**MedTech Chat Podcast**

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**Respondent: Mike McShea**

**Welcome to MedTech Chat where we discover the latest healthcare tools, device technology, as well as research approaches. We’ll be talking to designers, insight professionals, and other executives to better understand how MedTech is helping patients and those caring for them now and in the future. I’m very excited to be talking to Michael McShea again today. Mike is a chief scientist for the health and human systems group at Johns Hopkins APL doing research for the national health mission area in IA, population health, and digital health. Formerly, he was a product executive at Philips Healthcare leading telehealth product initiatives including eICU tele-critical care platform. He’s also a board member at CareFirst Blue Cross Blue Shield. In addition, he’s an advisor on multiple early-stage digital companies and to the digital healthcare collaborative, which is how I know him. So thanks again for joining me today, Mike.**

Tom, thanks for having me.

**I know we’ve been talking about a lot of different topics in the collaborative but I’m wondering if you could tell us more about Digital First Primary Care. What is it and why is it interesting?**

Thanks for that, Tom. Yeah, it was very much a focus of our annual kick-off to the research year for the digital health collaborative when we look at trends that are happening in the industry. It’s been an exciting year on that front from a number of perspectives. I think first off, I think everybody is probably - in healthcare, is aware of a lot of the dynamics that are happening with CVS for example, and CVS health that is, with Walmart, with Amazon. There’s really a huge thrust that, from a payor prspective starts to look like disintermediation which is kind of a threat. So it’s getting really competitive out there. What I’m excited about is the focus on primary care because that is a real lever in healthcare. It’s long been recognized to be that. It’s not a big part of the costs of every healthcare dollar spent but your primary care doctor tends to really determine where you get care and how much you cost to get that care depends on the referrals and such. It turns out that 45 percent of the younger population, that is 18 to 29 year old’s don’t have a primary care doctor and so creating a Digital First Primary Care offering especially for those younger than I am, in demographics, creates the opportunity for primary care entities [inaudible 00:02:43] bearing entities as well as payers to really capture that demographic in a digital first environment and really give them convenience which is really what they're looking for and as you might expect, the younger demographic is also a healthier demographic and so it tends to be good from all respects to build that loyalty early.

**That’s interesting. So, places like CVS and Walmart, you’re saying, are getting into this space where they’re able to provide a virtual digital space for people to be using primary care, especially for those maybe that don’t even have a primary care physician right now.**

Yeah, I think Walmart and CVS health are interesting in that they’re not actually truly Digital First Primary Care in the true sense, but they are a part of a broader trend of disintermediation of the payers in the whole space. This whole development is what I would also refer to as the Netflix model for healthcare and that’s what’s really exciting about it. This population wants healthcare on-demand. Just like streaming your Netflix movies, they want it in the channel they want it the form factor they want it whether it’s on their smartphone or a laptop or PC, and they want it when they want it. They want to have it. The digital first aspect of this market trend is really interesting in that respect. It’s really feeling closer and closer to more of a Netflix model. Of course, convenience is everything for the target audience here. But that point about not having a primary care doctor is also very important, Tom because I think in general you may not have as many health issues when you’re young but that relationship with your primary care doctor is critically important to building a healthy future for yourself whether it be preventative care or anything else that might come up. So Digital First is very attractive to that crowd.

**So then I guess can you tell me some of the companies that we should be looking for in the future that would be in Digital First?**

I think everybody’s kind of watching Amazon right now. They had some announcements earlier in the year and they’re kind of like I would say to some degree like the 800-pound gorilla in terms of their ability to influence where healthcare is going. There’s also a fair amount of thought that a more successful approach will come instead from providers or for payers that really understand healthcare a lot better than Amazon does out of the gate, but Amazon’s definitely one to watch but also the bigger telehealth players and virtual visits like Teladoc and Amwell are also rolling out their digital first offerings. Doctor on Demand was just acquired ground rounds earlier in 2021. They’re all kind of vying for the same kind of offering I think in that regard. I would also mention Oscar has kind of been a leader in this even though their initial foray was more as a health plan of payer than it was a provider. They created a digital platform that really became the point of navigation for their numbers to navigate the healthcare system which gives them an awful lot of influence in how and where and at what cost their members get care so they kind of paved the way I think early on for the small.

