Telehealth services and the Medicare program

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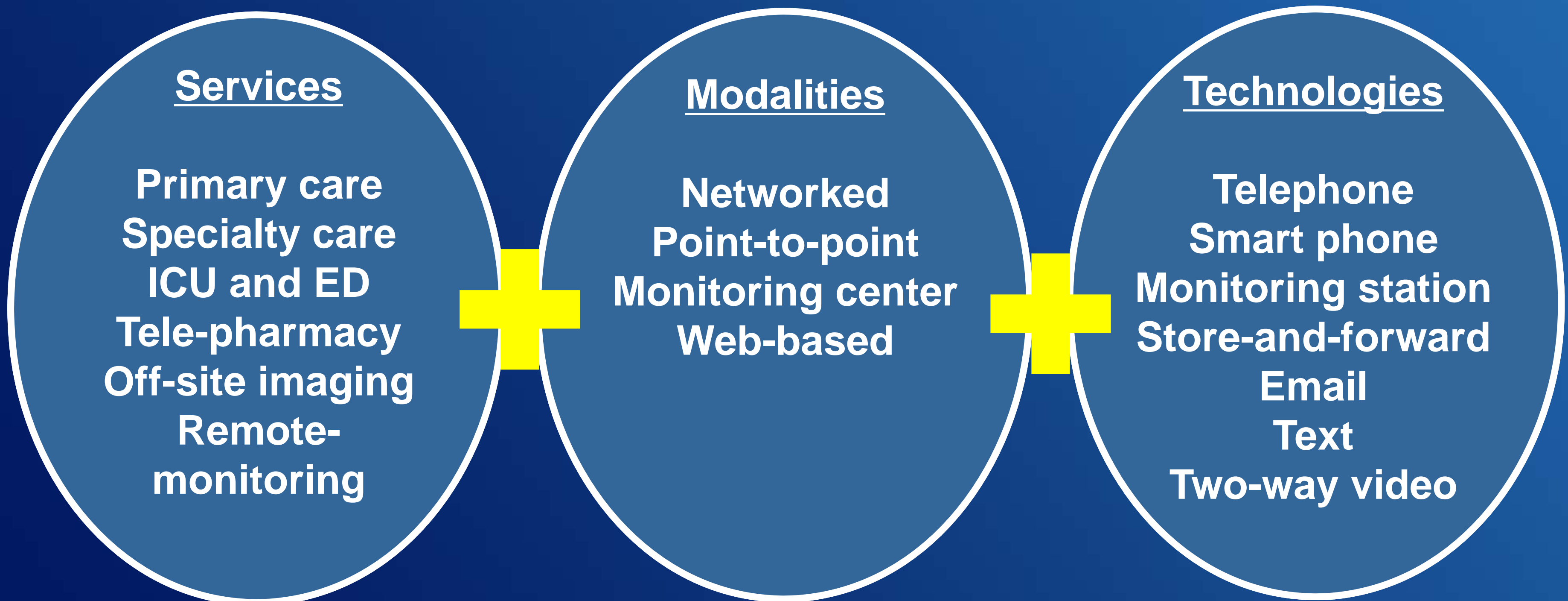
Presentation outline

- Definition of telehealth services
- Telehealth services under Medicare
- Telehealth services in the non-Medicare setting
- Barriers to expansion
- Evidence of efficacy of telehealth services
  - Access and convenience
  - Quality and outcomes
  - Costs
- Questions to consider in planning additional analysis

Telehealth services are a multi-dimensional group of services

American Telemedicine Association definition: The use of medical information exchanged from one site to another via electronic communications to improve the patient's clinical health.



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Source: MedPAC and the American Telemedicine Association

Medicare coverage of telehealth services

- Limited set of telehealth services are covered under the fee schedule for physicians and other health professionals
  - Originating sites: Physician offices and facilities in rural locations
  - Distant sites: clinicians in any location
  - Payment: originating site = $25, distant site = 100% of fee schedule
  - Modalities: two-way video, and store-and-forward in isolated areas
  - Services such as E&M, kidney disease, behavioral health, substance abuse, nutrition, and pharmacy management
- Medicare Advantage plans may provide telehealth
- Several demonstration projects and considered for ACOs

Medicare use of telehealth services

- Low level of use in 2014
  - 68,000 beneficiaries (0.2 percent of Part B beneficiaries)
  - 175,000 distant site visits
- Rapid growth from 2008 to 2014
  - >550 percent increase in distant site visits (0.81 to 5.23 visits per 1,000 Part B beneficiaries)
- Spending was $14 million in 2014

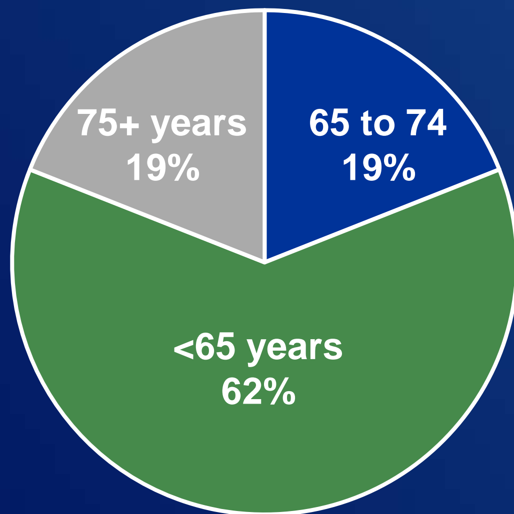
Characteristics of Medicare telehealth visits in 2014

