Telehealth services and the Medicare program

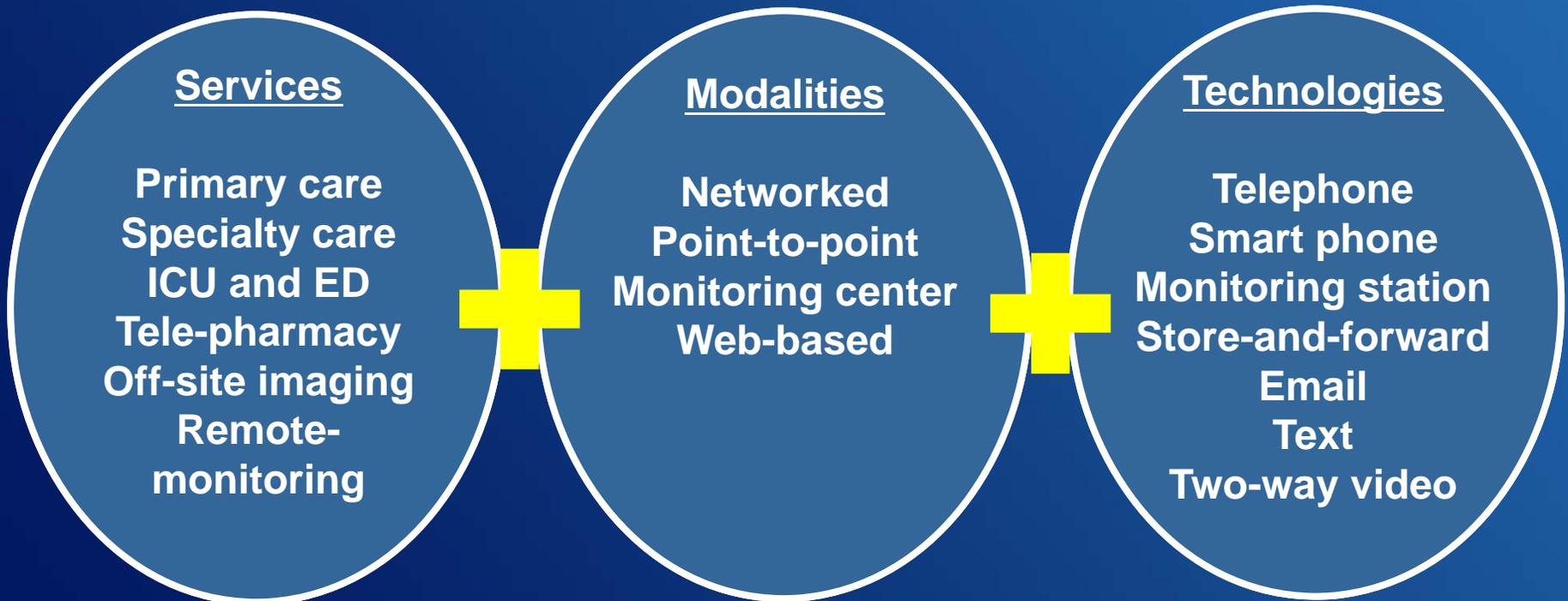Zach Gaumer, Amy Phillips, Ariel Winter, and Jeff Stensland

November 5, 2015

MEDPAC

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

MEDPAC

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.

Services

**Primary care
Specialty care
ICU and ED
Tele-pharmacy
Off-site imaging
Remote-monitoring**

Modalities

**Networked
Point-to-point
Monitoring center
Web-based**

Technologies

**Telephone
Smart phone
Monitoring station
Store-and-forward
Email
Text
Two-way video**

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

MEDPAC

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

MEDPAC

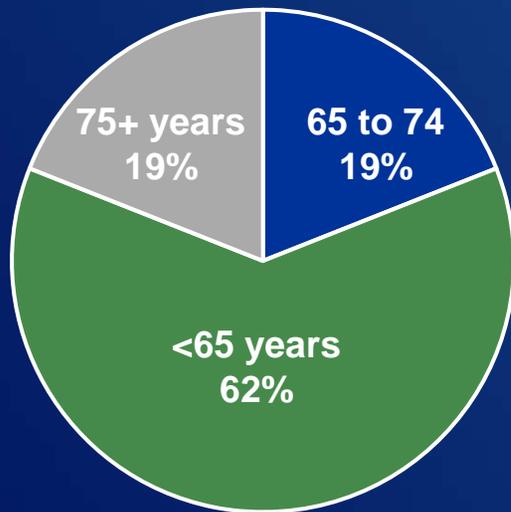# Characteristics of Medicare telehealth visits in 2014

- 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.
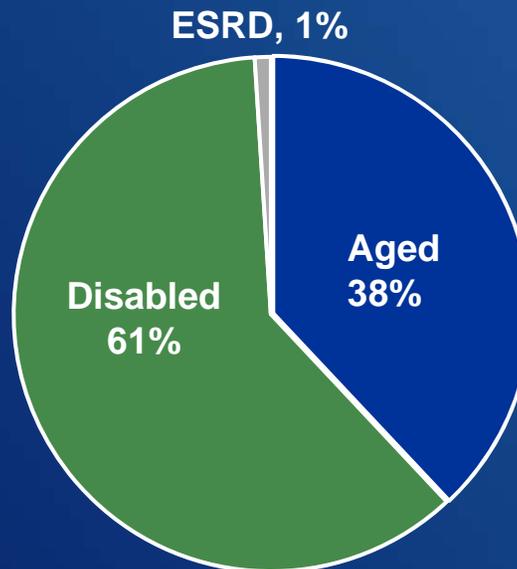Source: Medicare analysis of Medicare claims data

MEDPAC

6

Beneficiaries using telehealth services were younger, disabled, and both rural and urban (2014)
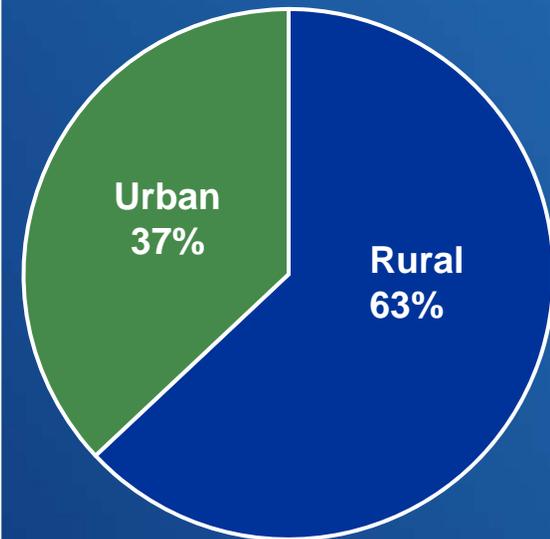
62 percent of beneficiaries under age 65

- 75+ years 19%
- 65 to 74 19%
- <65 years 62%

61 percent of beneficiaries were disabled

- ESRD, 1%
- Aged 38%
- Disabled 61%

63 percent of beneficiaries reside in rural locations

- Urban 37%
- Rural 63%

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

MEDPAC

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

MEDPAC

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

MEDPAC

10

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

MEDPAC

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

MEDPAC

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)?

MEDPAC