acute facilities and rural-acute hospitals, he spearheads overall operations and management of the company's growth.

Burgess Harrison

Executive Director, National Minority Health Association

Burgess leads the National Minority Health Association (NMHA), a not-for-profit focused on deploying new programs that utilize patient-centered value-based care and on identifying new ways to improve outcomes for minority and underserved communities. NMHA recently won an \$11 million grant from The Health Resources and Services Administration to increase vaccinations in 12 states. His background includes more than 25 years of home health, home care, electronic visit verification, and telehealth technology experience.

Robert Garber

Partner, 7wireVentures

Robert focuses on investments in digital healthcare and technology-enabled services that empower consumers to be better stewards of their health in today's changing environment. He has more than 25 years of experience investing in, advising, and operating early-stage healthcare and technology companies, and he has co-managed three venture funds.

Idara Umoh

Senior Vice President, Partner Success and Strategy, DispatchHealth

Idara oversees client success and growth for all health systems and partnerships at DispatchHealth, which provides advanced on-demand, home-based care. She is a seasoned healthcare executive with over 20 years of experience leading strategy, operations, marketing, change management, and partnership development in high-profile non-profit, for-profit, and state/federal organizations.

— New Care DELIVERY Approaches —

Virtual Care and In-Home Care

How has consumer acceptance of new care delivery models changed due to the pandemic?

Unsurprisingly, our experts cited telemedicine and virtual care as the front runner in new delivery models. The undertone here, however, is the focus on where care is being delivered and received: the patients' homes. With the healthcare landscape continuing to drive care outside the four walls of the hospital, and the ongoing need to reduce overall costs of care, telehealth not only offers consumers choice on how to engage with their care teams, but offers them the opportunity to receive care in the lowest cost setting (in the home). This trend not only leads to an increase in telehealth/virtual care, but creates the need for additional digital health solutions to allow physicians to make the most of their virtual visits with remote patient monitoring and other connected devices.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“One big pre-pandemic concern was how to get people to just try virtual care once, because we know that once they do, the repeat utilization is high. **The pandemic helped overcome that barrier and accelerate utilization.**” — ROBERT GARBER

“Telehealth and virtual health are now a critical part of healthcare delivery continuum for the average person and **a real, viable option.**” — BURGESS HARRISON

“**Consumers have started to think about their options for receiving in-home care, across the acuity spectrum.** Whether for themselves or family members, consumers are prioritizing key factors like convenience, social isolation, and cost when deciding whether to go to the hospital or seek care in other settings. At the same time, technology has improved to such an extent that healthcare providers are able to care for sicker patients in their homes.” — IDARA UMOH

“Some individuals still want to see their physician in-person, but a growing number of patients are comfortable with virtual visits for routine check-ups. **I'm hopeful that the increasing engagement with virtual care will help some patients, who might typically delay office visits because they're very busy, participate in preventive visits more often.**”

— SHERRY ANDERSON

“While many consumers were aware (at least peripherally) of telehealth options prior to the pandemic, **the realities of sheltering in place created an impetus for more consumers to give it a try. Once they experienced the convenience it offers, they'll be unlikely to go back to face-to-face for many of the issues** that can now be treated via telemedicine.”

— BEN ROOKS



SHERRY ANDERSON President, ProgenyHealth

WHAT NEW OPPORTUNITIES ARE OPENING UP FOR VIRTUAL CARE AND IN-HOME CARE SOLUTIONS PROVIDERS?

