

# Prepare for Adoption of **Virtual Visits for Primary Care**

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Evaluate the likelihood, analyze the impact,  
and create a readiness plan for your organization

WHAT IS THE MARKET SHOCK?

# Virtual Visits Will Be the Primary, Preferred Access Point for Routine, Low-Acuity Care

Virtual visits are clinically viable remote patient-to-provider interactions for diagnosis and treatment

**94%** *Resolution rate for virtual visits—no follow-up care needed after visit<sup>1</sup>*

For the purpose of this analysis, “virtual visits” are defined as either asynchronous interactions through secure messages or live, two-way audio and video interactions directly between a clinician and patient for urgent and routine primary care. This does not include specialty consults between providers or with patients, or the use of remote monitoring devices.

The Federation of State Medical Boards as well as physician groups like the American Telemedicine Association and the American Academy of Family Physicians agree that virtual visits are clinically appropriate for a significant number of primary/urgent care conditions.<sup>4,5</sup>

Surveys show that patients are eager for virtual access to care

**72%** *Consumers who said they would see a doctor via video<sup>2</sup>*

Not only are virtual visits available, but patients are also eager and willing to adopt them as an alternate access point for care. Surveys show that perceptions regarding virtual visits are changing, as 75% of patients express interest in using a virtual visit in lieu of an in-person visit.<sup>2</sup>

According to The Advisory Board Company’s Primary Care Consumer Choice Survey, patients prefer emailing providers with symptoms over visiting a clinic near errands or work.

2014 marked a tipping point in virtual visit adoption

**75M** *Projected number of virtual visits in 2014<sup>3</sup>*

The health care environment has only recently begun to support virtual visits. Improvements in technology and telecommunications infrastructure, like wide-scale Internet availability and mass adoption of mobile devices, now enable fluid remote communications.

Alongside these advancements, telehealth is gaining acceptance from public and commercial payers as a feasible way to reduce costs, compensate for physician shortages, and manage newly insured and high-risk populations.

Many different industry players have started offering virtual visits. These include providers, payers, and third-party platform vendors such as MDLive, Teladoc, and American Well.

# Three Steps to Anticipate and Prepare for Impact on Market Performance

*Understand Risks and Rewards with Scenario Planning*

## QUESTIONS FOR SCENARIO PLANNING

*Will patients in your market use virtual visits? If so, how soon will adoption be widespread?*

### 1 Evaluate Likelihood of Virtual Visit Adoption

**Learn** what proportion of conditions can be appropriately treated on a virtual visit.  
**Assess** which market characteristics drive availability and adoption of virtual visits.  
**Estimate** the rate of adoption for virtual visit utilization in your market.

*How will virtual visit adoption affect your organization?*

### 2 Assess Impact of Virtual Visit Adoption

**Review** the potential effects of virtual visit adoption on your business.  
**Evaluate** the impact virtual visits will have on your business.  
**Model** how much patient share is at stake for your organization.

*What steps should you take to prepare? What key stakeholders do you need to engage?*

### 3 Ensure Readiness for Virtual Visit Adoption

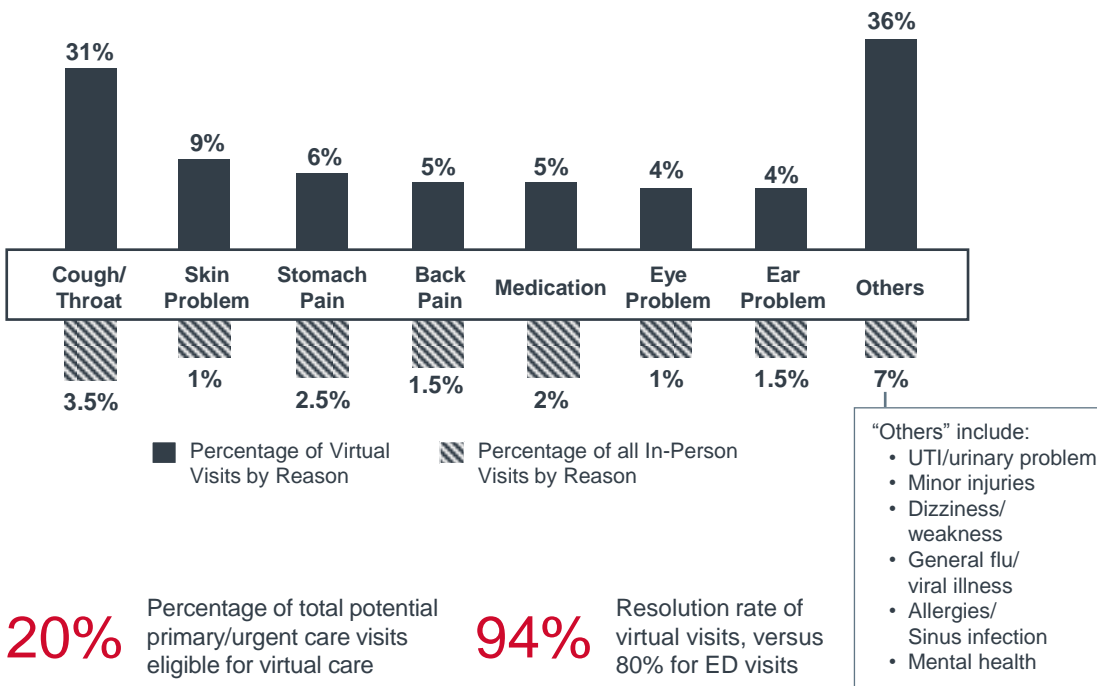
**Identify** how quickly you need to prepare for virtual visit adoption.  
**Plan** the action steps necessary to ensure readiness.  
**Engage** appropriate internal stakeholders and resources to take next steps.

