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.

Sources: 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

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
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)?