DATA ON THE EDGE

PLANNING FOR FUTURE VIRTUAL VISIT GROWTH

At first glance, the number of virtual health visits appears to have plateaued, with around 10% of all evaluation and management (E&M) visits being delivered virtually. Yet under greater scrutiny, the story is more nuanced. An evaluation of Sg2 and Vizient® data illustrates regional, clinical service and provider growth trajectory distinctions.

Specifically, there is regional variability in both adoption and growth of virtual visits across the US. Sg2 claims data also show virtual health disrupters are capturing significant growth by expanding access to this channel of care. Looking ahead, Sg2 projects continued growth in virtual visits over the next 10 years, ultimately expecting over 25% of all E&M visits to be provided virtually. Leveraging virtual visits as part of a hybrid care model to support growth and enhance patient flow is an essential strategy for the future, especially given the evolving competitive landscape.

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Hybrid Care Is Here to Stay

10% to 14%
of all clinical practice visits have been virtual visits post-pandemic.

E&M visits conducted via telehealth:

50%
of behavioral health

3%
of orthopedics

5%
of cardiovascular

27%
of all E&M visits will be virtual by 2033.

30%
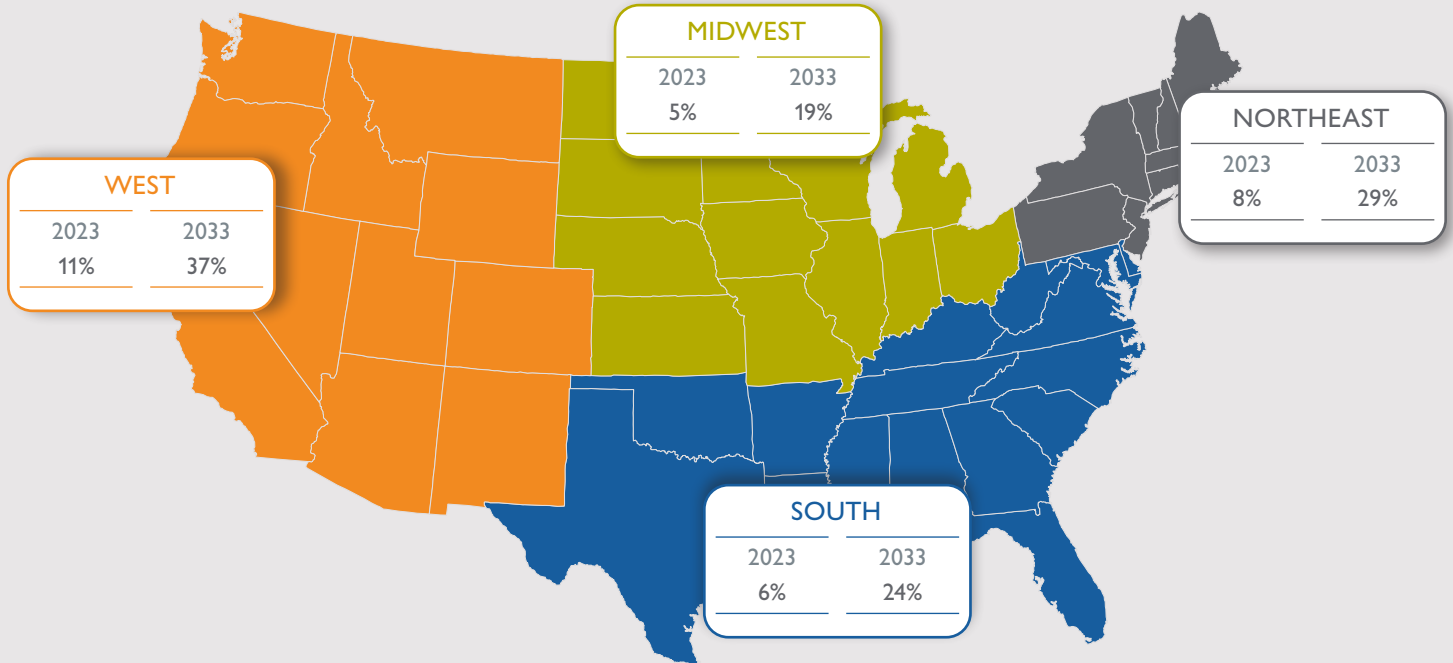increase in digital/telehealth companies' claims volume from 2021 to 2022