WHAT SERVICES ARE LIKELY TO SHIFT TO VIRTUAL VISITS?

# 16%–20% of Primary Care Visits Are Clinically Appropriate for Virtual Visits

Nationally, one-fifth of urgent and primary care visits across the emergency department, urgent care clinic, hospital outpatient department, and physician office settings are for low-acuity reasons, including flu symptoms, medication counseling, and stomach pain. Since these conditions have routine and clearly defined protocols that do not require peripheral measurement, approximately **20% of all urgent primary care visits could be shifted to an online platform while maintaining clinical quality.**

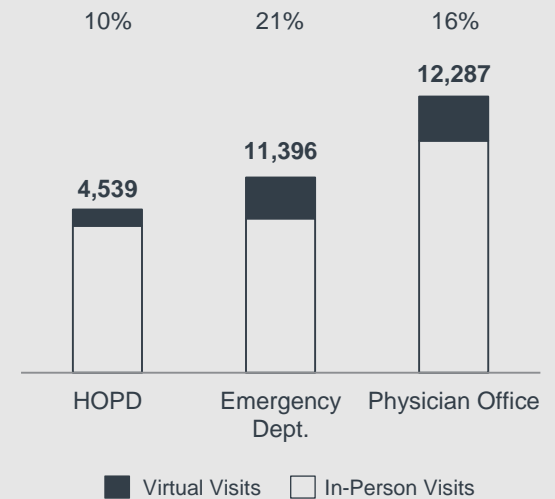
**Percentage of All ED, Urgent Care, HOPD, and Physician Office Visits Eligible for Virtual Care by Reason for Visit, 2011**



**Sample Calculation: Potential Shift in Volume to Virtual Visits**

*10-Hospital System in Urban Center in the Northeast*

Percentage of Total Volumes Expected to Shift



Source: Pines L, et al., "Analysis of Teladoc Use Seems to Indicate Expanded Access to Care for Patients Without Prior Connection To a Provider." *Health Affairs*, February 2014; 2011 National Ambulatory Medical Care Survey, US Centers for Disease Control; "2015: Another Unstoppable Year for Telehealth," Alliance for Connected Care.

