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Digital Therapeutics Commercialization Consultants



The Integrated Delivery Network

An Overview & Implications for:

Digital Therapeutics

Digital Health

Remote Patient Management Platforms

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INTRODUCTION

The US healthcare system is large and complex. Economic pressures and a focus on population health outcomes at lower costs brought on by the introduction of the Affordable Care Act have caused an evolution of the U.S. Healthcare delivery system. In recent years there has been a dynamic shift in care delivery and the emergence of large integrated delivery networks

Integrated Delivery Networks (IDNs) are interconnected health systems that offer a full range of preventative and acute care services as well as health insurance plans, a move away from a patchwork of individual non-affiliated providers and payers. This evolution has accelerated with the introduction of the Affordable Care Act (ACA). The primary emphasis of the ACA is improving health outcomes while driving down the cost of care. The goal of the IDN is to provide holistic care, enabling patients to receive preventive care, physical therapy, and everything in between, ultimately producing better health outcomes at a lower cost.

IDNs are vertically integrated organizations that own and operate a network of hospitals, physician medical groups (both primary care and specialists), and ancillary services such as physical and rehabilitation therapy centers, outpatient surgery centers, imaging facilities (e.g MRI) and labs, to form a cohesive regional healthcare ecosystem. Data services are typically consolidated across the entire system through a central electronic health records system (EMR). Through the EHR, patient information can be stored, tracked and shared within the

network providing a comprehensive view of a patient's health. Advanced population health analytics are also possible to identify optimal treatment patterns, leading to the development of cost saving disease management programs and standardized treatment guidelines and protocols.

At times, the term IDS (integrated delivery system) is used interchangeably for IDN. Although these two systems are similar there is one important distinction, a true IDN also has a health insurance plan as an integral part of its organizational structure, making the IDN fully responsible for the total cost of care. IDNs may also accept payment from other payer organizations. Integrated delivery systems typically contract with payer organizations but do not offer health insurance plans of their own.

There is roughly a combined total of 1,000 IDNs and IDSs in the US. The 200 largest IDNs own an average of at least 80 facilities, have over 500 affiliated providers, and generate tens of thousands of medical claims annually. (iqvia.com)



Examples of IDNs include, Kaiser Permanente, UPMC, Sutter Health, Highmark Health, Baylor Scott and White Health, Geisinger Health System, Intermountain Healthcare/select Health.

IDN Name	State	Hospitals	Outpatient Centers	Total Facilities	Total MDs
UPMC	PA	45	1,100	1,168	10,363
SUTTER HEALTH	CA	33	710	745	9,109
KAISER PERMANENTE	CA	44	637	685	27,913
BAYLOR SCOTT AND WHITE HEALTH	TX	36	577	614	6,229

Iqvia.com

Examples of IDs include, Cleveland Clinic, Mayo Clinic, and Henry Ford

There are five defining characteristics of IDNs:

- **Provider Alignment:** comprised of tightly aligned healthcare providers and facilities for centralized control across facilities
- **Continuum of Care:** deliver a full range of coordinated clinical services for a population's health needs
- **Regional Presence:** IDNs serve a distinct geographic region across inpatient and outpatient settings
- **Clinical Integration:** communicate and share common guidelines within a unified electronic health record system
- **Reimbursement:** IDNs have their own health insurance offerings but also negotiate contracts with other payers.

Implications for digital therapeutics and digital health companies:

If your business model is to gain reimbursement from payer organizations, IDNs might be good targets.

The primary goal of an IDN is to lower the cost of care. So, if you are able to demonstrate clinical efficacy and economic savings, IDNs may be interested in speaking with you especially if you are able to demonstrate savings in high-cost disease states or patient populations.

IDNs typically prefer to run pilot programs for digital therapeutics, digital health, or remote patient disease management platforms before permanently covering digital applications for reimbursement. Pilot programs are an ideal arrangement for

the digital manufacturer to generate clinical and/or health economic Real-World Evidence (RWE). Payers have become increasingly interested in RWE, especially when evaluating digital health products.

When negotiating the objectives and terms of the pilot, you should always negotiate for publication of the pilot results. Publications are important for a few reasons:

- Pilots generate valuable Real-World Evidence (RWE)
- Ability to leverage the publication of RWE with other payer organization to gain reimbursement
- Enhances the value proposition for multiple audiences (payer, provider, patient)

A trend to watch:

According to [The Wall Street Journal](#): Some of the largest health insurers are capitalizing on recent deals by steering patients toward clinics they now own, controlling both delivery and payment for health care.

UnitedHealth Group Inc.'s insurance unit is offering a plan in the Los Angeles area built around doctors who work for its Optum arm, which has acquired a sprawling network of doctor practices, surgery centers and urgent-care clinics. The company says it is working to offer similar designs in other markets.

Aetna Inc., which was acquired by CVS Health Corp., have dropped co-payments for members if they go to the drugstore chain's MinuteClinics. Going to other retail clinics would generally require a co-pay.

DTxCC is a Philadelphia based consultancy focused **solely** on Digital Therapeutics (DTx) / Digital Health (DH) commercialization. We specialize in DTx / DH Market Access, Marketing strategy and go-to-market planning

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