Note: Analysis excludes 0–17 age group. Virtual visits defined as Established Patient Visits—Virtual and New Patient Visits—Virtual. In-person visits defined as Visits—Evaluation and Management, Established Patient Visits—In Person and New Patient Visits—In Person. **Sources:** Data from AAMC-Vizient Clinical Practice Solutions Center® used with permission of Vizient, Inc. All rights reserved; Impact of Change®, 2023; Proprietary Sg2 All-Payer Claims Data Set, 2021; The following 2021 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2023; Sg2 Analysis, 2024.

Virtual visits have consistently represented 10% to 14% of all E&M visits since the latter half of 2021, according to the AAMC-Vizient Clinical Practice Solutions Center (CPSC) quarterly reports. CPSC tracks utilization patterns across 28 specialty provider areas and defines a virtual visit as a phone or online visit, using telehealth-eligible CPT codes and telehealth place of service and modifier codes. Several factors drove the 2020–2023 virtual visits trends, including:

- Ongoing analysis and research to determine the clinical appropriateness of virtual versus in-person care (eg, patients presenting with chest pain, numbness, concussions).
- Physician and patient preference for select in-person services.
- Reliance on physical exams, imaging and labs by many service lines, such as orthopedics and cardiovascular.
- An uncertain policy and reimbursement landscape.

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After Recalibration Post-Pandemic, Virtual Visits are Forecasted to Grow

Virtual Visits as a Percentage of Total E&M Visits by US Region

MIDWEST

2023	2033
5%	19%

NORTHEAST

2023	2033
8%	29%

WEST

2023	2033
11%	37%

SOUTH

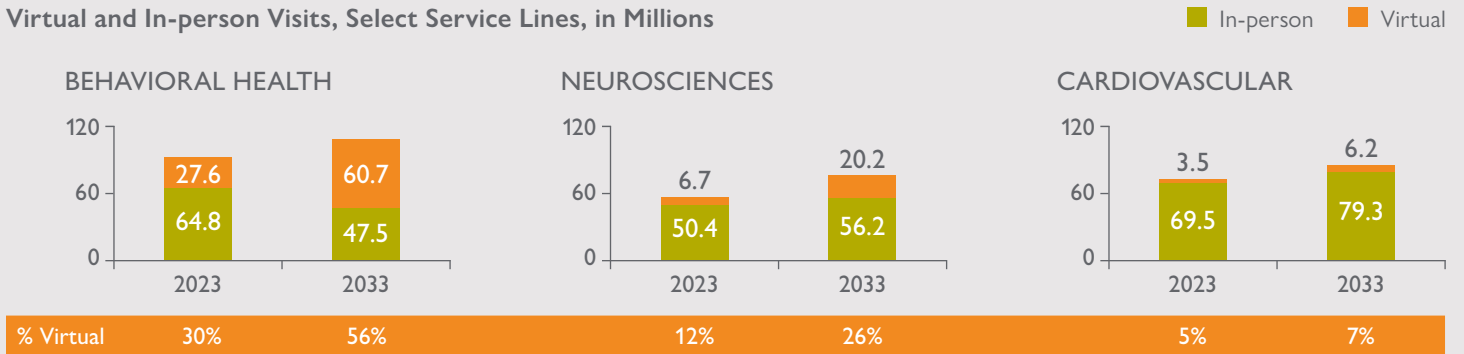| 2023	2033
6%	24%

Note: Analysis excludes 0–17 age group. Virtual visits defined as Established Patient Visits—Virtual and New Patient Visits—Virtual. In-person visits defined as Visits—Evaluation and Management, Established Patient Visits—In Person and New Patient Visits—In Person. **Sources:** Impact of Change®, 2023; Proprietary Sg2 All-Payer Claims Data Set, 2021; The following 2021 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2023; Sg2 Analysis, 2024.