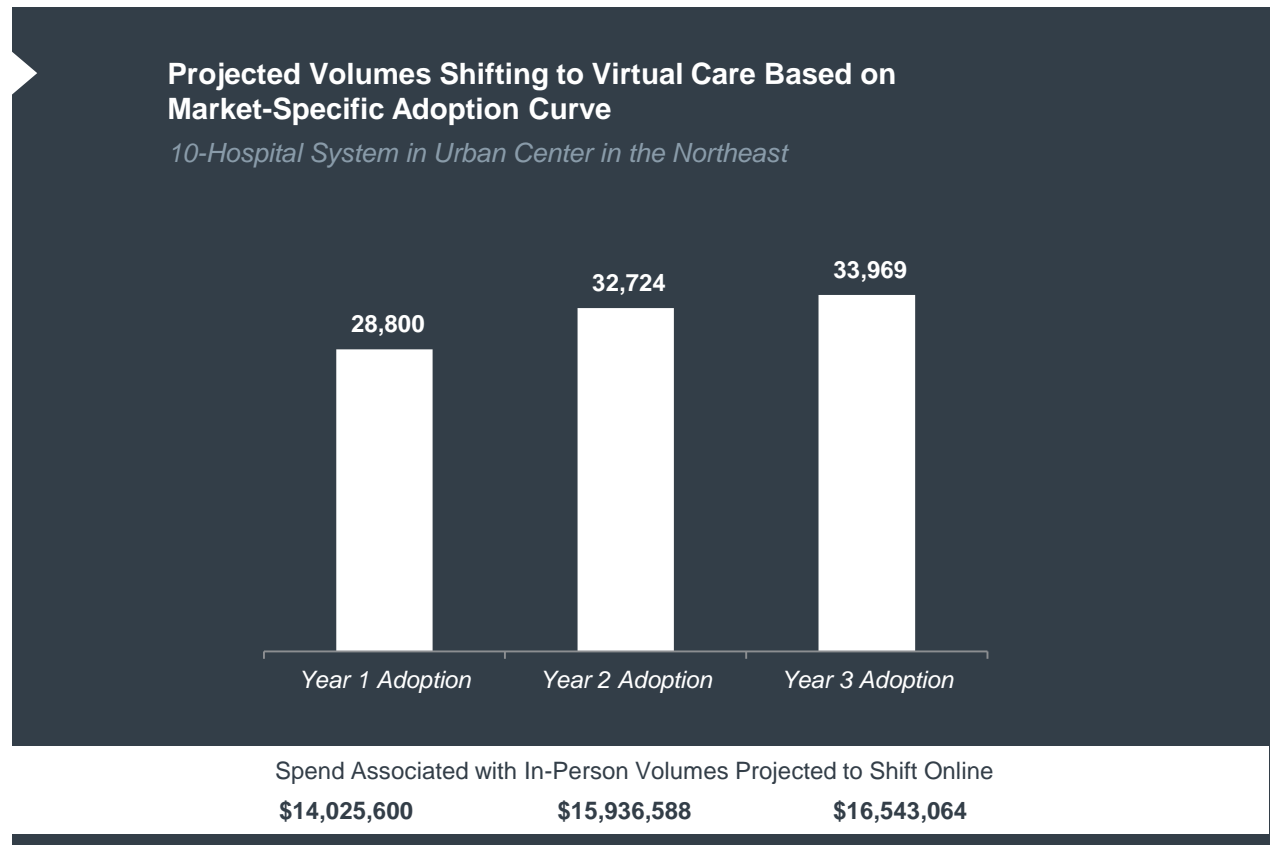
# Calculate Primary Care Volumes Projected to Shift to Virtual Visits

Answer the Questions for Consideration and Enter the Data Points in the Graph to the Right

**Instructions:** To determine the scope of the shock to your market, complete the exercise below based on your responses to the worksheet on the previous page. After gathering the answers to the questions listed below, right-click on the bar chart at right and enter the relevant information in the highlighted cells. The prepopulated calculations will suggest the volume of your primary and urgent care services likely to shift online and the spend associated with those in-person visits that may now be at stake.

## Questions for Consideration

- ▶ What are the total primary care volumes for my organization?
  
- ▶ What is the average payment for primary care services in my market?
  
- ▶ How likely is my market to see adoption of virtual visits?







WHAT IMPACT WILL THIS HAVE ON YOUR BUSINESS?

# Direct and Indirect Impacts of Virtual Visit Adoption

*Use Scenario Modeling to Scope the Impact in Your Market*

Because the virtual visit market is still nascent, the true rate of adoption and its subsequent impact are difficult to forecast accurately. Some effects are direct and easy to measure, like increases in urgent care volume. However, we also anticipate indirect “halo” effects, such as downstream service gains from increased “stickiness” of patients or reduced administrative costs from increases in efficiency due to triaging some patients to virtual visits.

To account for the unpredictability of the market, we have designed a scenario model to project the potential outcomes under various assumptions. Use the guide below to determine which scenarios to use for the impact modeling exercise on page 19; try multiple combinations to evaluate the range of the possible impacts.

	Direct Impacts		Conservative	Moderate	Aggressive	Indirect Impacts	
Providers Who Do Not Offer Virtual Visits	 <p><b>Primary Care Share Loss</b></p>	Revenue loss from patients leaving organization for one that offers virtual visits	Percentage of visits lost to organization offering virtual visits	2%	5%	10%	Downstream service loss
	Providers/Payers Who Offer Virtual Visits	 <p><b>Patient Share Capture</b></p>	Revenue gain from new patients coming to organization for virtual visits	Percentage of new primary care market share organization can reasonably capture	10%	20%	30%
 <p><b>Expanded Capacity</b></p>		Additional visit capacity from shifting portion of in-person visits to shorter messaging check-ins	Percentage of in-person visits that could be replaced by e-messaging check-ins	5%	10%	15%	Lower administrative/operational costs
 <p><b>Avoided Cost</b></p>		Lower acute care costs for payers through increased lower-acuity access	Reduction in growth rate for health expenditures due to availability of virtual visits	0.25%	0.5%	0.75%	Increased appeal to payers

