

Telehealth—Considerations for Workers' Compensation Insurers, Employers, and Injured Workers

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Key Points

- The importance of telehealth continues to grow for health care organizations and workers' compensation insurers as policymakers and regulators revise public policies supporting telehealth services.
- The advantages and disadvantages of telehealth vary by state for workers' compensation insurers, injured workers, health care providers, employers, and regulators.
- There is an opportunity for the actuarial profession to perform research and help all parties involved better direct their efforts to help maximize the return on any telehealth initiatives.

Related Academy Publications

- [Telehealth After COVID-19](#); April 2021
- [Telehealth—A Digital Communication Approach to Improving Health](#); September 2019



AMERICAN ACADEMY
of ACTUARIES

1850 M Street NW, Suite 300
Washington, DC 20036
202-223-8196 | www.actuary.org

Craig Hanna, Director of Public Policy
Rich Gibson, Senior Casualty Fellow

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Introduction

The importance of telehealth has grown significantly during the COVID-19 public health emergency. According to the Epic Health Research Network, telehealth experienced a 300-fold increase, with volumes peaking in mid-April 2020 when telehealth visits comprised 69% of total ambulatory visits. By July 2020, telehealth visits declined to 21% of total visits (still much higher than the rates seen before the pandemic, which were less than 0.01%).

The data, which is pooled from 37 health care organizations representing 203 hospitals and 3,513 clinics, also illustrated the variation in the adoption of telehealth across regions, with the Northeast having some of the highest adoption rates and the South having the lowest adoption rates.¹ More recent data from a February 2022 article titled “Outpatient telehealth use soared early in the COVID-19 pandemic but has since receded” shows the share of outpatient telehealth visits has declined from 13% in the March through August 2020 period to 8% in the March through August 2021 period. Although a 5-percentage-point decline, the pre-pandemic share of outpatient telehealth visits was close to 0%.²

According to telehealth.hhs.gov, telehealth—sometimes called telemedicine—lets your doctor provide care for you without an in-person office visit. Telehealth is conducted primarily online with internet access on your computer, tablet, or smartphone. There are several options for telehealth care: talking to your doctor live over the phone or video chat; sending and receiving messages from your doctor using secure messaging, email, and secure file exchange; and using remote patient monitoring so your doctor can check on you at home.

¹ “[Telehealth: Fad or the Future](#)”; Epic Research; Aug. 18, 2020.

² “[Outpatient telehealth use soared early in the COVID-19 pandemic but has since receded](#)”; Peterson-KFF Health System Tracker; Feb. 10, 2022.r

A survey of 2,000 Americans conducted by OnePoll on behalf of Kaiser Permanente showed that 98% of respondents reported using telehealth with a provider since the epidemic began.³ The respondents called out convenience and reduced travel times as some of the key drivers of telehealth adoption.

As statistics show from the National Council on Compensation Insurance (NCCI) medical indicators and trend website, the percentage of workers' compensation claimants using telehealth relative to all active claimants for the third quarter of 2020 varied dramatically across the country, from 2% in Arkansas and Nebraska, to 17% in Hawaii. The percentages also varied significantly by quarter. For example, during the height of the COVID-19 outbreak in the second quarter 2020, Arkansas hit 6%, Nebraska hit 8%, and Hawaii hit 33%.⁴

According to the Workers Compensation Research Institute (WCRI), one of the biggest changes in workers' compensation in 2021 was the expanded use of telemedicine. Before the pandemic, fewer than half the states allowed telemedicine in workers' compensation. WCRI research shows that 25 states either newly added telemedicine or expanded its usage in workers' compensation by the end of 2021.⁵

In this issue brief, the American Academy of Actuaries Workers' Compensation Committee will discuss several considerations for workers' compensation insurers when leveraging telehealth.

Legislative Activity

In recent years, legislative action on telehealth at the federal level has been focused on increasing access for Medicare beneficiaries, waiving certain restrictions regarding e-prescribing, permitting health insurance plans to pay for telehealth services without imposing cost-sharing for individuals enrolled in high-deductible health plans, and other considerations. State-level activity has been focused on provider licensing, interstate medical practice, provider reimbursement, and other issues.