Extracting the most value out of virtual care is what will be needed to extend telehealth and virtual visits to become a standard of care rather than a convenience. Digital health and other technology vendors have a big opportunity to drive innovation into the care continuum — connecting patients and their care teams not just through video visits, but with tools and utilities that truly bridge the physical gap. This will broaden the use of virtual care beyond primary care and traditional specialties currently well suited for virtual visits.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“Innovative healthcare solutions are allowing providers to treat a wider range of common to complex injuries and illnesses that are urgent, safely in the home. **These innovations in care delivery will help providers stay competitive and relevant in a new world.**”

– IDARA UMOH

“When providers weren’t physically able to go into some of the skilled nursing facilities because of high COVID infection rates, we were grafted into the clinical workflows on a predictable and repeatable basis to prevent hospitalizations and transfers. **Our company saw tremendous growth in skilled nursing facilities, rural-acute hospitals, and critical access hospitals through virtual patient rounding and point of care interactions with patients.**”

– BOB CRUTCHFIELD

“It’s recognized that many of the diagnoses and treatments that don’t require ‘a laying on of hands’ can now be treated virtually. These range from **behavioral health, physical therapy (and many musculoskeletal issues), routine illness, and more—I’ve even been reading about tele-dentistry.**” – BEN ROOKS



Bob Crutchfield CEO, TeleHealth Solution

“Companies like Livongo were already on a pretty substantial growth trajectory before the pandemic. I think the more dramatic tailwinds due to the pandemic have been in some of the less established businesses like tele-dermatology, musculoskeletal care, and behavioral health. **There was poor reimbursement before the pandemic, but that changed overnight. This opened the floodgates for a number of our portfolio companies with virtual care offerings** that can really help people.”

– ROBERT GARBER

IF YOU COULD MAKE ONE PREDICTION FOR THE FUTURE OF VIRTUAL CARE AND IN-HOME CARE, WHAT WOULD THAT BE?

The pandemic accelerated changes in how care is delivered to patients—notably, with the acceleration of telemedicine. Virtual care won’t go away. The market, however, has an opportunity to provide additional support to further influence necessary changes in care delivery models.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“Demand for virtual care is not going away. Many people don’t enjoy sitting around waiting for their appointment in an office setting. It’s inconvenient to have the travel time as well for those who are busy with responsibilities. In situations where a physical exam is not required, virtual visits just make sense.”

– SHERRY ANDERSON

“Several companies that brought their virtual offerings to market during the pandemic stalled when they hit labor supply, efficacy, regulatory, reimbursement, and integration challenges. The companies that will be the most successful are the ones that can hurdle these challenges and other challenges so they can focus on putting the patient at the center of care, with a technology platform to support that.”

– IDARA UMOH

“Virtual care/telemedicine is a genie that’s not going back in its bottle. I’m concerned what this means for primary care, given that virtual care is likely to ultimately have a lower reimbursement given the lower overhead costs for providers. If a physician can provide certain primary care services from anywhere in the U.S. (if not the world) and doesn’t need the overhead of an office, how soon will payers begin to lower reimbursement? I worry that this could further the economic devaluation of primary care, reducing its attractiveness as a profession.” – BEN ROOKS

“Virtual care will enable higher quality care to be delivered on a more consistent and sustained basis, in a manner that patients will utilize more often. This will help reduce ER visits and hospitalizations, particularly for chronic patients, because they’ll be managed more efficiently and they’ll receive more timely interventions.” – BOB CRUTCHFIELD

Health Inequities and Social Determinants of Health

What are some of the biggest lessons the pandemic taught related to health inequity?

While the impact of social determinants on healthcare is beginning to be widely understood, the pandemic is a stark reminder of how we can do better for our minority populations in America. Poor COVID outcomes are magnified in minority communities and underscore the need for better access to care and treatment for all.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“We now see the real impact of health disparities. Life expectancy in minority communities worsened and rates of infection are higher, due in part to social determinants of health. It’s shocking that it took a global crisis to finally see the impact of health inequities that have always been in front of us.”

– BURGESS HARRISON

“The ugly reality of the horrific (and I use that term deliberately) differences in outcomes between ethnic and socioeconomic groups was brought to the forefront. Whether the U.S. has the political will to address them remains to be seen, but I’m not as optimistic as I wish I was.” – BEN ROOKS



BEN ROOKS Founder & Principal, ST Advisors



Robert Garber Partner, 7wireVentures

“The impact of COVID on minority populations was a bitter pill to swallow for our industry. **It exposed how interrelated issues like race, income, and access are relative to health outcomes and access in this country.** We have to confront these issues head on to avoid negative downstream effects for our country.”

