AVALON HEALTHCARE SOLUTIONS

WHAT WILL CONSUMERIZATION IN HEALTHCARE MEAN FOR LAB TESTING?

March 15, 2022

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OVERVIEW & INTRODUCTIONS

Rhonda Willingham, EVP, Sales & Marketing, Avalon

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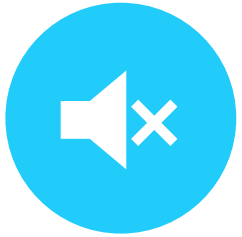
Before we start

This meeting is being recorded.



We will be **MUTING** everyone except the presenter to make sure the AUDIO is clean and clear.

Q&A will be done by using the **“Questions” feature.**

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Agenda

OVERVIEW AND INTRODUCTIONS

Rhonda Willingham, EVP, Sales & Marketing, Avalon

HEALTHCARE POLICY UPDATE FROM WASHINGTON, D.C.

Julie Barnes, Principal, Maverick Health Policy

LAB TESTING LANDSCAPE

Mike Snyder, EVP Network Operations, Avalon

THE "ME" GENERATION: NAVIGATING PATIENT CHOICE

Rahul Singal, M.D., Chief Medical Officer, Avalon

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HEALTHCARE POLICY UPDATE FROM WASHINGTON, D.C.

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Overview

- State of the Union
- New Plan to Address COVID-19
- Congress Passes Omnibus Spending Package
- Automating Prior Authorization

State of the Union – March 1, 2022

- Lower drug prices
- Make permanent ACA individual health plan subsidies
- Create new NIH sub-agency, Advanced Research Projects Agency for Health
- Set higher standards for nursing homes
- Enforce mental health parity
- Create new Department of Justice position for prosecuting pandemic-related fraud activity

https://www.cms.gov/nosurprises

National COVID-19 Preparedness Plan
March 1, 2022

Protect Against and Treat Covid-19

Prepare for New Variants

Prevent Economic and Educational Shutdowns

Continue to Vaccinate the World

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Omnibus Spending Package March 9-10, 2022

- No COVID-19 relief
- HHS Appropriations - $108.3B, an increase of $11.3B
- Advanced Research Projects Agency for Health (ARPA-H)
- Telehealth extension
- Cybersecurity reporting
- CDC public health data infrastructure
- Extends FMAP for Medicaid
- 340B exceptions for DSH

Electronic Prior Authorization – New Federal Rule Soon

WHAT: CMS will issue a proposed rule soon. ONC is helping with technical standards – issued an RFI in January.

WHO: Health Information Technology Advisory Committee ("HITAC") formed a task force to respond to the RFI.

WHEN: **March 10 –** HITAC adopted task force's recommendations.

WHAT'S NEXT?

March 25
Comments are due on ONC RFI

April – May 2022?
CMS issues proposed rule

September 2022?
Final rule published

2023-2026?
Implementation of e-PA

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

The Office of the National Coordinator for Health Information Technology

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HITAC Recommendations for ePA

GENERAL THEME: All ePA entities should use FHIR standards (no more X12 transactions) and certified health IT, including payers

Use a phased-in approach

- Develop and fund the continued testing of Da Vinci IGs.
- Establish an advisory process that evaluates the readiness of IGs.
- Initially roll out ePA for procedures that are commonly subject to prior authorization and are already undergoing pilot testing with Da Vinci.

Include patients in ePA

- Patients should be able to opt-in to review prior authorization approval status.
- The patient should have access to cost information.
- ONC should develop standards for electronic ID cards to support exchange requirements for patient matching.

Future Innovations in ePA

- Establish incentives for stake-holders to adopt ePA at scale.
- Explore trust and verify frameworks (e.g., gold carding).
- Encourage payers to expand from one procedure to episodes of care or bundled services.

https://www.healthit.gov/hitac/committees/health-information-technology-advisory-committee-hitac

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LAB TESTING LANDSCAPE

Mike Snyder, EVP, Network Operations, Avalon

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Direct Access Testing (DAT)

COVID-19 HAS PAVED THE WAY FOR HOME TESTING

- **Consumer self-testing began in the 1950s with the advent of OTC urine glucose and ketone testing.**
  - The self-monitoring blood glucose market reached $11.7B in the US in 2021.
- **Quality is regulated by CLIA and by the FDA.**
  - Testing can be classified by CLIA as “waived” or “complex.”
- **Access to DAT is regulated by the states.**
  - 26 states allow DAT.
  - 12 states have some limitations on the testing.
  - 14 states prohibit DAT.
  - NOTE: COVID-19 testing is allowed through the federal Public Health Emergency (PHE) declaration.
- **Genetic testing lead the market share in 2020 (e.g., Ancestry.com and 23andMe).**
- **Global DAT market growth projected as 26% CAGR for 2021-2031.**

