

# Optum's telehealth expansion is bad news for Amwell, Teladoc

## Article

**UnitedHealth Group's** health IT arm **Optum** is expanding its virtual care business, Optum Virtual Care, to all 50 US states, [according to](#) its CEO, Andrew Witty. For context, Optum's telehealth offerings include access to specialized virtual care, home care, mental healthcare, and integrated physical care.

**UnitedHealth Group is building up its virtual care services in-house, so it may no longer need may no longer need lean on tie-ups with third-party telehealth vendors:**

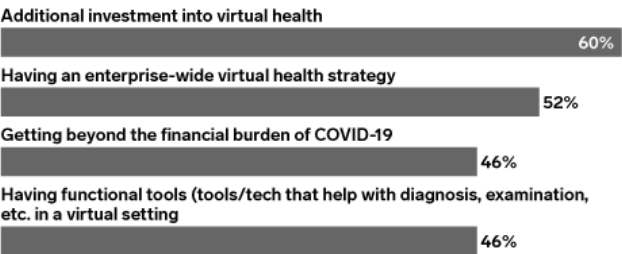
- **Unitedhealthcare (UHC) offers its members access to services from vendors like Teladoc, Amwell, and Doctor on Demand.** In January, UHC **launched** a virtual primary care plan for employers in partnership with Amwell in 11 states including Texas and Washington.
- **But UnitedHealth Group execs say one of the company's strategic goals is to increasingly **leverage** the combined capabilities of its UHC and Optum arms.** That means UHC could now push for its members to use Optum's providers for telehealth visits versus external partners like Doctor on Demand.
- **If telehealth vendors like Teladoc no longer have access to UHC's massive member base, this will likely hurt business.** Payer partnerships are a **major** way telehealth vendors get their virtual care services in the hands of patients, and losing a partnership like UHC's could prove to be a major revenue loss: UHC **provides** benefits for over 50 million members alone.

**And even though health execs are going all in on telehealth, there's still a lot to be done to make virtual care sticky among doctors and patients post-pandemic:**

- **Many providers say telehealth compounds their admin burden—which could dissuade some docs from using the tech once the pandemic is out of the picture.** Over **39%** of providers say virtual care has increased their admin burden, per an October 2020 CoverMyMeds survey. Payer and telehealth execs will need to figure out to better integrate virtual care visits into docs everyday workflows—or **burnt out** docs with piles of paperwork will likely stay away from using it long-term.
- **The cost of telehealth prevents a wider range of consumers from getting on board.** Over 11% of consumers indicate high costs prevent them from accessing virtual care, **per** Rock Health's 2020 Consumer Adoption Report. Payers ececs will have to widen their plans to include low-cost virtual care to reach more consumers, and some payers are already doing just that: For example, low-cost Kaiser Permanente Virtual Forward plan **cost** up to 20% less than traditional plans in the regions they serve.

**US Health Organizations' Top Initiatives to Optimize Adoption of Virtual Health\* According to US Clinical Leaders, Fall 2020**

% of respondents



*Note: n=50; initiatives for year 2021; 76% of respondents were from US health systems with annual revenues above \$1 billion; \*continuous, connected care via digital and telecommunication technologies, includes virtual visits (telephone or video), remote monitoring, asynchronous communication, and clinician or provider-facing solutions such as virtual consults and virtual second opinions*  
*Source: Deloitte, "Virtual Health Accelerated," Feb 18, 2021*

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