

PUBLICATION

Recent HHS Report Provides Insight into Government's View of the Challenges of and Need for Expanded Telemedicine [Ober|Kaler]

2016

The Department of Health and Human Services has issued, at Congress's request, a report on the Department's progress and efforts in the telemedicine arena, which has yet to be fully integrated within the government's health care programs in spite of its recognized benefits with regard to clinical and patient satisfaction. [Report to Congress – E-health and Telemedicine \[PDF\]](#) (August 12, 2016). The report notes that reimbursement and professional practice limitations are some of the key obstacles to further growth, yet seems to convey a positive outlook on the potential for telemedicine and the government's commitment to further expanding its health care programs' offerings

Telemedicine

The terms *telemedicine*, *telehealth*, *m-health* and *e-health* are often used interchangeably. *Telemedicine* is defined by the American Telemedicine Association as “the use of medical information exchanged from one site to another via electronic communications to improve a patient's clinical health status.”¹ *Telehealth* generally has a broader definition to include general health management communications, and *mobile health*, or *mHealth*, and *EHealth* generally refer to electronic platforms such as mobile wellness apps and digital information tools, such as EHRs. Herein, however, *telemedicine* can be regarded as encompassing all such categories.

Telemedicine Benefits

The report supports the position of many telemedicine proponents that the telemedicine delivery model increases access to care, quality of care and health care outcomes, the most common example being patients without access to care, typically due to their geographic locations. Stakeholders and commentators alike agree that such increased access will inevitably increase the quality and outcome of health care services. Interestingly, however, the report highlights the benefit of telemedicine for the chronically ill and the “particular promise” held for chronic disease management, noting that telemedicine may cut down on the frequent clinical visits that this population often requires and “avert costly emergency room visits and hospital stays.” Further, in implementing waivers of Medicare's originating site requirement that allow for increased use of telemedicine in new bundled payment programs, the government's commentary included rationale anticipating not only the potential for improved quality and/or patient satisfaction but for cost savings as well.

Challenges Remain

Despite the significant benefits and their potential rippling effect in the areas of quality improvement and cost containment throughout the entire economy, the report highlights remaining barriers to further expansion of telemedicine and describes actions needed to rise above.

1. Payment/Reimbursement

As all in the telemedicine industry know, the most significant challenge restraining further growth of telemedicine industry is money. Medicare reimbursement includes limitations as to the location of the payment

and the amount of payment available. According to the report, the telemedicine industry generated revenue over \$9 billion in 2013, but Medicare's spend in 2015 was only \$14 million, or .01 percent of its total spending. Only three Medicare Advantage plans have significantly expanded telemedicine reimbursement beyond the Medicare fee for service. On a positive note, 48 state Medicaid programs do offer some benefit and, on the commercial side, 32 states have telemedicine parity laws that require private payors to reimburse telemedicine consultations at the same rate as in-person consultations.

2. Licensure

While key fundamentals of the telemedicine offerings are ease of access and reaching across barriers, the report states that 80 percent of states continue to impose barriers in the form of licensures. While some may view this as a minor administrative hurdle, health care providers required to jump such hurdles consider it a significant burden. A potential answer is model legislation drafted by the Federation of State Medical Boards that enables a streamlined licensure process allowing for physicians to more easily practice in multiple jurisdictions, though still subject to the authority of each state's medical board. To date, only 26 states have introduced the compact, of which only 17 have enacted it.²

3. Hospital Credentialing and Privileging

In response to confusion among hospital parties to telemedicine service arrangements, The Joint Commission and CMS clarified that it is the hospital at which the patient is located which has the ultimate credentialing authority over physicians treating, consulting with or seeing (virtually or otherwise) its patients.³ Despite efficiencies incorporated into federal laws, however, hospitals and other certified or licensed providers engaged in telemedicine would be wise to verify whether additional state law requirements relate to the credentials of their rendering providers.

4. Internet Connectivity

The fourth and final challenge highlighted in the report was the most practical. While Internet connectivity may be taken for granted, the report reminds us that rural areas – the very areas which could benefit most from telemedicine – still have access (infrastructure and financial based) issues. Outreach programs aimed at improving access and subsidizing such costs, such as those sponsored by the FCC and Department of Agriculture, may help to address the issue.

Ongoing Government Telemedicine Efforts

The report summarizes current activities, including grants and investments, by various federal agencies into the research and expanded use of telemedicine services within government programs and service offerings. A cost benefit analysis by AHRQ found that, “almost universally,” patients are pleased with the outcome of their telemedicine visit. The AHRQ overview cited telemedicine's “distinct promise” in behavioral health, dermatology, chronic disease management (as previously mentioned) and physical rehabilitation, as well as the potential for improved access or care in teleradiology, burn care and surgery support.

Looking Forward

Telemedicine's promised potential is exciting for industry stakeholders, although they are understandably cautious due to the struggles to become profitable without government program reimbursement. Stifled growth due to concerns about profitability is the most likely reason that the Department's key recommendation for moving forward involves an expansion of Medicare reimbursement. The recent Medicare Physician Fee Schedule for 2017, issued prior the report's publication, expanded the telemedicine benefit to include ESRD-related services, advanced care consultations (e.g., discussions regarding advance directives) and chronic care consultations for critically ill; however, changes to Medicare's core reimbursement policies (e.g.,

originating site requirements and the amount of reimbursement) are necessary to truly expand reimbursement. Considering that, despite the lack of governmental reimbursement, the telemedicine industry revenue grew 60 percent between 2012 and 2013, and that most commentating on the topic recognize the potential quality and cost-savings related benefits of telemedicine, it is safe to say that the industry would be primed for an even larger surge once the flood gates of Medicare reimbursement are open.

¹ “What is Telemedicine?” American Telemedicine Association.

² While the Report notes only 12 legislatures have enacted the model compact, more recent information from the FSMB reports that 17 state legislatures have done so. <http://licenseportability.org/>.

³ See 42 C.F.R 482.12; 482.22 and TJC Standards LD 04.03.09 and MS 13.01.01.