ARCHETYPE
for suppliers and service providers

Physician series | Volume 4 of 5

Virtual Care Organization

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Key takeaways

- Virtual care organizations are for profit entities that specialize in telemedicine, including virtual visits with patients through phone, chat, or video
- Most virtual care organizations focus on urgent non-acute visits
- Virtual care organizations may employ full-time physicians or contract with physicians, paying them on a per-visit basis. In either model, individual physicians have little autonomy
- Virtual care organizations often contract with employers to offer virtual visits and other telehealth services to employees. While this is a key part of these organizations' business model uptake by employees has historically been low
- Some virtual care organizations offer ongoing virtual care with the same provider, which could disrupt patient loyalty to providers who only offer in-person consults

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Physician-Owned Medical Group

Preview: A medical group that is wholly or majority physician owned, physician-governed, and not operated by a hospital, insurance company, or practice management company

VOLUME 2 To come

Enablement Partner

Preview: A private corporation that provides centralized, scalable business resources through a subscription service or investment in a medical group's managed service organization (MSO)

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National Medical Group Franchise

Preview: A national, for-profit care delivery organization that is not owned by a hospital or health system

VOLUME 4

Virtual Care Organization

Preview: A care delivery organization that only offers telemedicine services

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Health System-Owned Medical Group

Preview: A single or multi-specialty group of physicians employed by a hospital or health system

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Who they are

A virtual care organization is a for profit entity that specializes in telemedicine. These companies do not provide in-person health care. Instead they offer virtual visits (typically between 5 and 30 minutes) via video or phone. Some organizations use a concierge medicine model. After paying a membership fee, patients have access to services at little or no cost during the subscription period. These organizations offer asynchronous services, like remote patient monitoring or the ability for patients to chat or email a clinician.

Most virtual care organizations focus on non-acute visits, replacing visits to a PCP or urgent care facility. However, recently, virtual care organizations have branched into other specialties including women's health, routine primary care and family practice, and behavioral health.

How do these groups make money?

Some virtual care organizations partner with employers or payers to reach patients, while others will also market directly to patients, either offering individual payments or subscriptions. For those that contract with employers, common models include:

- Flat fee on a per-employee-per-year basis
- Flat per-click or per-use fee
- Fee for service (prices vary based on the care services provided)
- Combination of the three above

Employers may pay membership fees but ask employees to pay per-use fees. In other cases, employers pay a percentage of costs for either membership or per-use fees.

Virtual care organizations may also market directly to patients. They bill payers, either using a telemedicine-specific code or traditional evaluation and management (E&M) codes with a modifier. If a patient's insurance does not cover virtual visits, the patient pays the virtual care organization directly. Virtual care organizations advertise that the cost of a virtual visit will be cheaper than an in-person office visit.

What's the group's relationship with physicians?

Virtual care organizations may choose to employ physicians as full time employees. At these organizations, the compensation model is often a combination of guaranteed salary and an equity component. Physicians employed at these organizations receive benefits and are not paid directly based on the number of patients they see, however they are expected to work full time for the organization

Virtual care organizations can also choose to employ physicians as contractors. In this model, physicians are paid per patient. The rate can be different depending on the time and day of the visit. Physicians contracted by these organizations can choose how often they want to see patients virtually and can do this in addition to other work if they choose. Virtual care organizations range in size from employing less than 50 to more than 3,000 physicians.

What makes them different

Virtual care organizations differ from other physician entities because they only offer virtual care. They operate on a national model and care delivery does not differ or depend on where the patient or physician are physically located. V

Virtual care organizations are more focused on scale than other physician entities, as their business model depends on them serving as many patients as possible. They also are less concerned with referral patterns and where patients may go for specialty care than physicians in multispecialty groups or those heavily involved in risk-based contracts.

Compared to other physician groups, individual physicians in virtual care organizations have the least autonomy. Decisions around documentation, clinical standardization, and protocols are made at the corporate level.

Key decision-makers

How much autonomy do physicians have in purchasing decisions?

LOW

Physicians practicing telemedicine often are not purchasing supplies or services. Some virtual care organizations require physicians to use their own computers or tablets to conduct visits. All platform decisions around documentation and visit software are made at the corporate level.

How much autonomy do physicians have in clinical standardization efforts?

LOW

Virtual care organizations push care standardization efforts and protocols to individual physicians who can use these guidelines in their visits with patients.

Two market trends to watch

01

TREND

Employee telehealth utilization remains low

02

TREND

Virtual care models threaten health systems' primary care business

01 Employee telehealth utilization remains low

While employers have partnered with virtual care organizations to offer telehealth services to, uptake by employees remains low. One of the long standing challenges of telehealth has been encouraging patients to use telehealth and virtual visits. In 2019, 69% of firms with at least 50 employees said their plan covers telemedicine. Larger employers often have incentives like lower cost sharing to encourage telemedicine use. However, uptake of these services has remained low, with less than 3% of employees at large companies using at least one telehealth service.

Employers do measure employee engagement with virtual visit services, defined as the percentage of eligible employees who use these services. While these metrics may not be written into contracts between virtual care organizations and employers, they are a key metric for employers to measure the ROI of these relationships.

The Covid-19 outbreak brought a new focus to telehealth provided both from virtual care organizations or health systems. In March 2020, Teladoc, a large virtual care organizations, reported that they were averaging 15,000 virtual visits per day, 50% higher than February 2020. Given that many of these visits seem to be patients concerned about potential Covid-19 symptoms, it remains to be seen if this demand will continue following the pandemic. One thing to watch will be if CMS and private payers roll back some of the expansions to telehealth access and reimbursement put in place during the pandemic.

02 Virtual care models threaten health systems' primary care business

Some virtual care organizations offer ongoing virtual care with the same provider, which could disrupt patient loyalty to providers who only offer in-person consults. Virtual visits are seen as an opportunity to increase access to care for routine urgent, low-acuity needs. From this perspective, they replace visits to retail clinics, urgent care centers, and in some cases the emergency department—creating capacity for patients who need to be seen in person without disrupting continuity of care.

However, now some virtual care organizations are moving past the one-time visit to create a virtual patient-physician relationship. An example is SteadyMD, a virtual only platform that matches a patient with a PCP. Patients pay a monthly fee for 24/7 access through phone, text or video with their matched PCP, giving them an ongoing, continuous relationship with that provider. These types of organizations propose a different in kind type of physician organization more focused on convenient preventative care, however it remains to be seen if these attempts can be scaled. The health systems and physician groups who already offer telehealth services as part of regular care are less vulnerable to these virtual-only care organizations.

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