

The Evolving Telepsychiatry Landscape

Executive Summary And Outline

America’s mental health crisis, exacerbated by the pandemic, has led to a diversity of approaches and growth in deal activity in the space. Nowhere is this more visible than telepsychiatry and accompanying pharmacy services, which were provided a regulatory reprieve during the public health emergency. Herein, we address the growth of behavioral telehealth services with a focus on telepsychiatry, its present landscape, and post-public health emergency considerations.

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I. An Expanding Crisis Met With Growing Investment

The pandemic has served to exacerbate an already high prevalence of mental health conditions, most notably anxiety and depression. Over 40 million adults live with some type of mental health issue, equating to one in every five American adults. Fewer than half of those receive care in a given year. The problem is most acute in rural areas that are often both medically underserved and experiencing chronic shortages of health professionals, including mental health providers (i.e., therapists, psychologists, and psychiatrists).

Concurrently, the mental health subsector of behavioral health is coming off its most active year. Overall, 54 mental health subsector transactions took place in 2021, marking a 54% increase from 2020, which was also a record year in spite of the pandemic and its impact on dealmaking.¹ The mental health sector remains active, with 26 transactions announced in Q1 2022, exceeding the prior record of 16 in Q4 2021. The wider behavioral health spectrum, which includes mental health, is also coming off its most active year. Overall, 153 behavioral health transactions took place in 2021, marking a 38% increase from 2020; 41 transactions have been announced in Q1 2022 alone.

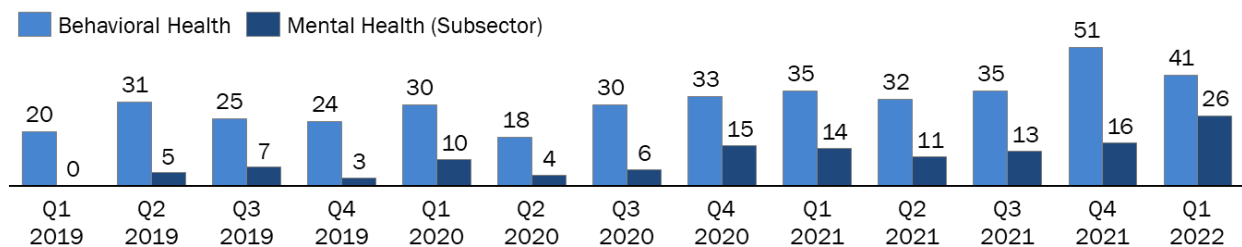


Figure 1: Transactions In The Behavioral Health Sector And Its Subsector, Mental Health

¹ Mertz Taggart: Q1 2022 Behavioral Health M&A Update.

II. The Potential Of Behavioral Telehealth Services

Provision of behavioral health services through telehealth benefit the patient, provider and payor. For the patient, barriers to care—such as provider shortages, affordability, geography, and stigma— may be mitigated. For the provider, it amounts to effective and efficient coordination of care non-reliant on patient travel considerations and associated cancellation; and to some extent this efficiency may mitigate workforce shortages. From a population health perspective, treatments delivered through telehealth have been shown to improve health outcomes, including improved quality of life and access.

Digital behavioral health solutions span the care continuum from prevention to diagnosis to treatment and recovery/support. Those in the prevention and recovery/support space are the most numerous with the lowest barrier to entry. They include online portals & social communities for education and addressing stigma as well as mobile apps, sensors and predictive data algorithms for diet, exercise and wellness monitoring. An estimated 20,000 behavioral health apps are available to consumers. Evidence suggests that these apps can help address various mental health concerns such as stress, depression, and anxiety. Even unguided apps intended for self-management can lead to reliable, albeit small, benefits, particularly for people with lower symptom severity. The most significant challenge facing these apps, especially when provided in unguided, direct-to-consumer models, is engagement.

Diagnosis and treatment solutions, falling within mental health, a subsector of behavioral health, are more limited in number. Furthermore, these are delineated between teletherapy and telepsychiatry. Whereas teletherapy, also referred to as psychotherapy or talk therapy, is offered by licensed mental health professionals via video or chat-based platforms, telepsychiatry includes evaluations, psychotherapy, patient education, and medication management. The latter is of focus to our subsequent discussion, given the prescription of controlled substances in a telehealth environment is a rapidly growing and evolving space.

III. Telepsychiatry Hits Its Stride During The Public Health Emergency

Telepsychiatry expanded dramatically during the public health emergency (PHE). In January 2020, the Drug Enforcement Administration (DEA) loosened remote prescribing restrictions of schedules II-V controlled substances for the duration of the PHE. This rolled back select provisions of the Ryan Haight Online Pharmacy Consumer Protection Act, passed in 2008, to narrow the circumstances outlined in the Controlled Substances Act under which a controlled drug can be prescribed via telehealth. Separately, the Consolidated Appropriations Act of 2021, eliminated telehealth geographic and originating site requirements for mental health services subject to certain conditions.