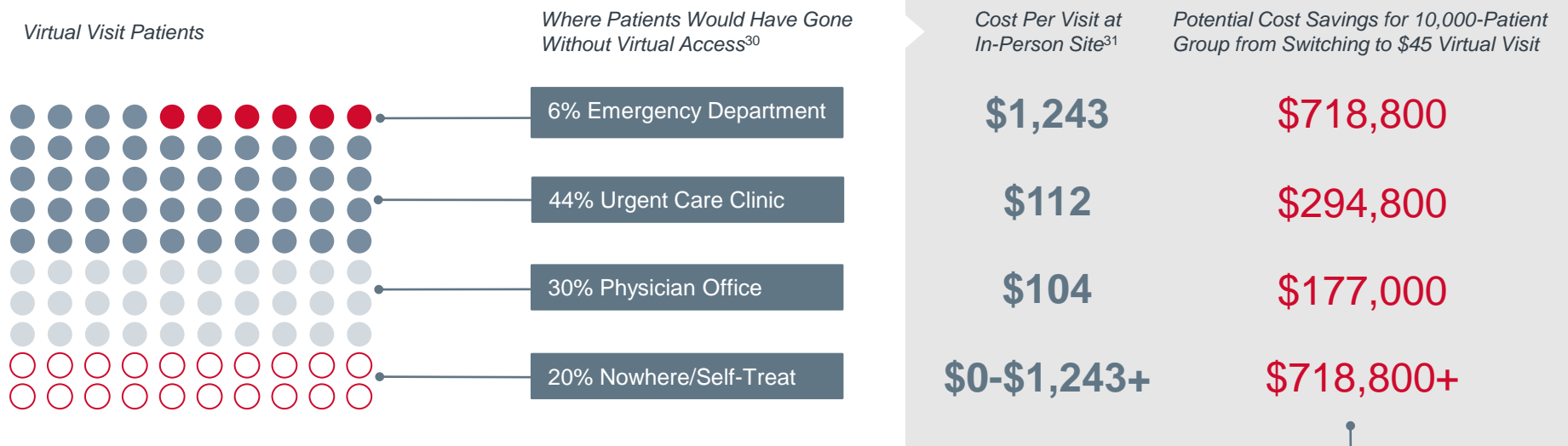
HOW WILL VIRTUAL VISITS IMPACT COST OF CARE?

# Payers Can Save on Downstream Costs by Steering Patients to Virtual Visits

*Low-Cost Alternative Can Prevent Later Expensive, High-Acuity Services*

Access to virtual visits can reduce costs by steering patients away from higher-cost sites. In addition, improved access to primary or urgent care in general can reduce long-term expenditures, assuming patients are less likely to forgo care and subsequently present at in-person sites with higher-acuity, more expensive conditions. Providers can benefit by demonstrating these cost savings to payers looking for good value in their contracts.

## Without Virtual Visits, Patients Seek Care at Higher-Cost Sites



## What Characteristics Influence Impact on Downstream Costs?

### Patient Coverage

- + Payers seeing high volumes of wrong-site utilization are likely to see more savings
- Markets with many access points for urgent care (retail, walk-in clinics) are less likely to see significant gains
- + Payers with beneficiaries primarily in higher-deductible plans are likely to see downstream savings
- Payers covering beneficiaries in lower-deductible plans are less likely to see patients shift site of care

Exact downstream costs from not seeking care cannot be calculated, but 6% of ED visits could have been prevented with timely outpatient care<sup>32</sup>

WHAT IMPACT WILL THIS HAVE ON YOUR BUSINESS?

# Calculate Potential Gains (or Losses)

*Patient Share, Expanded Capacity, and Downstream Savings from Virtual Visits*

Use this matrix to model the potential impact on patient share, capacity, and cost of coverage by double-clicking on the table below and entering numbers in the highlighted boxes.

Choose a conservative, moderate, or aggressive scenario from the first drop-down menu based on the characteristics of your market as outlined on the previous three pages. Conservative estimates will show the impact if your organization captures a small proportion of virtual visit business, whereas aggressive estimates will project gains for providers who can steer large percentages of patient business to their organization through virtual visits.

**Potential Gains (or Losses) from Virtual Visits**  
*Sample Hospital*

Select Model	Total Visits to ED, HOPD, Physician Office	Population in Market	Percentage of Patients in Market With PCP	Percentage of Patients in Market Without PCP	Number of Members in Health Plan	PMPM Cost to Plan	PMPY Revenue from Commercial Patient
Conservative	100,000	500,000	78%	22%	15,800	\$ 400	\$ 3,095
Revenue Loss from Patient Share Leakage (For Providers who DO NOT Offer Virtual Visits)	Revenue Gains from Patient Share Capture (For Providers who DO Offer Virtual Visits)	New Visits (Virtual & In-Person) Available from Expanded Capacity	Annual Savings by Payers from Reduced PMPM Growth Rate				
\$ 6,190,000	\$ 215,102,500	3,448	\$ 189,600				



Learn more about the Market Innovation Center  
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