³ ["Rise of telehealth: Remote healthcare here to stay as fearful Americans avoid doctor appointments"](#); Study Finds; Feb. 25, 2021.

⁴ ["Medical Indicators & Trends—Q3 2020 Edition"](#); National Council on Compensation Insurance; March 30, 2021.

⁵ ["Telehealth use among most common cost-containment strategies"](#); *Business Insurance*; March 30, 2021.

Members of the Workers' Compensation Committee, which authored this issue brief, include David Heppen MAAA, FCAS—*Chairperson*; Derek Jones MAAA, FCAS—*Vice Chairperson*; Janejira Aranyawat MAAA, FCAS; Kyle Babirad MAAA, ACAS; Glenn Balling MAAA, ACAS; Kevin Bingham MAAA, ACAS; Anthony Bustillo MAAA, FCAS; Ronald Scott Cederburg MAAA, FCAS; Ann Conway MAAA, FCAS, CERA; Sean Cooper MAAA, FCAS; Stephen Dicenso MAAA, FCAS; Brett Foster MAAA, FSA, FCAS; Dawn Fowle MAAA, FCAS; Solomon Frazier MAAA, FCAS, FSA; Gareth Kennedy MAAA, ACAS; Daniel Alan Linton MAAA, FCAS; Krystal Mathewson Ross MAAA, ACAS; Mary Ann McMahon MAAA, FCAS; Timothy Mosler MAAA, FCAS; John Pedrick MAAA, FCAS; John Pierce MAAA, FCA, FCAS; Mark Priven MAAA, FCAS; Andrew Provines MAAA, FCAS; Arthur Randolph MAAA, FCAS; Charles Romberger MAAA, ACAS; Jeffrey Schmidt MAAA, FCAS; Ronald Schuler MAAA, FCAS; Kathy Thompson MAAA, ACAS; Yoyo Tsai MAAA, FCAS; and Benjamin Turner MAAA, ACAS.

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For more information on federal and state legislative activity, visit The Center for Connected Health Policy (CCHP).⁶

Workers' Compensation Insurer Perspective

For many insurers, the pandemic served as a catalyst to grow the use of telehealth operations. Some insurers have started to change processes to accommodate the injured worker through access to telehealth. While insurers' strategy pertaining to telehealth is still evolving, the key to moving forward will be to identify where telehealth works well and where it does not. For example, telehealth has worked well for triage of an injury and decisions on whether an initial visit is required, whereas it may not work as well in replacing an initial in-person visit for reasons noted below.

Telehealth may result in a faster time to treatment, which may lead to better results and a reduction in the average time to return to work. When telehealth is used for triage to direct the care immediately after an injury, it can materially reduce the number of times that the emergency room is the first visit. There are cost savings to appropriately using the emergency room, as it can be the most expensive site of care. Telehealth can also be helpful with reducing the number of missed appointments and small but frequent costs such as mileage and parking reimbursement for in-person visits.

There are some disadvantages to the use of telehealth, especially for an initial visit. Drug testing is not possible, and its absence could result in an insurer paying for a claim that would otherwise have not been compensable. Under most state laws, an injury attributed to the worker's intoxication is not compensable. It is also more difficult to detect patients making false statements about their injury that could result in payment of a fraudulent claim. There is also risk that the full extent of an injury could be missed. For these reasons, in-person evaluations may be more effective than telehealth. However, telehealth could be used effectively for triage to direct an injured worker to the appropriate medical provider. Telehealth can also be effective for some follow-up visits where the patient's care is progressing (e.g., wound checks, review of labs or MRIs, etc.).

These considerations may lead to telehealth being more favorable for primary insurers than for excess insurers. The primary insurers may benefit from the savings on routine claims when the telehealth claim replaces an in-person visit. Although the excess insurers benefit from a drop in frequency as well, they can end up paying more on the unusual and larger claims where part of the injury was misdiagnosed initially and is more costly as a result.