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Lab Testing Landscape

- **High Level Categorization**
  - At Home collection
  - Self-Testing
    - Rapidly growing in complexity; e.g., Daily hormone testing associated with fertility
    - Less accurate than are laboratory-based testing (e.g., Rapid antigen vs. PCR-based COVID-19 testing)
- **Current Test Types**
  - Genetic testing
  - Disease risk assessment (cancer, STD's, other)
  - Allergy
  - Blood typing
  - Therapeutic drug monitoring
  - Routine testing (e.g., CBC, lipid testing)

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Key Players for Direct Access Testing (DAT)

- **Color Genomics**
- **LetsGetChecked**
- **WellnessFX**
- **MyMedLab, Inc.**
- **DirectLabs, LLC**
- **EverlyWell, Inc.**
- **23andMe, Inc.**
- **Quest Diagnostics** (QuestDirect)
- **Laboratory Corporation of American** (LabCorp OnDemand)

Note: According to BIS Research, globally there are more than 300 companies offering 400 products in the DAT space.

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Direct Access Testing (DAT) Advantages and Disadvantages

Patient Stimulus for DAT:
Convenience | Cost (saving money) | Privacy | Non-coverage by insurance

Benefits of DAT

- Consumer empowerment
- Access
- Rapid turnaround time
- Early disease detection

Disadvantages of DAT

- Non-reporting and follow-up in results
- Appropriateness of tests ordered
- Reliable interpretation of results
- Generation of a false sense of security, or panic, resulting in costly over-testing

***Role in the mitigation of the PHE**

Recommendation by the American Society for Clinical Laboratory Science (ASCLS): *Consumer-driven laboratory services are best provided by clinical laboratories in which reside the expertise to ensure the appropriate menu of tests and quality performance standards as well as to interpret and explain test results when needed.*

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THE “ME” GENERATION: NAVIGATING PATIENT CHOICE

Rahul Singal, M.D., Chief Medical Officer, Avalon

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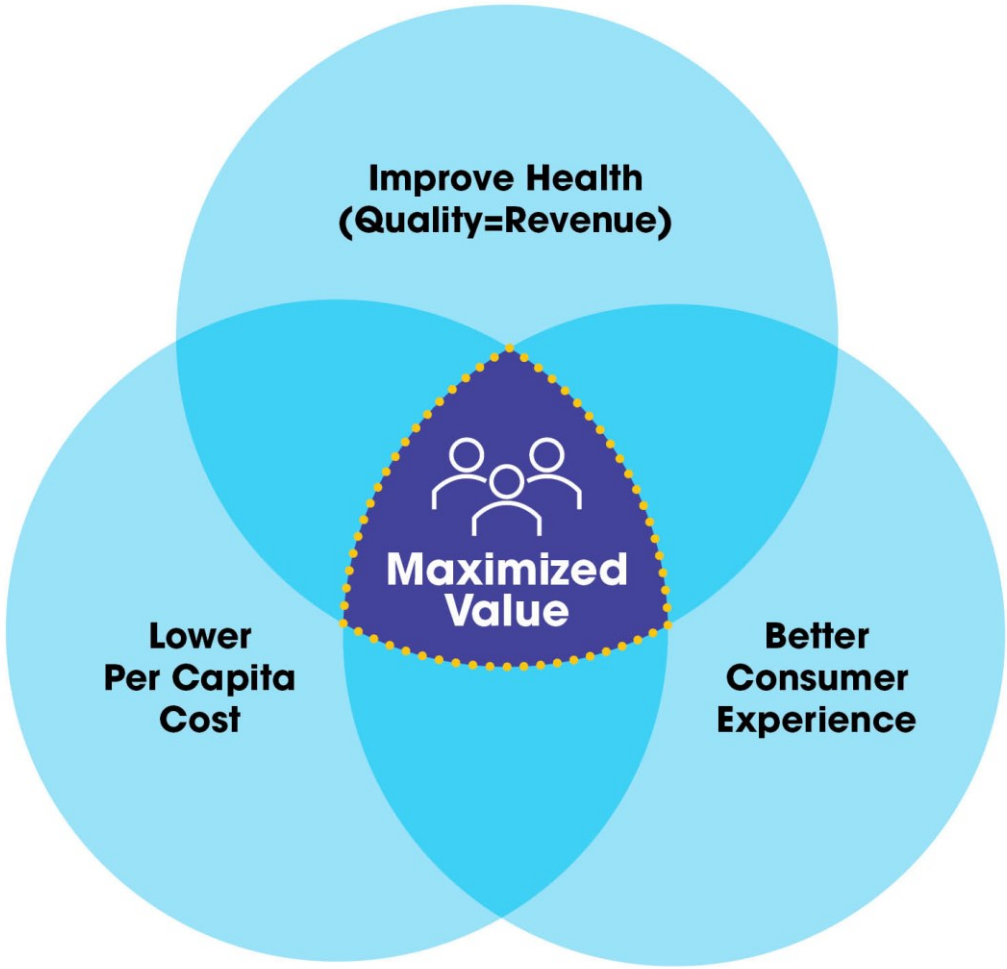
Payers: Shift to Triple Aim, PHM and Digital Experience