The opportunity for remote prescribing of controlled substances has led to entrants into the space from two diverse starting points. Established telehealth providers expanded their services to include telepsychiatry and psychiatric telepharmacy. These include companies such as MDLive, Doctor on Demand, and Teledoc, for which the telepsychiatry visit and prescribed medication is often covered by insurance. A more limited, yet pharmaceutically oriented approach has come from lifestyle companies that provide out-of-pocket prescription drugs at low cost. Their platforms usually involve a survey questionnaire, followed by a one-on-one evaluation with a healthcare provider, who then develops a treatment plan; a prescription is (predominantly) filled by the Company's captive pharmacy or provided through a nearby pharmacy. This is followed by regular, although limited, check-ins with the prescriber. This model includes the Ro platform, Hims, and Minded.

Platform	Payors Cover	Telehealth Service Scope	Mental Health Services	Interactive Access To Mental Health Tools	Rx Types	Rx Dispense
High Touch Telemedicine Platforms						
MDLive	✓✓✓	Broad Urgent care, primary care, mental health, dermatology	Addictions, anxiety, bipolar, depression grief & loss, LGBTQ+ support, OCD, panic disorders, parenting, phobias, relationships, stress, PTSD	High Video psychiatry sessions	Broad	Partner Pharmacy
Amwell	✓✓✓	Broad Urgent care, breast feeding, nutrition, pediatrics, women's health, therapy, psychiatry	Anorexia, anxiety, bipolar disorder, bulimia, cognitive disorder, depression, insomnia, OCD, panic attacks, social anxiety, PTSD	High Video psychiatry sessions	Broad	Partner Pharmacy
Doctor on Demand	✓✓	Broad Urgent care, chronic care, preventative, mental health	Anxiety, PTSD, depression, stress, postpartum, grief and loss	High Video psychiatry sessions	Broad	Partner Pharmacy
Teladoc	✓✓✓	Broad General medicine, dermatology, mental health psychiatry	Anxiety, depression, grief counseling	High Video psychiatry sessions	Broad	Partner Pharmacy
Hybrid, Moderate Touch Telemedicine Platforms That Include Prescribing						
Brightside	✓	Narrow Mental health	Anxiety, depression	Moderate Digital self-care, initial video call, periodic check-in (messaging) with prescriber; regular video sessions with lic. therapist; unlimited messaging	Narrow	Home Delivery
Cerebral	✓	Narrow Mental health	Anxiety, PTSD, grief, bipolar, stress, anger, insomnia, depression, panic attacks	Moderate-Low Initial video call, periodic check-in (messaging) with prescriber; regular video sessions with care counselor or, if therapy selected, with lic. therapist	Narrow	Home Delivery
Light Touch; Focus On Prescriptions						
Lemonaid	✗	Broad Men's, women's and general health, skin testing, mental health	Depression	Moderate Monthly online video sessions with prescriber; unlimited care team messaging	Narrow	Home Delivery/ Partner Pharmacy
Khealth	✗	Broad Urgent care, primary care, mental health, pediatrics	Anxiety, depression	Moderate-Low Initial video call, periodic chat sessions with prescriber; unlimited care team messaging	Broad	Home Delivery
Minded	✗	Narrow Mental health	Anxiety, depression, sleep	Low Initial video call, monthly video calls with prescriber; unlimited care team messaging	Narrow	Home Delivery
Ro	✗	Broad Sexual health, hair & skin, mental health, general health, supplements	Anxiety, depression	Low Limited number of video calls with prescriber; unlimited care team messaging	Narrow	Home Delivery/ Partner Pharmacy
Hims	✗	Broad Erectile dysfunction, hair loss, anxiety and depression, premature ejaculation, skincare	Depression, anxiety	Low Limited number of video calls with prescriber; unlimited care team messaging	Narrow	Home Delivery
Done Health	✗	Narrow Mental health	ADHD	Low Limited number of video calls with prescriber; unlimited care team messaging	Narrow	Home Delivery/ Partner Pharmacy

Table 1: Mental Health Platforms, Marwood Analysis 2022

Hybrids between these two extremes are evolving to offer telepsychiatry services, including Brightside and Cerebral. Notably, Brightside in particular has developed a platform of digital therapy and self-care tools that are patient directed between appointments.

Prescribing on limited patient contact has not been without challenges. In April, CVS Health and Walmart announced they will no longer fill prescriptions for controlled substances provided by Cerebral and Done Health. Cerebral indicated it will no longer prescribe most controlled substances to patients, citing the eventual expiration of telehealth waivers that allowed for online prescriptions for drugs like Xanax and Adderall. Done Health has indicated it would continue to provide prescriptions for psychiatric chronic care management.

