A Capitol Hill Briefing:
Telehealth—A Digital Communication Approach to Improving Health

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What Is Telehealth?

- Telecommunication technologies connecting the patient with the provider
  - Live two-way interaction between provider and patient
  - Store-and-forward
  - Remote patient monitoring
  - Varies by payer

- Traditional Medicare (Fee-For-Service)
  - Live two-way interaction only
  - Originating and distant site limitations
  - Location limitation
What Is Telehealth? (cont.)

- More flexibility available under other Medicare programs
  - Medicare Next Generation Accountable Care Organization (ACO) initiative
    - Waives originating site restrictions
  - Medicare Advantage Value-Based Insurance Design Model
    - Can use telehealth to meet provider network rules
- State Medicaid Alternative Payment Models
- Commercial insurance
What Are the Goals of Telehealth?

- Improve access
  - Rural areas, specialty shortage
- Improve quality/outcomes
  - Prevent exacerbations of a condition
- Lower costs
  - Prevent expensive emergency room (ER) visits
  - Shift treatment to lower-cost sites of care
How Is Telehealth Currently Used?

- Traditional Medicare
  - According to the Centers for Medicare and Medicaid Services (CMS), 90,000 beneficiaries (0.25%) received telehealth services in 2016

- Medicaid, varies by state

- Large employer
  - Coverage increasing
  - Usage increasing, but still low (<1% of visits)

- Types of visits are covered
  - Radiologists, psychiatrists, cardiologists

- Provider adoption
  - According to the American Medical Association, 15% of physicians worked in practices using telemedicine in 2016
  - Use varies by physician specialty
How Is Telehealth Paid For?

- Varies by state and line of business
- A key question is whether telehealth is a covered benefit
  - Traditional Medicare – coverage only for remote/underserved areas
  - Medicare Advantage – varies by health plan, but generally broader
  - Medicaid – significant variation from state to state
  - Commercial Large Group – plan sponsor decision, but nearly 75% offer coverage, usually broad-based
  - Commercial Small Group and Individual – health plan decision, but less prevalent than large group
How Is Telehealth Paid For? (cont.)

- **If Covered:**
  - Member cost share defined by plan design – usually copay or coinsurance
  - Provider Payment
    - Traditional Medicare – Medicare fee schedule
    - Medicare Advantage and Commercial – defined by contract with health plan
      - Fee for service (using established CPT*-4 codes)
      - Capitation (aka subscription)

- **If Not Covered:**
  - Typically paid fee for service, entirely by patients

*Current Procedural Terminology*
What Are the Effects of Telehealth?

- **Effect on access to care**
  - Positive overall
  - Particularly good in rural/underserved regions

- **Effect on quality and health care outcomes**
  - Indeterminate at present
  - So far, so good

- **Effect on costs**
  - Indeterminate at present
  - Clearly some increase in utilization, possibly offset by unit cost reduction
  - Likely to vary by specialty
What Are the Barriers to Further Adoption?

- Current definition of telehealth under Traditional Medicare
- Insurance coverage and insured awareness
- Licensure requirements
- Prescribing limitations
- Uncertain legal environment
- Other
  - Development costs
  - Unresolved cost-saving questions
Questions?
Additional Information

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