– IDARA UMOH

“COVID exposed **significant problems related to equitable access to care.** Poor patients—even those with Medicare or Medicaid—struggled to access the care they needed. If you’re poor and your hospital is five miles away, it may as well be 100 miles away. Access to care is significantly limited by economic circumstances.” – BOB CRUTCHFIELD

WHAT INNOVATIONS FOR ADDRESSING HEALTH INEQUITIES ARE YOU WATCHING CLOSELY?

Innovations to address health inequities are coming from across the healthcare ecosystem, but we have yet to make meaningful change. All players in healthcare need to start to step up—from health plans considering social determinants in their benefit plans, to focused care plans aimed at tailoring to ethnic cultures and preferences, to health systems partnering with transportation service providers to help people show up for appointments. The steps toward innovation can be small, but if we fully embrace them across the industry, it will be very impactful.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“Housing insecurity, food insufficiency, transportation challenges, domestic violence, and many other health barriers are getting much more attention across the industry. **Some health plans now have a leadership position overseeing housing, for example. They’re helping their members find a stable place to live.** This represents the changes in thinking that we must do as an industry to continuously improve health inequities.”

– SHERRY ANDERSON

“At the National Minority Health Association, we’re building smaller, more concise programs that are designed specifically for our audience. **We’re utilizing the Patient Activation Measure™ (PAM) to determine how to best direct limited resources.** PAM is a predictive model that helps clinicians identify the right pathway to achieve the best outcome for each patient. This is what minority communities need. For example, telling an Indigenous person that lives in a tribal community that is a food desert to eat healthier foods is just tone deaf. The Patient Activation Measure can help.” – BURGESS HARRISON

“We have an engagement problem with populations that live outside the healthcare system and trust needs to be built up. **Multi-channel, culturally appropriate engagement solutions are important.** I’m also starting to see more specialty networks that are designed to address specific patient populations with more relevant and personalized care.” – ROBERT GARBER

“We’re seeing innovations from entrepreneurs like Uber and Lyft that are helping to transport patients to receive care. **There is a big market demand and a big market opportunity to reduce the cost of care for socioeconomically deprived patients.** These are tactical solutions for gaps and access that can be scaled that most people probably didn’t consider prior to COVID.” – BOB CRUTCHFIELD

HOW CAN PROVIDERS HELP IDENTIFY SOCIAL DETERMINANTS OF HEALTH (SDOH) AND CREATE A MORE EQUITABLE SYSTEM?

Healthcare providers, in particular, have the opportunity to have a front-row view into their patients' homes and lives to identify social determinants. Whether it's counseling a patient on an ethnically relevant healthy eating plan, for example, or understanding that not every pregnant woman can afford to take four hours out of her workday for prenatal care, providers must leverage innovation to adapt to the varying needs of their patients. This will help enhance access to care and boost outcomes among the most vulnerable populations.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“Jefferson Health President and CEO Stephen Klasko, MD, says that in the digital age, the most prized skills in physicians will be empathy, communication, and self-awareness. I believe that these same skills are critical in order to begin to address health disparities. **We need to understand each patient's background, environment, activation level—and then layer in social determinants of health in order to achieve optimal outcomes.**” – BURGESS HARRISON

“In-home care can help us better understand and better identify the impact of social determinants of health on patients. When you're in the home you can take a look in the refrigerator, you can see the general condition of the home, you can see what barriers patients may be facing. But that's only part of the solution. Providers need partnerships—with nonprofits, payers, health systems—that can help to actually address any SDOH factors that are identified.”
– IDARA UMOH



BURGESS HARRISON

Executive Director, National Minority Health Association

“Pairing a mom or caregiver with a provider of similar background, ethnicity, or race is something that many companies are looking into. There are several studies that show this leads to better outcomes. Also, access to care is critical. For those in remote settings or with transportation challenges, **we need to get smarter about how to help match them to providers in their area and leverage resources**, both community-based and private industry-based, to get them to appointments and treatment.” – SHERRY ANDERSON

“Care must be approached differently for different populations, whether they be LGBTQ, African American, or other minority or ethnic populations. They may make healthcare decisions differently, have different family units, and have language barriers. Patients in very rural areas may have poor access to primary or specialty care. These are areas where we need to be spending more time and money.” – ROBERT GARBER

Emerging and Enduring Industry Challenges

What are some enduring industry challenges we continue to face?