⁶ [The Center for Connected Health Policy](#)—homepage; accessed July 2022.

Injured Worker Perspective

The preferences of patients, including injured workers, are likely to be the key driver of telehealth growth. Workers have generally become more comfortable with interactive video technology through use of their smartphones and other electronic devices. Workers enjoy the convenience but can also be more demanding of the personalized real-time care that may not be possible with traditional office visits. Increased use of telehealth and necessary technology has made many workers more comfortable with its use going forward. Telehealth also eliminates certain inconveniences like childcare, travel, and wait time. Initial survey results after COVID-19 in 2020 showed a surge in patient satisfaction scores for telehealth services.⁷

After an injury to a worker occurs, it is very important to have that injury evaluated as quickly as possible by a trained medical professional. This is one of the primary benefits that telehealth can offer. Further, during rehabilitation, telehealth can allow a worker's progress to be monitored effectively and conveniently.

Workers who previously had challenges interacting with the workers' compensation system will potentially benefit the most. This includes workers in rural locations who may otherwise had traveled long distances to meet with a qualified physician. Also, telehealth can mitigate language barriers as translators or bilingual physicians can be available. Lastly, injured workers may prefer to be at home vs. a medical office, emergency room, or other care location when there can be significant spread of COVID-19.

Telehealth is unlikely to completely replace the traditional office visit for reasons noted previously. Injured workers may have concerns if they believe they are at risk of not being able to get an in-person visit when they need one. This could lead to some injured workers retaining attorneys specialized in workers' compensation to help preserve this option and that would likely increase overall system costs. A similar situation could arise if patients are unhappy with the physicians in their telehealth visits due to personality mismatches or cultural differences. Finally, some patients may not be comfortable self-reporting vital signs. Others do not have access to the devices, lack sufficient internet bandwidth, or are not comfortable with the technology required for a telehealth visit. It's critical that there remain reasonable care options for these injured workers.

⁷ ["Telehealth Patient Satisfaction Surges During Pandemic but Barriers to Access Persist, J.D. Power Finds"](#); J.D. Power; Oct. 1, 2020.

Provider Perspective

Some physicians and nurse practitioners can be more resistant than other stakeholders to telehealth. Telehealth might provide the health care provider with less information than in-person visits. This makes their decisions more difficult and can expose them to professional liability. Research also shows that 60% of patients and two-thirds of physicians believe virtual health is more convenient than in-person care for patients. However, only 36% of physicians find it more convenient for themselves.⁸

There are also financial considerations, where the issue of reimbursement will continue to come up between providers and payors. There is logic that less is done with less overhead costs during a telehealth visit, and that it should therefore cost less than an in-person visit. However, doctors currently providing in-person care only may view telehealth as a deviation from their practice patterns. To compensate for increased technology costs to facilitate telehealth, they may seek higher reimbursement. It is likely that trends in future use of telehealth will at least partially be influenced by how greatly doctors can be incentivized to adopt it.

Physicians may find that adoption of telehealth is a key to growing their practice and failure to adopt limits the practice growth. Currently, while there have been some changes in office-based care, the model is still primarily geared toward in-person care. A majority of patients grew up with it and will, at a minimum, tolerate it because it's familiar to them. However, millennials and younger generations are not as familiar with the current system and may be more open to using telehealth as an option. This could lead to a gradual switch away from office-based care as physicians recognize telehealth presents a way to grow their practice as a growing percentage of younger patients require such a change.

Regulatory and Legal Perspective

Workers' compensation is relatively small compared to all health care costs, representing less than 3% of the total national health expenditures calculated by the CDC.⁹ Telehealth practices adopted for the large health care programs such as Medicare and Medicaid are likely to have a significant influence on telehealth practices for workers' compensation. During the pandemic, the U.S. Department of Health & Human Services (HHS) issued rules aimed at increasing access to telehealth services, including waiving of the requirement for an established prior relationship before telehealth visits, waiving of penalties for certain Health Insurance Portability and Accountability Act (HIPAA) violations arising from telehealth visits, reimbursing at a rate comparable to in-person visits, and providing access to telephone-only care. It is unclear to what extent these rules will continue as the pandemic subsides.