These same factors are also drivers of **variation in virtual visit adoption across the US**. As shown in the map above, virtual evaluation and management visits represented 11% of the West's E&M visit total in 2023, whereas it represented only 5% in the Midwest during the same year. Taking regional variation into account, in addition to other factors, Sg2 forecasts varied growth in virtual health E&M visits over the next 10 years, ranging from 19% of the total E&M visits in 2033 for the Midwest to 37% for the West. Much of the growth of virtual visits is driven by factors such as new entrant/disrupter activities and the adoption and investment in hybrid care delivery.

Vizient views late 2020 through 2023 as a recalibration period for health systems, as clinicians and strategists weighed how to best incorporate virtual visits into care delivery pathways for the long term as well as where virtual care is most appropriately used from a clinical service standpoint. While clinicians at the local level often offer insights on what is appropriate within the context of their organizations, Sg2 has nuanced clinical service forecasts for virtual visits based on the trends observed through analysis at the national and local levels.

Virtual Visit Adoption Varies Among Service Lines

Virtual and In-person Visits, Select Service Lines, in Millions

■ In-person ■ Virtual

	BEHAVIORAL HEALTH		NEUROSCIENCES		CARDIOVASCULAR	
	2023	2033	2023	2033	2023	2033
Virtual	27.6	60.7	6.7	20.2	3.5	6.2
In-person	64.8	47.5	50.4	56.2	69.5	79.3
% Virtual	**30%**	**56%**	**12%**	**26%**	**5%**	**7%**

Note: Analysis excludes 0–17 age group. Virtual visits defined as Established Patient Visits—Virtual and New Patient Visits—Virtual. In-person visits defined as Visits—Evaluation and Management, Established Patient Visits—In Person and New Patient Visits—In Person. Neurosciences defined as neurosciences service line group and Brain/CNS Cancer CARE Family. CNS = central nervous system. **Sources:** Impact of Change®, 2023; Proprietary Sg2 All-Payer Claims Data Set, 2021; The following 2021 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2023; Sg2 Analysis, 2024.

Behavioral Health

Prevalence and acuity of behavioral health conditions—including major depression, anxiety and substance use disorder—continue to rise. By enhancing and expanding access via virtual health services, such as crisis assessment, E&M visits, psychotherapy, and PHP and IOP visits, many health systems have already doubled down on their efforts to address persistent capacity and workforce demands. Ongoing research continues to support these virtual options as suitable alternatives to in-person treatment. An uptick in digital technologies persists, with tools that include prescribed clinical apps, remote patient monitoring and consumer-led options (eg, online therapy, home-based opioid treatment). Some systems are incorporating chatbots and patient portals to help ease patient navigation. The expansion of virtual services allows for increased access to care, particularly for patients who have struggled with access in the past, such as those in rural and underserved communities. Employers too are increasingly offering access to virtual behavioral health services to bolster employee mental wellness.

Accelerated adoption of virtual health platforms also includes a surge of interest and investment dollars from private equity firms looking to stake their claim in the behavioral health space. However, some new technologies lack quality data, leading to scrutiny over the effectiveness of care. Over time, more platforms will have the ability to demonstrate efficacy and value.

Neurosciences

Acuity within neurosciences care is rising across sites as patients' conditions become increasingly complex and advances enable more treatment (eg, ambulatory and home-based EEGs, virtual visits) to occur in lower-acuity or nontraditional settings. Virtual E&M visits will see strong growth over the next decade, with 26% of neuro E&M visits projected to be delivered virtually in 2033 (vs 12% in 2023). The growth is in part due to the availability of ongoing payment for established patients with chronic pain and the expansion of remote monitoring to include pre- and post-op visits and tele-EEG.

Cardiovascular

Significant outpatient opportunity for cardiovascular diseases continues with the increasing prevalence of chronic disease driving robust OP growth for diagnostics, imaging and visits (in person and virtual). While most outpatient CV services remain in person, virtual consults and remote patient monitoring can expand local services across broader geographies, driving market differentiation. Virtual care can also optimize triage and observation to ensure capacity for patients requiring high-acuity hospital resources. In addition, in light of increased payer interest and patient need, including virtual offerings and at-home care can broaden transitional care services such as cardiac and vascular rehab.