**I know that you’ve mentioned in addition to Amazon and Oscar, there are other places to look for. I think you’ve mentioned in the past, for example, Kaiser is in the space.**

That’s right. I think what you see is the Kaisers of the world and even United Healthcare are all looking at competitively, how do they not be losing members to Amazon, and they are coming up with their own offering. So for example, Kaiser launched Virtual Forward in several regions over the last couple of years and they have the Kaiser model behind that of an all-inclusive care approach where they have all your data as well to personalize that experience and they can really double down their strengths in the case of Kaiser. But other health plans are also getting in the mix. CareFirst just launched CloseKnit Health just a few weeks ago. They’re really trying to make sure that they have an offering that’s attractive to the younger demographic but also this is an attractive thing for employers to offer their employees in the large group market. So it makes the fair more attractive from that perspective as well.

**So then explain to me the difference between these four we talked about. So Amazon, Oscar, Kaiser, and CloseKnit Health versus where my head was earlier thinking about CVS and Walmart. Help me understand the difference between a primary care retail setting versus the Digital First Primary Care.**

Sure. Well, I think that in the end, they may not look entirely different but there is a very key difference and that is that what CVS and Walmart are really trying to emphasize is their convenient settings that they can deliver care in but it’s brick and mortar as a starting point that’s supported by a hopefully a good digital offering whereas a Digital First Primary Care offering would be where you would in fact develop a relationship with your PCP over a digital channel first and only on a subsequent visit or certain kinds of visits or referrals. You might end up actually with a doctor’s office visit with a specialist for example. So Digital First means the virtual visit with the doctor is the starting point in that case as opposed to an appointment at a CVS hub for example. It doesn’t mean that CVS and Walmart don’t have good digital offerings. In fact, they both are investing heavily in their offerings but they’re not digital primary firsts or digital firsts, they’re brick and mortar firsts and that is a very key difference.

**Interesting. So why is it happening now?**

That’s a great question. I think COVID has certainly accelerated this investment, but I think the trends were already well in motion before COVID. I think it was just accelerated by COVID. I think that there are probably two primary factors before COVID. One is the convenience factor and really creating a digital experience that mirrors what consumers have come to expect in other industries. So it’s definitely consumer demand-driven from that perspective but I also think it’s another play in the value-based care domain as well. There’s a lot of opportunity for primary care. IPA’s in particular, they go on rest to have the right technology and the right data-driven analytics and such that really give them a niche in the market for this sort of service. So value-based care means that you’re really looking at the holistic aspects of your population and the members in your population that you’re trying to care for and not the fee for service oriented model. I think that just definitely pushes towards seeing the value in building that relationship with a primary care doctor even if digitally to better health and better outcomes, better preventative care, and all those things that help drive outcomes and the business aspects of the value-based care model. So then COVID comes along and all of a sudden, everybody is not only becoming more comfortable with digital virtual visits, to begin with but they’re actually even more attracted to the convenience of it because the healthcare industry has basically been forced to deliver care virtually when they could not deliver it otherwise. So suddenly, it’s become more part of the norm where let’s say the new normal as people like to say. But I think it will be interesting to see what happens when some of the current regulatory relief around COVID starts to go away but I still think that Digital First Primary Care is here to stay after that.

**That’s interesting. So you have these different stakeholders. You have the providers of healthcare. You have medical insurance. Obviously, you have patients. You have the pharmacies. You have all of these different stakeholders involved and now it seems like there’s some consolidation in different industry dynamics so how is this all going to impact their relationships?**

It really is interesting to see, isn’t it? I mean, with CVS Aetna for example, being a good example of the boundaries between providers and payers which have been eroding for years really. It’s all starting to kind of run together. From a relationship standpoint though, I think that it is very important to the payer, certainly, to maintain good relationships with their provider network, for example. Then bringing in the primary care offering that’s digital first doesn't sound like a good thing in that regard. If you’re a provider in payer’s network and suddenly they are offering primary care digitally, it feels like that would take away but in reality, many of the users of that new service didn’t have a primary care doctor as I said earlier, so it’s really critically important to make sure that there’s good communication, a good understanding of that. I don’t think that in many cases the current providers want to deliver that kind of service so it kind of fills a need in the market that is not necessarily in contention with the existing primary care practice out there for example. On the other side of things, I think that it’s very competitive, very consumer-driven, consumer-centric which I think is a wonderful new focus honestly. I think it’s the relationship with the consumer that’s really at the center of it. I think it’s all going in a good direction from that perspective. It’ll be interesting to see if this doesn’t just become the normal offering that has to be part of any payer or provider offering for that matter.