⁸ "Patients love telehealth—physicians are not so sure"; McKinsey & Company; Feb. 22, 2022.

⁹ "Health Expenditures"; National Center for Health Statistics; Center for Disease Control and Prevention; May 7, 2021.

At the state level, another potential hurdle is the differences in laws across states regarding the licensing of physicians, privacy policies, and prescribing guidelines. Without overcoming these challenges, a patient's options for their telehealth doctor are limited to only those who are licensed in the same state.

Employer Perspective

Many of the items mentioned in the “Insurer Perspective” section will serve to reduce costs. That will directly benefit the employer as the reduction in medical and indemnity payments could drive lower rates or a smaller experience modification factor (i.e., lower workers' compensation premiums).

Employers that pay a deductible or self-insure may realize the benefits even earlier. Further, self-insuring employers have an opportunity to promote the telehealth tools internally and develop a physician network with extensive experience in treating the company's most common injuries. An example of an effective telehealth program was documented in the article “Why Employers Looking to Effectively Implement Telemedicine into Their Workers' Compensation Program Could Take a Page Out of Starbucks' Book.”¹⁰ The article shares how Starbucks has leveraged telemedicine to deliver prompt and appropriate care to their injured workers.

There are also indirect financial benefits—injured workers will spend less time away from work traveling to and from doctor visits (as will the co-worker who often accompanies the injured worker to the emergency room). Instead, it may require only a few minutes from work for the telehealth visit. However, this does create a responsibility for the employer to provide a location for the telehealth visit that ensures privacy.

Finally, there are likely to be nonfinancial benefits to the employers due to the injured worker's increased satisfaction with the process. With increased job satisfaction, an employer could have longer job tenure of its employees.

Considerations by Injury Type

For workers' compensation claims, there are several considerations for the types of injuries that are most appropriate for using telehealth. Each of these considerations has an effect on the severity, delay in treatment, and length of treatment an injured worker will receive. These all affect an actuary's work.

¹⁰ “[Why Employers Looking to Effectively Implement Telemedicine into Their Workers' Comp Program Could Take a Page Out of Starbucks' Book](#)”; *Risk & Insurance*; Nov. 30, 2020.

If the type of injury can be characterized as a non-catastrophic injury, the claim will likely be a strong candidate for telehealth. In particular, the types of injuries where a hands-on approach from the medical professional is not necessarily needed are often the best suited for evaluation through telehealth.

Broadly speaking, musculoskeletal injuries from workplace injuries are a common type of injuries that can involve telehealth; i.e., those that affect the muscles, bones, joints, ligaments, tendons, or other connective tissues. Some of the most familiar type of injuries in this realm are back strains and sprains, neck strains and sprains, and tendinitis and carpal tunnel syndrome from repetitive use. For telehealth, typically only grade I injuries are appropriate (e.g., stretched ligament in the knee); grade II (e.g., partially torn ligament in the knee) and grade III injuries (e.g., completely torn ligament in the knee) are more catastrophic in nature and likely require in-person diagnosis.

The mechanism of the injury is critical for assessing whether telehealth is an option; e.g., whether diagnosis can be made by visible symptoms, telehealth can be used. The types of injuries that may fall in this category are first-degree burns, contusions, abrasions, lacerations, and rashes. This is mainly due to the visible nature of the injuries.

Another consideration is whether the type of injury needs rechecks or involves postoperative checks. This includes looking at contusions and abrasions, review of labs results or magnetic resonance imaging (MRIs), physical therapy, and wounds not needing sutures. For example, telehealth is useful for workers' compensation cases that are progressing and for which laterality can be used to measure the injury relative to the same body part (e.g., left hand versus right hand). In addition, range-of-motion exercises and strength tests are viable check-ins for health care professionals easily performed via telehealth.

Also consider that those injuries where in-person contact with others is not wanted are prime examples of those that are best addressed by telehealth. For example, claims from bloodborne pathogen (BBP) exposures may be handled best without direct contact with the injured worker. Mostly found in the health care industries, these are injuries from accidental needle sticks or coming in contact with blood. Using telehealth may make handling these types of claims quicker and less costly.

