

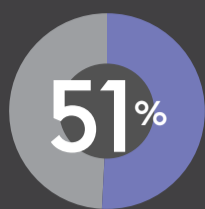


# DIGITAL HEALTH DRIVES FORWARD



THE DEMAND IS HIGH. FUNDING AND INNOVATION DRIVERS ARE HERE.

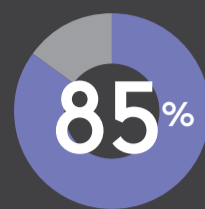
## Digital health is in demand.



51% of employers identified implementing more virtual care solutions as their top health care initiative in 2019<sup>1</sup>

\$100 billion

Applying big-data strategies to better inform decision making could generate up to \$100 billion in value annually across the US health care system<sup>2</sup>



85% of health care executives say they plan to start or expand Big Data initiatives in the next 5 years<sup>3</sup>

## INVESTORS ARE WORKING TO FUND SOLUTIONS

Global VC funding for Digital Health companies in first half of 2018 saw more deals and more money raised than first half of 2017

\$4.9 billion and 383 deals v. \$4 billion and 359 deals<sup>4</sup>

Money Raised (in billions)



Number of Deals



## NON-TRADITIONAL PLAYERS ARE FILLING THE VOID

Non-traditional players, from Silicon Valley tech giants to consumer products companies, have made moves into health care

IN 2018, STATE AND FEDERAL LEGISLATION HELPED TO PAVE THE WAY FOR TELEHEALTH AND DIGITAL HEALTH, BUT CHALLENGES REMAIN.

Q3

- Reducing Unnecessary Senior Hospitalization (RUSH) Act of 2018 refers to possibly using telehealth to reduce unnecessary senior hospitalizations
- CMS releases proposed rule as part of the Pathways to Success program to, among other things, allow ACOs the opportunity to expand telehealth services by removing various barriers to the provision of telehealth services
- Illinois Medicaid expands list of practitioners eligible for telehealth reimbursement
- California, Illinois, Maryland, Maine, Michigan, Pennsylvania and Washington advance proposals or rulemakings to expand access to telehealth services, lists of practitioners eligible for telehealth reimbursement, and/or provide insurance and reimbursement for telehealth under state Medicaid plans

Q4

- CMS issues proposed rule with provisions to implement Medicare Advantage telehealth benefit added by Bipartisan Budget Act of 2018
- FDA issues "Content of Premarket Submissions for Management of Cybersecurity in Medical Devices," draft guidance providing recommendations to sponsors on ways to address cybersecurity in pre-market submissions for medical devices with cybersecurity risks
- FDA/US Department of Homeland Security Memorandum of Agreement implements a framework for greater coordination and information sharing about potential or confirmed medical device cybersecurity vulnerabilities and threats
- President Trump signs the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act, which includes provisions to expand public reimbursement for telemedicine services that focus on addiction treatment
- Centers for Medicare and Medicaid Services (CMS) and the US Government Accountability Office (GAO) instructed to research benefits of telehealth
- CMS issues final rules to update 2019 Medicare Physician Fee Schedule – qualified providers can be reimbursed for select telehealth services and "virtual check-ins"
- CMS issues final rule to permit the inclusion of the cost of remote patient monitoring (RPM) as an allowable cost on the cost report of a home health agency (HHA) as operating expenses and allocate the costs to the HHA's cost per visit
- FDA establishes a docket to seek early input from the public on its proposed framework for prescription drug-use-related software

Innovation

Regulation

## McDERMOTT PRACTICES AT THE INTERSECTION OF INNOVATION AND REGULATION

- Facilitating partnerships, joint ventures, M&A
- Bridging the cultural and compliance expectations between health care and tech companies
- Understanding the regulations, crafting the compliance tools

Learn more: [mwe.com/digitalhealth](http://mwe.com/digitalhealth)

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<sup>1</sup> <https://www.businessgrouphealth.org/news/nbgh-news/press-releases/press-release-details/?ID=348>

<sup>2</sup> <https://www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/how-big-data-can-revolutionize-pharmaceutical-r-and-d>

<sup>3</sup> <https://www.soa.org/about/2018-pa-health-care-trends.pdf>

<sup>4</sup> <https://mercomcapital.com/product/q2-2018-healthcare-it-digital-health-funding-and-ma-report/>