- Most common types of services: E&M (66 percent), psychiatric (19 percent), hospital consultation (8 percent).
- Most common types of facilities:
  - Originating sites: Physician offices (97 percent), health centers (3 percent)
  - Distant sites: Clinicians in physician offices (62 percent), hospitals (14 percent), health centers (13 percent), nursing facilities (6 percent), and psychiatric hospitals (3 percent)
- Most common types of clinicians: Physicians (65 percent), NPs (18 percent), psychologists (7 percent)
- Most common locations:
  - Texas (15 percent), Missouri (7 percent), and Iowa (7 percent)
  - Recent growth in Georgia, North Carolina, and Virginia

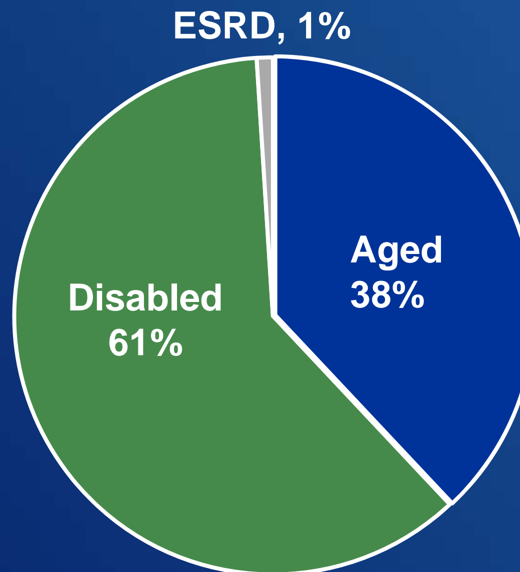
Note: E&M (evaluation and management), NP (nurse practitioner). Preliminary and subject to change.
Source: Medicare analysis of Medicare claims data

Beneficiaries using telehealth services were younger, disabled, and both rural and urban (2014)

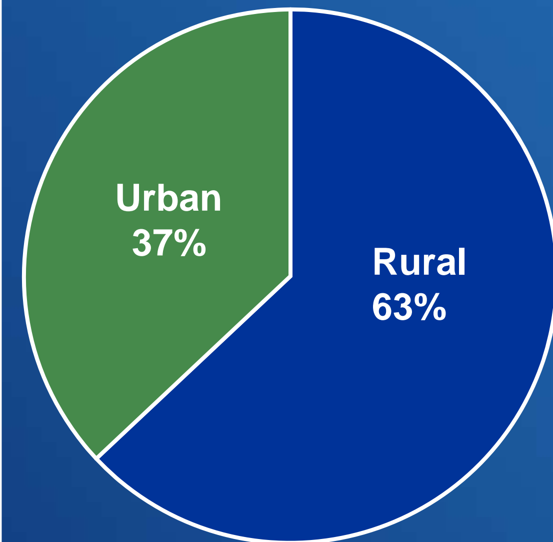
62 percent of beneficiaries under age 65



61 percent of beneficiaries were disabled



63 percent of beneficiaries reside in rural locations



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Source: Medicare Carrier file claims data, 2014

Preliminary and subject to change

Telehealth services in the non-Medicare setting

- Several private insurers offering telehealth services to their members, but with high cost sharing
- Large employers offering telehealth services to their employees
- Department of Veterans' Affairs provided 690,000 enrollees with telehealth services in 2014 (7.6 percent of VA enrollees)
- The number of telehealth technology vendors is growing rapidly

Barriers to telehealth expansion reported by non-Medicare payers

- State-level medical licensure of practitioners
  - Clinicians must be licensed in every state in which they intend to practice
- Training clinicians to use telehealth technology
  - Training on technology and data management poses a significant challenge
  - Increased spending on training programs for all clinicians
- Lack of broadband access in isolated rural locations
  - The Federal Communications Commission (FCC) reported that as of December 31, 2013, 55 million Americans lacked high-speed internet broadband services
  - Some health care providers are installing broadband lines at their clinics

Evidence of efficacy of telehealth services is mixed

- Impact on access and convenience
  - Telehealth expands reach of health systems in rural areas
  - Telehealth can provide access for isolated chronically ill patients
  - Patients are able to use telehealth without leaving work

Evidence of efficacy of telehealth services is mixed, continued

- Impact on quality of care and outcomes:
  - Improvements in mortality rates for patients with congestive heart failure using telemonitoring (Baker 2011)
  - Mortality rates for older patients with multiple health conditions receiving telemonitoring were higher than the control group (Takahashi 2012)
- Impact on reduced costs:
  - Telemonitoring resulted in spending reductions of approximately 8% to 13% per beneficiary (Baker 2011)
  - Several studies found no change in hospital admissions and days in the hospital as a result of telehealth

Summary

- Medicare covers a limited set of telehealth services initiated by certain rural providers
- Medicare utilization is low, but has grown rapidly
- Disabled and young beneficiaries are the most common users
- Employers and private payers offer telehealth often with higher cost-sharing
- VA uses telehealth more widely
- Evidence of the efficacy of telehealth is mixed

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Questions to guide future analysis

- What are the Commission's goals?
  - Expand access and convenience
  - Improve the quality of care and patient outcomes
  - Reduce costs
- Has enough evidence been developed demonstrating that telehealth services achieve our goals?
- Is there evidence that specific services could be expanded (e.g., urban, home, tele-monitoring)?
- Should telehealth service substitute for or supplement existing services?
- Contingent to answers to these questions, what is the best way to pay for telehealth services (e.g., FFS or per member per month, bundling, and ACO)?