**Earlier on you were talking about some of the financial aspects of it. I know you’ve mentioned before about sort of a zero dollar out of pocket for patients for some of these types of visits and how sometimes people that are going to the doctors just for a primary care visit, you may not be getting what you need at the moment and that’s why the digital aspect is very helpful. I’m just curious if you can tell me more about the financial aspect and how it’s going to be handled in the future.**

I can’t comment on that too directly for all these different companies we’re talking about, but I do think if you think of it in the context of creating loyalty to your brand and all the things that that brings in terms of good financial outcomes and also the better health outcomes that come along with it, especially in a value-based care model, you can at least get a macro-sense for why this can work. I do think that behind these services you’re also - you have two other constructs that I think are still being - from a financial perspective I think still playing out but from a consumer satisfaction standpoint, it appears to be going very well. One is that there tends to be a care team associated with your digital first offering, so the primary care doctor might be the quarterback of that team, but it usually comes with a little bit more. Think of that financially as being even more of a stress if you’re offering free virtual visits or at least the first virtual visit for free. The other construct that affects the economics as well that’s kind of a key driver for how the economic success will play out. I’d say it’s still playing out. There’s not a definitive answer to your question but that is the advent of high-performance networks or HPNs behind these primary care virtual doctors that can be tapped on for more serious health issues or where virtual visits just don’t work. So it remains to be seen but I think you could see from a macro-standpoint that the economic benefits are potentially sufficient just saying these kinds of high touch digital services with more access and more on-demand access even at lower costs. So that’s all the right dynamics that you like to see in the healthcare system that you see in every other industry. Other industries have figured out how to impede in that kind of context. I think it’ll be really great for healthcare to start moving that direction.

**Excellent. As you know, I'm also going to be talking to Jan about the digital front door so we won’t go too far down that direction but I’m curious if you could tell me more about how maybe AI could play into this and how people like, for example, nurses could operate at the top of their license.**

Sure. This is the trend that’s already going on in a whole variety of ways around population health programs for example. If you can have a digital interaction and more commonly we would refer to this as a chatbot and customer service - for example, customer service land, but increasingly the extent to which digital interaction can provide a context for proprietors before you start interacting with the actual provider. It can make the whole process more efficient and that’s necessarily - helps with the economics for sure if you’re on the provider side of that but it actually even creates more convenience for the actual consumer. So the question is, can it be done well and effectively, and I think there are some interesting, good studies out there about how effective the triage can be. It’s really interesting though, that it’s the AI together with the human that creates the total experience, generally speaking. Not all AI. AI is not replacing doctors or nurses. It tends to be front-ending, the interaction and making the personal interaction over digital more effective and more meaningful. To be seen, there’s a lot of really interesting companies out there that are becoming the AI front end as well and I think as you said not diving too deep into it, but I think there are some really interesting developments there to think about. 98.6, Babylon, KL, are some interesting companies where they started as AI-driven triage services front-ending access to telehealth services and so I think you’ll see that model more and more and it won’t just be for Digital First Primary Care, it’ll be the way that population health interventions and things like that are done as well.

**So what would you say, if people are going to take away one thing about this space in Digital Primary Care First? What should they be thinking about?**

I really think when consumers get more convenience and more access at better costs and the providers of the Digital First Primary Care service are driven by value-based care incentives. I really do think it’s a win-win for consumers and or for the healthcare system. I think the key thing is to think about the Netflix model and how wonderful that kind of healthcare. We’ve all been frustrated by some of the inefficiencies and friction that exist in healthcare interactions. Think of this as the future where your digital interactions in healthcare resemble more like you interact with other industries. I think from a consumer convenience perspective there’s going to be a lot of winners in this.

**Excellent. Well, thank you very much for chatting with me today. I’m sure we’re going to have another one of these because there are so many other topics to cover but thanks for joining me today.**

Always happy to Tom, and thanks for the opportunity to talk about this. I think it’s a really exciting thing that’s going on in healthcare.

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