- Seismic shift in payment methodology from volume to value. (Quality = $$)
- Member-centricity with emphasis on personalized care using Population Health Management (PHM) to execute Triple Aim
- Value Based Care both commercial and GSP (govt sponsored plans) driving payer-provider convergence
- Consumers choose products based upon digital experience. This has happened in retail, banking, transportation, restaurant and now healthcare.



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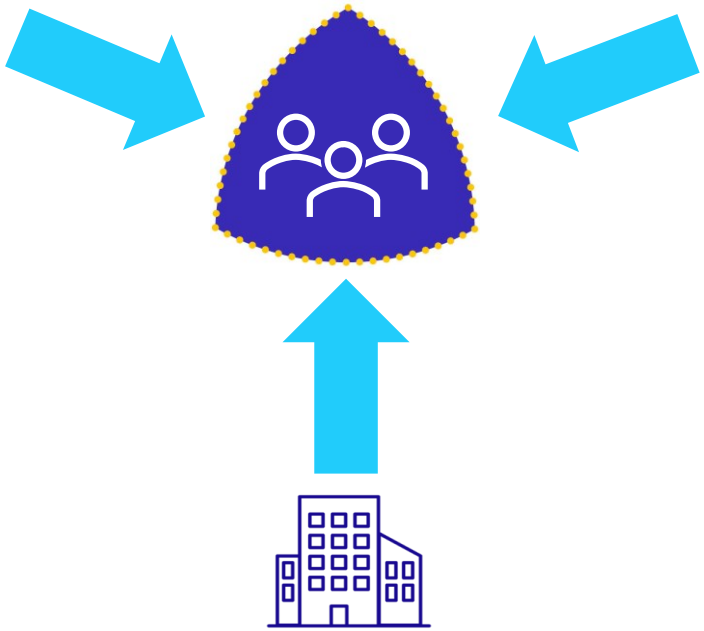
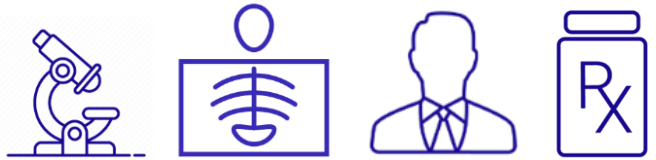
Decision Point Opportunities

Point of Care (POC)

- Clinical Decisions – need test results
- Few interactions per patient per year
- Data primarily from EMR – localized, unstructured, physician point of view
- High patient “trust”





Point of Service

- Multiple interactions per member per year (PMPY)
- Volume driven
- Disconnected from care

Claim Transaction

- Mostly retrospective. PA – opportunity to be proactive
- Comprehensive longitudinal claims data → more clinical?
- Lack of patient/member trust

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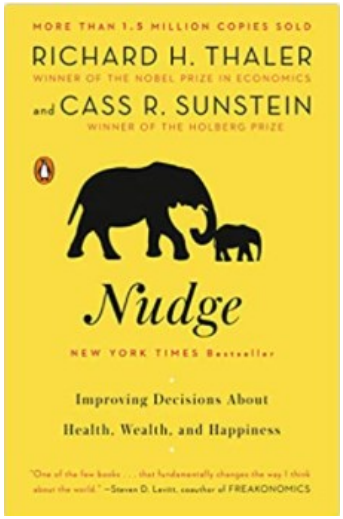
Changing Behavior – Do Financial Incentives Work?

