Creating a Business Plan to Define the Value of Virtual Care

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The pandemic provided an initial introduction to virtual care for many, and most patients and providers have responded positively, embracing its convenience. Health systems, hospitals, and other providers now need to take the time to develop a business plan that identifies opportunities to optimize virtual care platforms, drive revenue and adapt practices to effectively meet patient needs.

Consider virtual care (including telehealth and other digital interactions) as a new "front door" to your health system. Offering virtual appointments and on-demand provider availability for primary and urgent care services captures patients, helps them get to know your providers and network, and builds relationships. Virtual follow-up visits help retain patients and elevate satisfaction.

In a post-COVID world, patients will expect the same convenient virtual visits. If you do not scale virtual care offerings appropriately, someone else will, and they will capture your patients.

BUSINESS PLANNING ISSUES

Define service offerings - Primary care? Urgent care? Specialty care? What capabilities does your organization have and where can you most effectively upgrade and/or expand virtual care services to build trusting relationships with your patients? Is providing these services the right choice for your organization? Or are you better suited to form a strategic partnership or affiliate with an organization already effectively providing virtual care?

Define targeted patient populations — Who are you trying to reach through virtual care services? As an example, Millennials are less likely to access routine in-person primary care services, finding the current model too inconvenient. Are the reasonably well 65+ population concerned about re-entering a health care environment unnecessarily? How do you determine your target population to serve? Defining who your initial services are for

can help determine the scale of capabilities, the appropriate services to offer virtually, and which providers can be most effective using virtual care for their patients.

Identify relevant geographic markets – Is the organization using virtual care to capture market share from competitors? Expand into new markets? Maintain existing market position? Do opportunities exist for savings by reducing physical locations and in-person capacity? Defining the target markets in the business plan will help define the service offerings.

Assess Demand – Having identified a target demographic and geographic service area, what pent up demand exists for virtual care? Can you capture new patients from competitors? How will in-person volume be impacted? Evaluating and sizing the demand for these services will help scale the services.

Define Opportunities for Revenue – Following the Centers for Medicare and Medicaid Services' ("CMS") lead, payers revised reimbursement policies for virtual care during the pandemic. In response, providers invested financial and human resources to enhance virtual care capabilities. Recently, CMS indicated that it intends to extend reimbursement for virtual care services, though at what rate is not yet clear. An effective business case for virtual care must consider both the cost and expected reimbursement for virtual care, as well as the opportunity for downstream revenue.

Estimate Platform Costs – Effectively estimating the costs associated with virtual care depends on a variety of factors, but perhaps foremost is deciding which virtual care platform is right for your organization. To decide, consider:

- Size of the provider panel and patient population
- Service delivery by specialty
- Integration options with institutional EMR, patient portal, imaging and lab systems
- Insourcing or outsourcing the platform operations

Virtual care is here to stay. Before it is too late, providers need to appropriately scale and optimize virtual care services. In an increasingly competitive marketplace, providers need a clear business plan for virtual care to assure effective expenditures, capture downstream revenue, and strengthen relationships with patients. ●

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