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Telemedicine & Digital Health Are Crossing the Chasm

Your living room is the new waiting room with remote access to health care recently making remarkable headway due to necessary adaptations amid the COVID-19 pandemic.

Telemedicine and digital health services, like video conferencing with doctors and IoT-connected medical devices, became essential during the pandemic to avoid risky trips to hospitals and medical offices, resulting in accelerated adoption. In January 2020, only 0.24% of total medical claims in the U.S. were telemedicine-related.¹ One year later, they totaled 7%.²

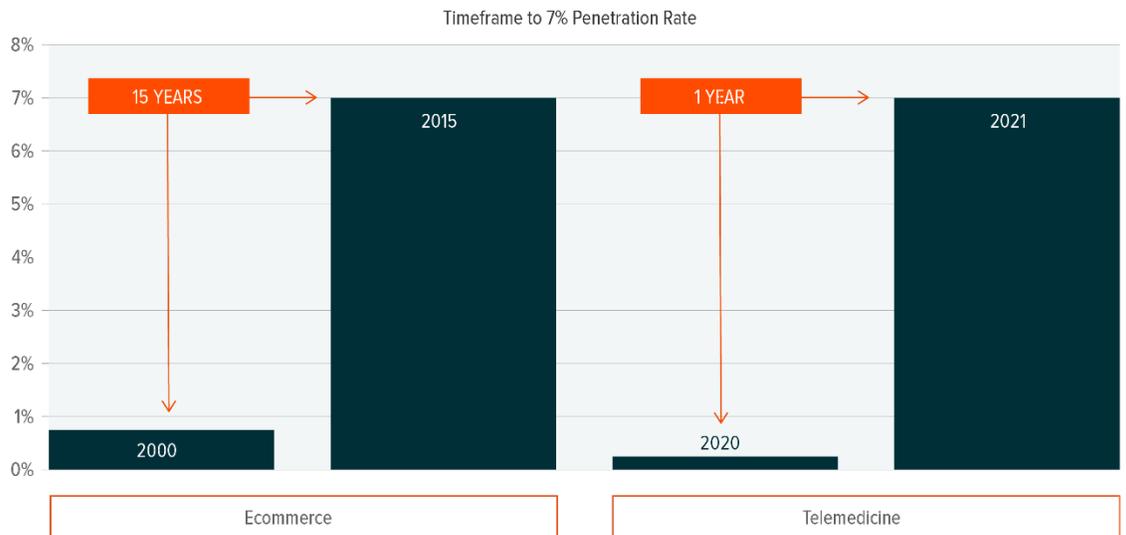
Now, many providers envision an omni-channel future, where they offer a combination of in-person and virtual care options to patients, depending on needs and preferences. Helped by private and government payers restructuring coverage and reimbursement policies, we expect patients and providers to continue to embrace this new era of remote medicine.

Next-Generation Healthcare Gains Traction

Healthcare systems pivoted quickly to limit COVID-19’s spread last year. In many cases, telemedicine became standard patient care. Since March 2020, the Mayo Clinic has conducted more telehealth visits per day than all such visits combined in 2019.³ Total annual virtual visits for Teladoc, a leading telemedicine provider, increased 156% year-over-year to 10.6 million in 2020.⁴ And NextGen Healthcare’s software enabled providers to deliver over 700,000 virtual visits in 2020, a nearly 200x increase from 2019.⁵ To put telemedicine’s ascent another way, it took 15 years for e-commerce penetration to rise from less than 1% to over 7%.⁶ The pandemic helped telemedicine do it in one.

SPEED OF ADOPTION: TELEMEDICINE’S RISE OUTPACES E-COMMERCE’S

Source: Global X ETFs, U.S. Census Bureau, FAIR Health. As of Jan 2021 for Telemedicine.