- **Providers: "Yes"**
  - And if you're in the lowest tertile, the higher the incentive, the greater the change
  - Large Performance Incentives Had The Greatest Impact on Providers Whose Quality Metrics Were Lowest At Baseline https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2014.0998

- **Consumers: "Incentives and programs work, but amount of $ not so much."**
  - A group of 48 employers with 120,000 employees participated in a worksite wellness program with outcomes of achieving BMI, Cholesterol and BP goals. Incentives ranged from zero to $1,000. Conclusion – no difference in outcomes based upon amount of financial incentive. (Outcome-based and Participation-based Wellness Incentives, JOEM, Volume 59, Number 3, March 2017)
  - Meta-analysis of 34 studies that focused on financial incentives to modify behavior including smoking cessation, improved diet, and/or exercise in high-risk participants. Significant improvement that persists for 6 to 12 months after withdrawal of incentive consistently achieved. Difficult to maintain improvements past 18 months. (Personal financial incentives for changing habitual health-related behaviors. Preventative Medicine 75 (2015) 75-85)

Health Plan Opportunity



HEALTH PLANS HAVE:

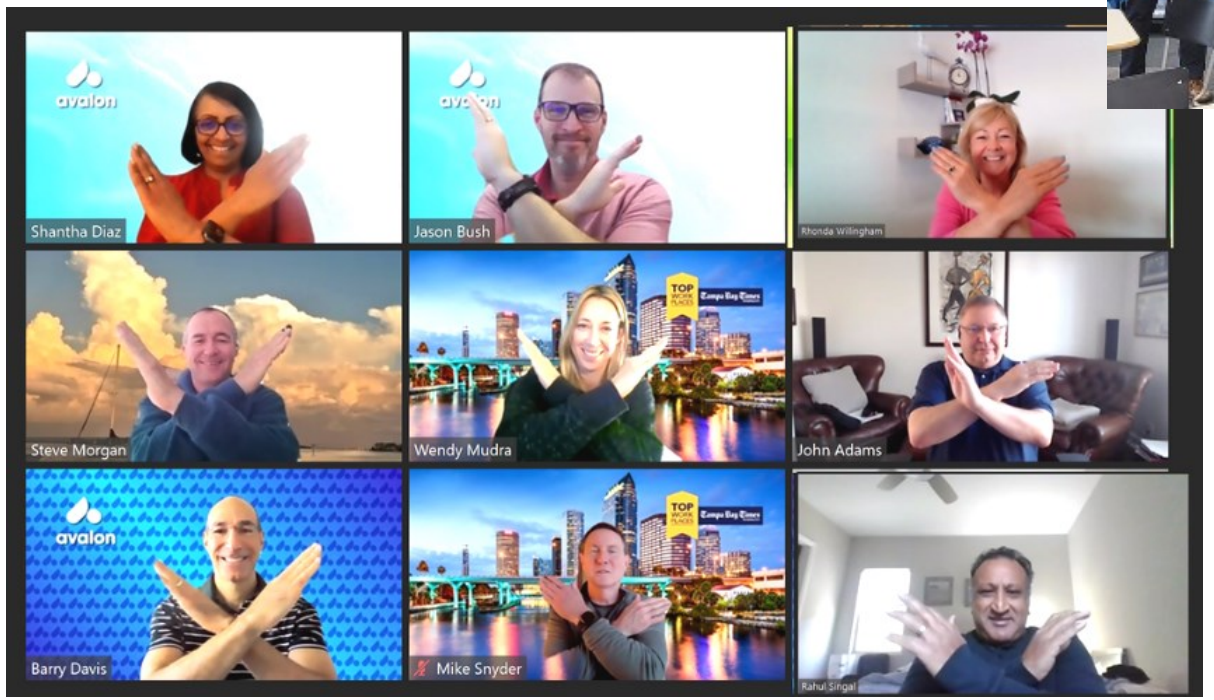
- Data volume, veracity, velocity, and value
- Relatively large technology budgets
- Control financing

OPPORTUNITY FOR HEALTH PLANS TO DRIVE OUTCOMES BY:

- Engaging consumers and provider stakeholders
- Aligning financial incentives (including member)
- Promoting quality by publishing metrics

Avalon Supports Women's History Month

Our team celebrating the **International Women's Day** movement to **break the bias**, especially as it relates to women pursuing and currently in the STEM field.



We are proud to support women across our community to help forge a more inclusive world.

#BREAKTHEBIAS

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Thank you

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SAVE THE DATE

MAY 17 | 2:00 - 3:00 PM EST

Registration open: www.avalonhcs.com

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