Lastly, telehealth can be effective for workers' compensation cases that involve non-physical injuries such as mental and behavioral health claims. As this type of injury is increasing in workplace environments—especially during the pandemic and in the post-pandemic world—the opportunity to utilize telehealth for diagnosis and care is crucial.

Considerations by Physician Specialty

Many of the previously held assumptions about the largest users of telehealth (e.g., emergency medicine, pathology, radiology) and other demographic variables such as physician age and location were tested during 2020.¹¹ Some proved to be accurate, others less so, and this experience may impact the adoption of telehealth by specialty prospectively. Not surprisingly, specialties like radiology (e.g., interpreting of images off-site) and psychiatry (e.g., individual therapy, group therapy, family therapy) were and continue to be two of the more common applications of telehealth, with pandemic-induced mental health issues increasing the demand for remote psychiatric and other services. Not surprisingly, infectious disease telehealth visits increased during 2020. The other significant growth area in telehealth in 2020 was in specialties such as endocrinology and rheumatology, where much of the practice is focused on managing chronic conditions such as diabetes and arthritis. Telehealth provides benefits for both the providers and these types of patients including, but not limited to lower cost and better continuity of care. Not surprisingly, the specialties least impacted by telehealth currently have historically required more direct patient contact—for example surgery and anesthesiology. NCCI data through Q3 2021 shows a similar impact of telehealth—sharp surges in usage of telehealth subsequent to the inception of the pandemic, with a concentration of payments and visits in evaluation and management services.¹²

This decline in usage of telehealth continued in 2021 with the reopening of doctors' offices and hospitals along with the impact of vaccination efforts. That said, there will likely be an expansion of telehealth services in areas such as chronic care management, behavioral care, and urgent care.

Other Considerations

A successful telehealth program needs to be tailored to meet the specific needs of an employer or specific occupation. An employer must closely monitor the types of injuries that are occurring in the workplace with regularity. Each occupation is subject to a different frequency of injury types; those must be reviewed, and a telehealth program can be customized to meet the needs of the employer/occupation. Once the custom program is designed, specific guidelines and employee buy-in are needed to make the program successful. As noted previously, telehealth can be successful in controlling costs except for initial evaluations. Employees must be comfortable with the design of the program, and the employer/occupation must be continually monitored to make any necessary adjustments observed for the program to continue to be successful.

¹¹ [“The Use Of Telemedicine By Physicians: Still The Exception Rather Than The Rule”](#); *Health Affairs*; December 2018.

¹² [“Medical Indicators & Trends”—Q3 2021 Edition](#); National Council on Compensation Insurance; April 14, 2022.

Telehealth fraud is real and is something everyone should be concerned about because fraud leads to increased costs overall and increased premiums.¹³ There have been cases noted on the misuses of telehealth against Medicare, which can easily occur in the workers' compensation industry. An employer/insurer must always be on the lookout for possible fraudulent health care billing schemes. For example, a health care practitioner may have 5-minute calls to determine whether an employee is injured and bill for an hour. Injured workers may be referred to the same physical therapist, which may lead to fraudulent billing schemes. As telehealth grows for workers' compensation, employers and insurers must continue to look for potential abuses of the system.

Conclusion

The adoption of telehealth in workers' compensation will continue to evolve as state and federal legislation supporting telehealth passes, and as workers' compensation insurers, health care providers, and injured workers become more comfortable with the benefits of using the technology.

As the COVID-19 pandemic ends, it will also be important for actuaries to research data being captured on telehealth to better understand its impact on claims frequency, claims severity, adoption rates, treatment lags, and more. As actuaries learn where telehealth is most effective (and where it may not be), they can also help insurers and health care providers better direct their efforts to prudently incorporate telehealth into their workers' compensation strategy.

¹³ ["Telehealth: The Latest Front in Fraud, Waste, and Abuse"](#); LMI; Feb. 10, 2022.

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