While the pandemic helped accelerate telemedicine and digital health solutions, there are several reasons why continued growth is likely in a post-pandemic world, including the potential cost savings and conveniences. Studies suggest virtual health can reduce visit times by about 20%, allowing providers to see more patients.⁷ And new rules stipulate that more telephone-only communications can be covered at rates similar to traditional face-to-face visits. On the data side, implementing digital systems can help health providers instantly identify information critical to effective patient care, including patient histories through electronic health records (EHR), the number of physicians on duty, or the number of beds and medical equipment available.⁸ Just optimizing EHRs can potentially save \$3,000 per physician per month and reduce time spent just retrieving data and completing documentation by 39%.⁹

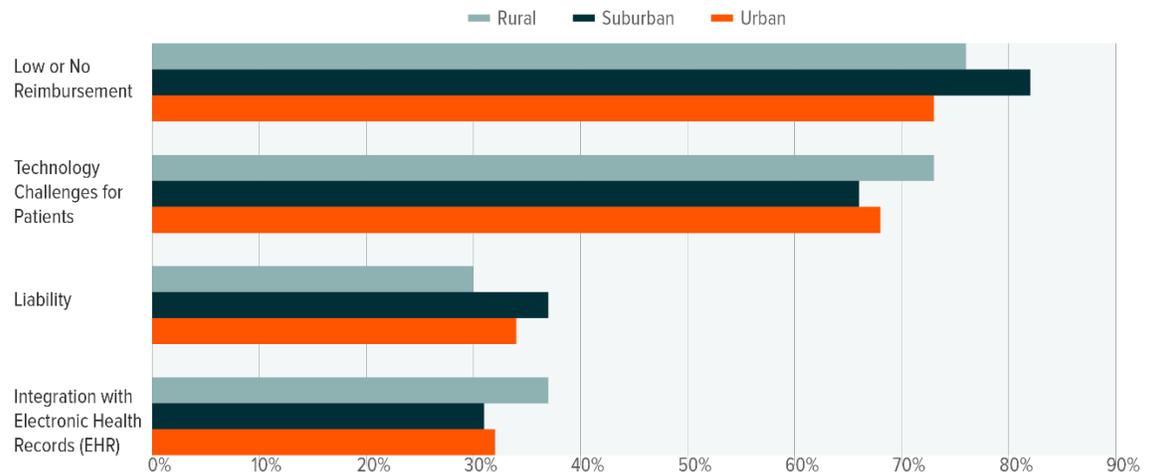
For patients, telemedicine solves geographical challenges, too. They can get access to providers they need outside of their immediate area in just a few clicks. On average, telemedicine can save patients 37 minutes of transportation time and 64 minutes of waiting time at the physician’s office.¹⁰ So a 20-minute consultation can take exactly that—20 minutes, not two hours.

New Policies Can Help Overcome Adoption Challenges

Surveys of physicians show low or no reimbursement as a major concern standing in the way of further telemedicine adoption. However, governments and private payers are taking steps to expand coverage and reimbursement for virtual health solutions.

PHYSICIAN SURVEY ANALYSIS: Which of the following, if any, do you anticipate being barriers and challenges in your organization related to maintaining telehealth after Covid-19? (choose all that apply)

Source: COVID-19 Healthcare Coalition.



Note: Survey responders included 1594 physicians and other qualified healthcare professionals from across the U.S. The survey was open from July 13 – August 15, 2020.

In 2020, the Center for Medicare & Medicaid Services (CMS), added multiple telemedicine services to its covered services.¹¹ These services include telemedicine-enabled therapeutic interventions that focus on cognitive function (e.g., attention, memory, reasoning, executive function, problem solving, and/or pragmatic functioning), evaluation of auditory function for surgically implanted device, among many others. The added coverage helped telemedicine services for Medicare beneficiaries increase from 15,000 per week to 875,000, on average, between mid-March and mid-October 2020.¹² Private payers, the primary source of



health coverage for 68% of Americans in 2019, also expanded telemedicine access in response to the pandemic.¹³ For example, Cigna announced that for the first time their coverage includes routine virtual primary care visits, telephone-only evaluation and management visits, new patient exams, and behavioral assessments.¹⁴

Complicating the private payer side is that telemedicine regulation occurs at the state level, meaning coverage and reimbursement policies vary significantly. All states have mandates for private payer telemedicine visits, but as of January 2021 only seven states mandate that private payers must reimburse telemedicine services at the same rate as in-person visits.¹⁵ Of the remaining states, temporary telemedicine coverage during the pandemic has been extended into 2021 in some cases, but future, permanent extensions remain uncertain.