Digital Solutions Reduce Wait Times

There are other clinical specialties that face access challenges and growing demand and are ripe for telehealth adoption. According to the AAMC-Vizient CPSC data, rheumatology, endocrinology and neurology top the list for longest new patient appointment wait times coupled with low percentage of new patients seen within 10 days. The growing demand for prompt evaluations in conditions like stroke, dementia, multiple sclerosis and rheumatoid arthritis supports the expansion of telemedicine, which can enhance clinical outcomes and increase the volumes of key downstream services such as infusions and advanced imaging. In endocrinology, the escalating prevalence of type 2 diabetes has spurred investment into digital diabetes management solutions.

The need for comprehensive, provider-based approaches underscores the increasing digital health solutions in chronic disease management. Advancement in technologies as well as new entrants to virtual health care delivery should be expected.

SPECIALTY GROUPING	NEW PATIENT VISIT MEDIAN WAIT TIME (DAYS)	% OF NEW PATIENTS SEEN WITHIN 10 DAYS
Rheumatology	57	22%
Endocrinology	49	22%
Neurology	41	25%

Note: Analysis includes all ages. **Source:** Data from AAMC-Vizient Clinical Practice Solutions Center® used with permission of Vizient Inc. All rights reserved. 2024.

New Entrants Capture Virtual Care

An analysis of Sg2's claims data shows a growth rate of 30% for volumes captured by digital/telehealth companies from 2021 to 2022. While this percentage is slightly lower than the growth from 2020 to 2021, digital/telehealth companies continue to capture the telehealth market. Sg2 analysis of digital company activity at the market level has found variation but sustained growth by these companies across various specialties. This trend is expected to continue because of:

- Increased acquisition of new and smaller companies by larger players and investment firms.
- Advances of technologies and applications, such as new modalities other than videos, to provide synchronized virtual care services.
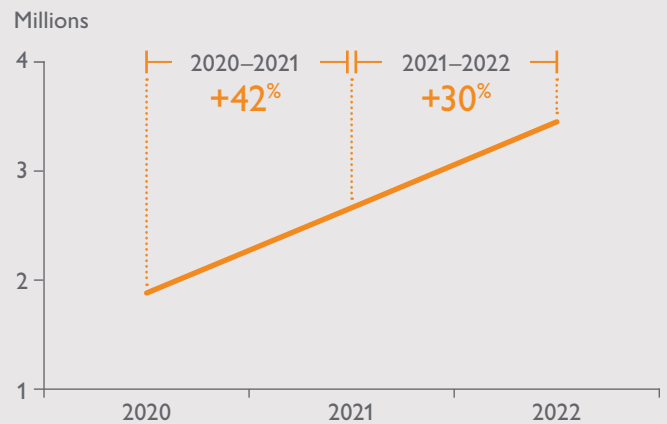
In addition, direct-to-consumer virtual care delivered either through direct-to-employer contracts or out-of-pocket virtual care services are projected to grow. These services offer additional, or alternative, solutions to access issues and are in high demand among consumers.

For health systems that do not see virtual care as a priority or are under the perception that their patient population does not utilize transactional virtual visit offerings, local data evaluation is key. Sg2 data suggest that such access channels are in fact being adopted by consumers.

Digital/Telehealth Companies' Claims Volume

Millions

2020–2021 **+42%**   2021–2022 **+30%**

Sources: Proprietary Sg2 All-Payer Claims Data Set; IQVIA; Claims from 2019–Q4 2022; Sg2 Disrupter Tracking List v3; Sg2 Analysis, 2024.

Why It Matters

As a result of Sg2 and Vizient's analysis of virtual visit trends and future demand, several takeaways and considerations emerge.

Strategic: hybrid care is here to stay. How should health systems/hospitals plan accordingly?

- Determine your virtual care partnership strategy: build your own comparable services or partner with digital/telehealth companies, but first, analyze the commercial volume growth of the services provided by these companies in your market.

- Build investment cases for virtual programs and inform budgets and strategic plans by highlighting the forecasted volume growth for both in-person and virtual visits and procedures.

- Prioritize a plan for growth of virtual care services for certain service lines beyond a service area. In general, digital footprint expansion is faster than brick-and-mortar development.

Financial: scenario modeling helps make hybrid care a sustainable option for your organization.