In May, Cerebral received a grand jury subpoena from the U.S. Attorney's Office for the Eastern District of New York for its prescribing practices as "possible violations" of the Controlled Substances Act. Notably, the company's advertising and prescribing practices have been under scrutiny by medical professionals, regulators, and business journalists over the past several months. In addition, nurse practitioners working for Cerebral have indicated feeling pressured to prescribe ADHD medication following a brief video call. Consequently, an understanding of potential changes at the federal and state level is crucial during this period where expiry of telehealth waivers along with the national health emergency, are imminent concerns.

IV. Federal Considerations On Telepsychiatry

The status of telepsychiatry policy depends largely on Congressional and government agency action in a post-pandemic world. Many of the laws and regulations enacted in response to the COVID-19 pandemic, are provisional and set to expire with the conclusion of the public health emergency. While the federal public health emergency is not expected to end this calendar year, Congress has already started to explore what provisional laws and regulations they may make permanent. Not surprisingly, ensuring access to telehealth post-pandemic has been a major focus for advocates and policymakers alike. While Congress has acted to extend certain COVID-era telehealth flexibilities (mostly related to Medicare coverage) beyond the public health emergency, the future of prescribing controlled substances via telehealth is uncertain. Without further action by Congress or the Drug Enforcement Administration (DEA), telehealth providers who prescribe controlled substances will need to conduct an in-person examination of the patient once the public health emergency ends.

A number of healthcare organizations are pressing for the DEA to make permanent changes to eliminate the requirement that patients be evaluated in person before being prescribed controlled substances. The American Psychiatric Association, the American Telemedicine Association (ATA) and 70 other organizations have sent a letter to the DEA calling for the agency to permanently waive the telehealth restriction, noting that many patients, particularly new patients, will not have access to care after the public health emergency waiver ends.

Despite the aforementioned investigations into certain telehealth prescribing practices involving controlled substances, there is reason to believe the DEA will eventually make permanent changes to allow some controlled substances to be prescribed via telehealth. For example, in 2018, Congress directed the DEA to create a telemedicine special registration program as part of the SUPPORT for Patients and Communities Act, and in recent months, several states have loosened their requirements for telehealth prescribing.

V. State Considerations On Telepsychiatry

The risks involved for telehealth prescribers involve not only federal but state concerns. The federal Controlled Substances Act and DEA regulations only set a baseline requirement for prescribing controlled substances via telehealth (i.e., in-person except in limited situations including the current PHE). Several states have more stringent requirements, including a varying degree of exceptions that are narrower than the DEA's regulations. State laws around renewing and reissuing prescriptions also vary, and telehealth providers need to navigate how often an in-person or audio-visual visit needs to occur in order to renew a prescription.

VI. Compliance In An Evolving Regulatory Environment

Telehealth providers often operate in multiple states and need to consider all relevant state laws when developing protocols around prescribing controlled substances. Providers either adopt specific protocols for each individual state or, alternatively, adopt protocols that comply with the most stringent state requirements. Quite often, many of the aforementioned providers limit their geographic scope to a select number of states for these reasons.

In addition, providers must remain aware of changing federal and state telehealth rules. For example, the Consolidated Appropriations Act, 2022 extends certain telehealth flexibilities for Medicare patients for 151 days after the official end of the federal public health emergency (PHE). Providers must be cognizant of these rules, any proposed changes post-PHE, and their application, which impacts requirements pertaining to where the patient is, where the provider is, and the types of services being provided. Compliance also extends to ensuring appropriate billing, coding and documentation policies and procedures are in place that take account for these changes.

VII. Future Considerations

In conclusion, the survival and growth of telepsychiatry platforms, once the public health emergency ends, depends on federal and state legislation and regulation of telemedicine. Target analysis in this environment requires an understanding of emerging federal and state regulatory and legislative policies impacting pharmacy, health plan implications, strategic evaluation of market and competitive landscape and compliance considerations

Marwood's services span federal regulatory and legislative considerations; behavioral health reimbursement dynamics from a Medicare, Medicaid, and commercial perspective; as well as a strategic overlay to evaluate emerging opportunities. Our clinical quality & compliance arm provides investors with an assessment of a potential investment's culture of compliance, adherence to government rules and billing accuracy, and benchmark the company with its peers. An essential feature in this rapidly evolving space.

About the Author

Mark Slomiany PhD MBA MPA is a Director of Advisory at The Marwood Group and a former faculty member of the Department of Cardiothoracic Surgery at New York University Langone Health, as well as a former research associate at the Mossavar-Rahmani Center for Business and Government at the Harvard Kennedy School of Government.

Contact Information: For more information on the content in this publication or to learn more about Marwood Group Advisory's capabilities, we encourage you to contact us:

Lee Alvarez
Senior Managing Director
Office: 212-532-3651
lavarez@marwoodgroup.com

Kyle Holmes
Senior Vice President
Office: 212-532-3651
kholmes@marwoodgroup.com

Jennifer Meyers
Managing Director
Office: 212-532-3651
jmeyers@marwoodgroup.com

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