Telemedicine Aligned with Value-based Healthcare Model

A potential solution is to transition healthcare reimbursement from the traditional fee-for-service system to a fee-for-value approach. CMS has issued guidance to advance the adoption of such a system, where providers are reimbursed based on their ability to improve the quality of their care in a cost-effective manner, rather than just volume.¹⁶ An added benefit of such a system is that it could help transform health care from a largely treatment-based system to a more preventative endeavor, helped by greater adoption of health-tracking technologies and digital therapeutics. Medicare rules often set the bar for private payers and state regulations, so it's possible that a value-based care system can become more widespread in the U.S. if CMS's guidance is adopted.

Value-based Priorities Set by CMS	How Telemedicine Fits?
Improving quality of care for beneficiaries	Providers can use telemedicine proactively, reaching out to patients facing transitions in care, closing patient gaps in care and tracking adherence for patients with chronic care management plans
Rewarding providers for reducing the effects and incidence of chronic disease and for helping patients improve their health	Patients who use telemedicine, especially for chronic conditions, see lower rates of hospital readmission, which helps reduce costs
Improving value in the larger healthcare system by aligning provider incentives across multiple payers	Telemedicine offers a readily available solution to enhance specialty care access and improved service to members, yet lowers the frequency with which face-to-face specialty care visits are needed
Helping the United States and its healthcare system handle unexpected challenges and disruption	Technology is more scalable and efficient than in person care. Building a health care system that is digitally-enabled can make it more resilient and flexible during crises such as pandemics and emergencies

Source: CMS, Modern Healthcare.

Conclusion

Population-wide immunity to COVID-19 may be on the horizon, but other health challenges will inevitably arise in the future, whether it's lingering effects from COVID, the emergence of a different infectious disease, or adapting a health care system to care for a rapidly aging population. One of COVID's many lessons is that society's resilience to health crises requires supreme coordination and flexibility, which telemedicine and digital health services can help facilitate. Prior to 2020, only about 24% of American healthcare organizations had virtual options.¹⁷ But with patients and providers experiencing the benefits over the past year, we expect that number to continue to increase over the next decade. While a more value-based reimbursement system could be a major key to unlocking widespread adoption, reduced costs, more



widespread reimbursement policies, and several conveniences offered by telemedicine should all help propel adoption as well.

Footnotes:

1. FAIR Health, "Monthly Telehealth Regional Tracker," Jan 2020.
2. FAIR Health, "Monthly Telehealth Regional Tracker, Dec. 2020 vs. Jan. 2021," Jan 2021.
3. AMA, "Q&A: Telehealth here to stay, but doctors' key requirements remain," Feb 25, 2021.
4. Teladoc, "Teladoc Health Reports Fourth-Quarter and Full-Year 2020 Results," Feb 24, 2021.
5. NextGen Healthcare, "NextGen Healthcare Recognized as Market Leader in Medical Practice Management and Telemedicine Software," Oct 16, 2020.
6. U.S. Census Bureau, "Latest Quarterly E-Commerce Report," Feb 19, 2021.
7. MiraMed, "Is There a Real Time Advantage to Telemedicine?," 2018.
8. AMA, (n3).
9. Nuance Communications, "EHR Services," accessed on Apr 16, 2021.
10. The American Journal of Managed Care, "Opportunity costs of ambulatory medical care in the United States," Aug 2015.
11. CMS, "Trump Administration Finalizes Permanent Expansion of Medicare Telehealth Services and Improved Payment for Time Doctors Spend with Patients," Dec 1, 2020.
12. Ibid.
13. Center for Connected Health Policy, "An Analysis of Private Payer Telehealth Coverage During the COVID-19 Pandemic," Jan 31, 2021.
14. Cigna, "Notification for effective date of policy 01/01/2021. For Virtual Care Billing guidance prior to that date related to COVID 19, please review the COVID19 Interim Billing Guidelines Reimbursement Policy on Cignaforhcp.com," 2020.
15. Center for Connected Health Policy, (n13).
16. CMS, "CMS Issues New Roadmap for States to Accelerate Adoption of Value-Based Care to Improve Quality of Care for Medicaid Beneficiaries," Sep 15, 2020.
17. CES 2021, "Digital Health in 2020: Rules of Contagion," Jan 12, 2021.

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