- Be prepared by developing financial scenarios for virtual health adoption, as Sg2 anticipates 27% of all E&M visits to be conducted virtually by 2033.

- Determine the appropriate in-person vs virtual visit utilization mix, with a balance of clinical appropriateness and patient preference for your organization to maintain financial viability in the future. Virtual health players and commercial payers will continue to change how patients, and broadly consumers, access care.

- Consider being actively engaged with state and federal policymakers to help influence virtual care reimbursement. Policymakers' decisions to convert virtual care reimbursement policies from temporary to permanent are partially dependent on further data and research. Convey a sense of urgency in keeping virtual care flexibilities in place.

Clinical: a hybrid care environment allows health systems to deliver the right care at the right time in the right setting.

- Develop a virtual care delivery road map for the next decade that will advance the quality of care across the System of CARE, including care at home.

- Develop protocols with clinical staff to drive clinically appropriate virtual and in-person care channels. One size does not fit all when it comes to virtual care's clinical application.

- Assess the adoption and implementation of virtual care services, such as virtual urgent care, telesepsis, telestroke and tele-ICU, that extend across multiple service lines.

Operational: virtual visits can be leveraged to streamline service line growth and enhance efficiency.

- Consider AI-enabled screening/triage and automated text functionality to handle a significant portion of low-acuity encounters, including diagnosis, treatment plan development and prescription ordering, with clinician oversight.

- Develop or expand telehealth networks to operationalize strategic partnerships, allowing large health systems to extend their technical infrastructure and clinical specialties to support other community sites. This approach can help reduce overhead, keep patients at their local sites to reduce leakage and to better manage capacity at tertiary sites, and scale specialist expertise.

AAMC = Association of American Medical Colleges; CARE = Clinical Alignment and Resource Effectiveness; EEG = electroencephalogram; IOP = intensive outpatient program; PHP = partial hospitalization program. **Sources:** Data from AAMC-Vizient Clinical Practice Solutions Center® used with permission of Vizient, Inc. All rights reserved; Impact of Change®, 2023; Proprietary Sg2 All-Payer Claims Data Set, 2021; The following 2021 CMS Limited Data Sets (LDS): Carrier, Denominator, Home Health Agency, Hospice, Outpatient, Skilled Nursing Facility; Claritas Pop-Facts®, 2023; Sg2 Analysis, 2024.

Contributors: Josh Aaker, PhD; Chad Giese; Karyl Kopaskie, PhD; Angela Liou; Andrew Rebhan; Tori Richie; Casi Roethler; Stephanie Snider; and Kate Zentner

To speak with one of our experts about virtual health strategy, health care disrupters and service line strategies, email membercenter@sg2.com.

This report's analysis leverages the following proprietary data and analytics assets.

The **AAMC-Vizient Clinical Practice Solutions Center (CPSC)**, developed by the Association of American Medical Colleges (AAMC) and Vizient®, resulted from member input regarding the burdensome nature of duplicative data collection and survey activities related to provider practice patterns and performance. Designed to meet critical gaps in data management needs and provide insightful analytics, the CPSC provides physicians and medical groups with the clarity to inform and improve areas such as physician productivity, coding and compliance, charge capture, collections, denials, contract rate management, patient access, and quality of care specific to physician billing activity.

The **Sg2 Claims Data Warehouse** is a best-in-class integration of payer-sourced longitudinal claims and provider-sourced clearinghouse data, providing maximum available all-payer activity in every market. Capturing health care utilization for 215+ million unique patients annually, it represents >70% of the total insured population in the United States. Data enrichments informed by Vizient data scientists, clinical experts and thought leaders are integrated within the data, preserving data integrity while contextualizing it to create powerful analytical solutions.

Sg2's Impact of Change® model forecasts demand for health care services over the next decade, examining the cumulative effects and interdependencies of key impact factors driving change in utilization. Using both disease-based and DRG-based analyses, the forecast provides a comprehensive picture of how patients will access inpatient and outpatient services along the continuum of care.

Sg2 Intelligence is a diverse team of subject matter experts and thought leaders who represent specialties ranging from clinical service lines to enterprise strategy. The team develops strategy-specific content in the form of editorial reports, including the *Data on the Edge* series, and perspective-based analytics, such as the Impact of Change forecast.

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