

CRAIN'S Health Pulse



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[Home](#) [Today's Pulse](#) [Pulse Extra](#) [Archive](#)

Today's News Thursday, July 03, 2014

Digital Health Funding Trends

New York-area funding for digital health nearly tripled in the first half of 2014 from the year-earlier period, with \$501 million in deals completed, says a new report from StartUp Health. New York had more deal funding than any other metropolitan area in the country except San Francisco. (The Bay Area, though, has the most active venture-capital firms investing in health tech.) Nationwide, the best-funded startups dealt with big data and analytics. That subsector received just over \$1 billion in funding in the first half of 2014; 54% more than in all of 2013. Startups dealing with navigating the care system got \$925 million in funding, 89% more than in all of 2013. The median deal size grew 150%; funding for seed rounds grew 83%.

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FIDA Delayed

For weeks, health care players in New York have fretted over how in the world they could simultaneously implement Medicaid reform through DSRIP, with its tight schedule, as well as the state's ambitious FIDA pilot for dual-eligibles. The answer became clear yesterday when the state Department of Health announced that New York and CMS agreed to push the start date to Jan. 1 because of concerns about the state's readiness to implement the program. On Jan. 16, the state had announced a delay, for six months, in starting enrollment, which was then set for July 1. The new Fully Integrated Dual Advantage plans have complex requirements for insurers, which is why the state and feds "have decided to give the plans three additional months to complete readiness review activities and cure remaining deficiencies before FIDA will begin," according to the announcement. New York City and Nassau County will start FIDA on Jan. 1.

Digital Health Hopefuls

The city's second Pilot Health Tech competition showed the growing influence of wearable tech and intelligent devices, with several projects that aim to improve health care outcomes for people who might not be able to track their own health. Nonnatech, in partnership with senior care provider ElderServe, will use smart-home technology to monitor elderly adults living alone. A series of sensors—bed sensors, chair sensors, toilet sensors—will monitor elders' medication adherence and physiological signs and alert a medical provider of changes, said the startup's chief executive, Gary German. Another startup, Tactonic Technologies, joined the NYU Rusk Center for Rehabilitation for a pilot aimed at determining whether patients are ready to leave the hospital. The idea is to use floor-based sensors for an objective assessment of a patient's gait. By preventing patients from leaving before they are ready, Tactonic hopes to avoid patient falls and readmissions.

Insurers request average 13% rate hikes

The Department of Financial Services released the rates filed by New York insurers for 2015 under the state's prior-approval law. The filings, available here, reflect a weighted average increase of about 13%. DFS can cut the premiums after its review. A summary of the filed 2015 premiums is online here.

What is driving the rates higher this year? In Empire's view, inpatient and outpatient care at hospitals accounts for the largest share—45% to 55%—of the health care premium dollar in the state. That number is on the rise because of "increasing demand for care, rising costs to hospitals of the goods and services needed to provide care, growing intensity of care

needs, and the shifting of costs of Medicaid and Medicare hospital reimbursement reductions to commercial insurers," according to the insurer's rate filing.

Empire also cited the cost of new specialty drugs such as Sovaldi for the treatment of Hepatitis C: \$1,000 per pill and \$84,000 to complete the 84 pill regimen. And then there's the burden of ACA-related taxes and fees. Empire's projections for those are \$48.5 million and \$51.4 million, respectively, for 2014 and 2015.

A quick Crain's analysis suggests that rate increases for individuals are rising more slowly in New York City and Long Island than in other areas of the state. Several insurers proposed premium cuts. They were North Shore-LIJ's CareConnect plan (a 15% drop for small groups); Affinity, Healthfirst, UnitedHealthcare and HealthNow. Insurers have tackled a big challenge in setting rates this year for products sold on the New York State of Health, given they had no information about their new customers' utilization trends.

At A Glance

WHO'S NEWS: Kathleen Carver Cheney was named to the Public Health and Health Planning Council and confirmed by the state Senate. She is a partner at Novack Bumbaum Crystal, a Manhattan law firm.

Michael Balboni is now of counsel at Rivkin Radler. The former state senator and homeland security adviser for New York state is also executive director of the Greater New York Health Care Facilities Association.

EXTRA: Today's issue of Pulse Extra arrives by email at 11 a.m.

SCHEDULE: Pulse will not publish tomorrow, Independence Day.

Pulse Archives

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