The pandemic is highlighting long-standing challenges that must be resolved. First and foremost, it shows that our national healthcare system lacks resiliency. Supply chain shortages have impacted our ability to care for patients and protect healthcare workers, and high burnout among frontline workers is accelerating already concerning healthcare labor shortages. Additionally, volume-based payment models are leaving hospitals strapped for cash as elective procedures were halted in 2020—and are now being delayed again in some states due to the Delta variant. None of these challenges are new, but the reality of how problematic they can be became undeniable. We must, as an industry, continue to self-reform to ensure we can do better.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“The sadly enduring challenge is, we as Americans spend far too much on healthcare for outcomes that, in many cases, are materially worse than other OECD nations. That hasn’t changed and, equally sadly, I see little political will to change it. We pay our providers more, subsidize drug discovery for the rest of the world, allow pharma to collect monopoly rents, and lack a cohesive and coherent national health policy, remaining the only industrialized nation that lacks universal coverage—and I’ll note there are great alternatives to single payer. I could go on, but it would make me too sad.” – BEN ROOKS

“The baby boomers are not aging particularly well. There are high rates of type 2 diabetes, COPD, and other chronic diseases. There are also not enough facilities to care for them, and facilities are expensive. We’re going to see more movement toward patients being treated in place and remotely monitored.” – BOB CRUTCHFIELD

“Sadly, the profit motive is one of the biggest drivers in the cost of care. The fact that big healthcare made more money in profits during the pandemic says it all. We are not against profit but there is an imbalance that needs to be straightened out. Until we figure out how to put outcomes before profit, we will never fix the healthcare system. Why do some drugs outside the U.S. cost a fraction of what they do here in the U.S.? When drug companies have incentives to keep prices high, they will.” – BURGESS HARRISON

“Payers have to figure out how to pay for care delivery at home, because they can’t be an obstacle to bringing it to market. It’s new and complex, and the economics can be tough to figure out, but we have to figure out how to expand care at home for all covered individuals if we’re truly going to reduce total cost of care.” – IDARA UMOH

“We don’t have resiliency in healthcare, and that was underscored by the pandemic. We don’t have resiliency in the supply chain, we don’t have resiliency in staffing. We could have learned this from Hurricane Katrina and other disasters that caused severe supply shortages. We didn’t. It will be interesting to see if we learn from the pandemic.” – ROBERT GARBER

“We have a system of ‘care averaging,’ where we focus all of our resources on the peak of the bell curve, leaving little for the tails of the curve. With health equity, it’s not that certain things, such as vaccines, are being overtly withheld from certain groups. Rather, they are available to some groups in a manner that leaves out others. For example, it’s great to have mass vaccination sites, but if you can’t get there because you have to work, it doesn’t help you.” – BURGESS HARRISON

“As long as we continue to operate in a volume-based system that isn’t connected to quality and outcomes, we’re going to struggle to make changes that lead to better outcomes and lower costs.” – ROBERT GARBER



Idara Umoh Senior Vice President,
Partner Success and Strategy, DispatchHealth

WHAT ARE SOME NEW OR EXACERBATED INDUSTRY CHALLENGES?

Behavioral health issues—specifically substance abuse and anxiety levels—have skyrocketed during the pandemic, illustrating our overall lack of attention to these concerns and these patients. The mind-body connection is so important. Better access to behavioral health providers for Americans of all ages is critical.

