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WHITE PAPER


THE RISE OF TELEHEALTH

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TELEHEALTH: THE FUTURE OF HEALTHCARE

Telehealth, once a slow but steady growth industry, is on the rise as the coronavirus pandemic has increased patient demand and regulatory support. In March of 2020, telehealth visits surged 50% - a significant increase from the 10% of U.S. residents that had used telemedicine in March of last year. By the end of 2020, the U.S. telehealth market is expected to reach around \$10 billion with an 80% year-over-year growth due to the coronavirus pandemic.

One of the reasons for the surge is the lifting of regulatory barriers. The Federation of State Medical Board reported that since April 15th, 44 states had waived in-state licensure requirements for telehealth. Additionally, The Center for Medicaid and Medicare Services (CMS) has expanded telehealth benefits for Medicare beneficiaries. The U.S. Drug Enforcement Agency has also temporarily lifted a provision in the Ryan Haight Act that required an in-person exam before providers could electronically prescribe controlled substances. Although some of these measures are temporary, it is possible many changes could become permanent as the benefits of telehealth become apparent and patients demand it for efficiency.



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As the demand for telehealth increases, providers are now scrambling to expand their services and customer support — initiatives that all require significant capital in a short period of time. Many providers will require funding to sustain momentum, as capital needs are also driven by the length of payment cycles, making cash flow management essential. Telehealth startups raised around \$523 million in 2019 and \$208.8 million through April 16th of 2020, according to The Wall Street Journal. While many of these deals were

likely in the works before the pandemic, the shift toward telehealth could mean more investments in the future.

By every indication, the interest in telehealth from both users and investors will continue to grow post-pandemic. A wider range of private equity firms, large technology and healthcare companies are expected to increasingly invest in telehealth after the crisis. As patients have adjusted to this method of receiving healthcare, the demand will only grow stronger and the industry more prevalent, giving way to a new norm for many.

ABOUT THE AUTHOR



Garrett Lipus is a Partner of McDermott + Bull, and a member of the firm's Healthcare Practice. His national practice focuses on serving clients in healthcare services, medical devices, and healthcare technology and his clients range from privately held organizations to public companies and Private Equity firms that have an investment focus in healthcare. Garrett received his BA in business administration from the University of San Diego and was a member of the school's Division I Golf team.

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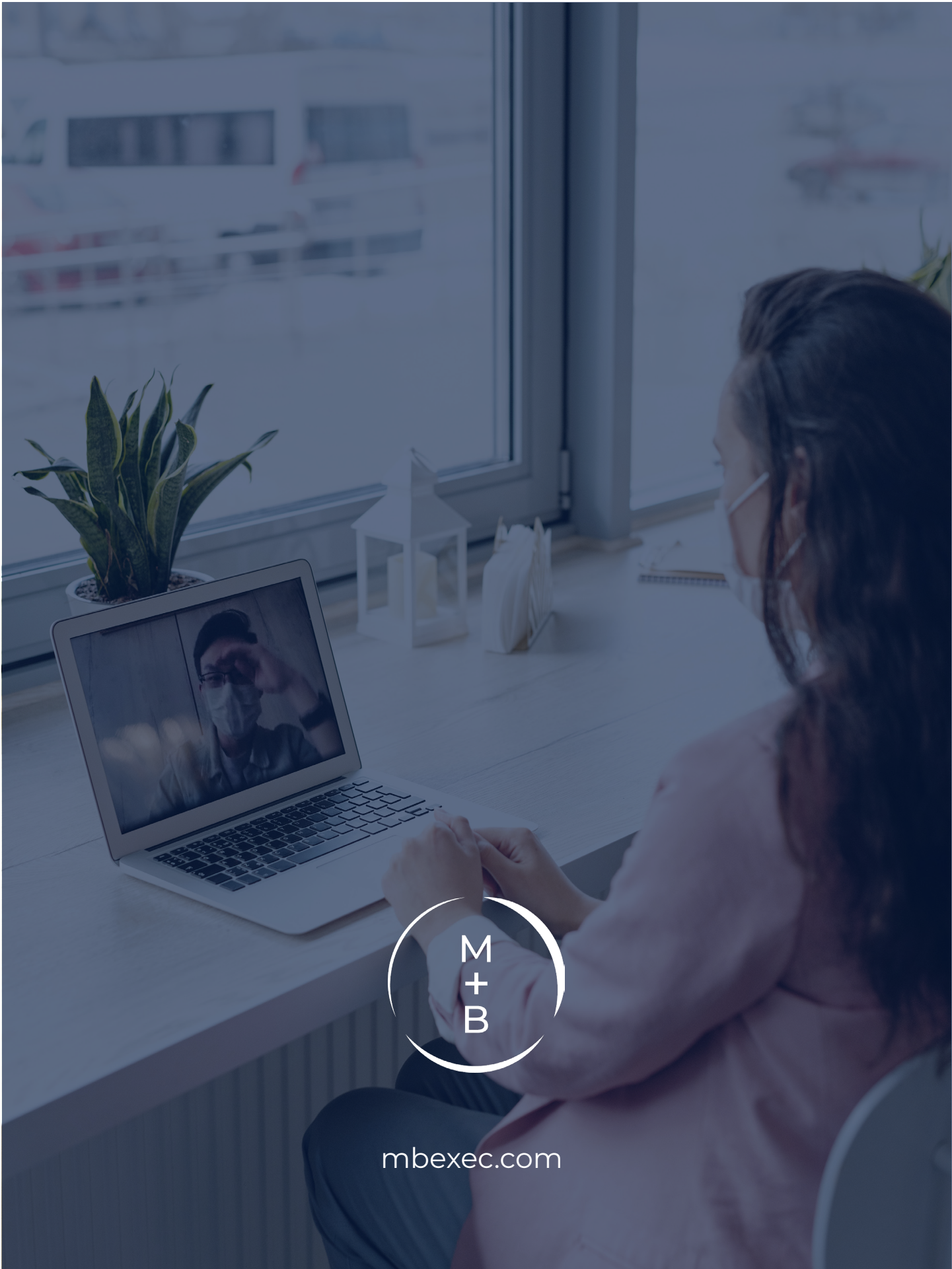
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