Some people of color tend to distrust the American healthcare system, and the pandemic response to them has further eroded that trust. Even with significant improvements in health equity, regaining that trust will be very difficult.

Finally, the overall impact of the pandemic on general health outcomes is very concerning. With delays of preventive screenings and primary care, we may have a rise in delayed diagnoses, resulting in increased spending and poorer outcomes over time.

HERE IS WHAT OUR EXPERTS HAD TO SAY:

“Growing rates of substance abuse and anxiety are significant concerns. Behavioral health is going to be an important expansion area as we move into the post-pandemic era. It’s critical now and it was critical before, but we didn’t see how critical it was until we started realizing some of the effects of the pandemic.”

– SHERRY ANDERSON

“If another pandemic hits us in two or three years, I’m not sure we will be as ready as we should be.

We may be able to respond a little faster, but we’re still tackling a lot of issues that COVID exposed, such as health equity, social isolation, and reimbursement mechanisms. Many hospitals are also still reeling from the loss of volume. It’ll be tough for them to make the investments they need in order to recover.”

– IDARA UMOH

“In minority communities, trust in healthcare has been impacted greatly by the pandemic. There are

disparities in vaccination rates with affluent zip codes getting better access. There’s a large trust gap that we need to bridge—quickly.” – BURGESS HARRISON

“On the behavioral health side, the pandemic really exposed the supply/demand imbalance. I’m very

concerned about the mental health of our country, and I think it’s going to get worse—dramatically worse. We’re going to be digging out from the behavioral health components of this time for quite a while. This is even more concerning since we have such a fundamental shortage of qualified clinicians.” – ROBERT GARBER

“We have a significant percentage of the population who, over a pretty long period of time, have delayed preventative care, screenings, and elective procedures. That’s concerning for a number of reasons.” – SHERRY ANDERSON

“We will see greater use of AI and data in healthcare, but **we have to be concerned with implicit and unconscious bias in the underlying algorithms and their usage and impact on minority communities.** There isn’t enough data from and for people of color for machine language and AI yet. Too much of the current information is stereotypical and does not represent minority communities well—and will skew any potential benefit from predictive analytics at this juncture.”

– BURGESS HARRISON

“America just saw its life expectancy decline for the first time since World War II, driven not only by COVID, but by the so-called ‘deaths of despair’ (suicide, depression, and substance abuse). In addition to increasing access to care of all sorts (especially behavioral health), **we need to promote better awareness of the importance of public health to drive better diet, reduce substance abuse, and, most importantly, address vaccine resistance.**” – BEN ROOKS

Final Thoughts

On the surface, it might appear that the COVID-19 pandemic’s biggest impact on the healthcare industry is the solidification of telemedicine as a primary driver of healthcare delivery and increased access. But the pandemic’s impact on the future of healthcare will, and should be, much greater. At Sage Growth Partners, we believe the healthcare market now has an opportunity to:

1. **Do better to enhance healthcare access.** This pandemic and future disruptions like it must be considered as we shape the way we provide for and deliver healthcare in the United States. Whether it’s through telemedicine, in-home care, free transportation to healthcare facilities, or broadened payer coverage for new benefits, we must explore all avenues to enhance access to care.
2. **Do better to ensure health equity across all populations.** Healthcare providers and payers must learn to better serve all patient populations. This includes creating safer environments with easy access to care for all patients, as well as recognizing social determinants of health and key ethnic differences that require tailored care plans and outreach.
3. **Do better to create resiliency in healthcare.** We can’t ensure great health outcomes if physician and nurse burnout continues at the existing rate. We can’t ensure great outcomes if our healthcare supply chain breaks when we have unusual situations overloading the system. We can’t ensure great outcomes if hospitals close their doors because volumes decline to a point of unsustainability. We must create more resiliency in healthcare.

If the pandemic is teaching nothing else, it’s that we have to do better. Now is the time for healthcare providers, payers, technology vendors, and others to come together to further the innovation sparked by the crisis. We must continue at an accelerated pace. *We must, and can, do better.*



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