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**DIGITAL HEALTH
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WHAT YOU DON'T KNOW
YOU DON'T KNOW

Dollars & Cents: Medicare, Medicaid & Private Pay Telehealth Reimbursement

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WHAT YOU DON'T
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US Healthcare System (JAMA Study)

- 18% of GDP on health care
- \$9,400 per capita spending
 - Double other developed countries
- Higher costs for:
 - Drugs
 - \$1,443 per capita
 - \$750 avg. per capita (other countries)
 - Providers
 - Avg. salary for US PCP \$218K (\$87K in Sweden; \$154K in Germany)
 - Hospital services
 - Diagnostic tests
 - \$1,145 for MRI in US (\$350 in Australia and \$461 in the Netherlands)

Source: <https://jamanetwork.com/journals/jama/article-abstract/2674671?redirect=true>

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Overview – Some Numbers

Medicare

- 57 million beneficiaries

Medicaid/CHIP

- 74 million beneficiaries

Dual-Eligibles

- 12 million

Tricare

- 9.5 million beneficiaries

Private Payers

- 65% of those under 65 have private insurance
- 55% employer-based insurance

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Medicare by the Numbers

Medicare

- 33% 75 and over
- 16% under 65
- 66% have two or more chronic conditions
 - 30% have five or more
- 81 million beneficiaries by 2030

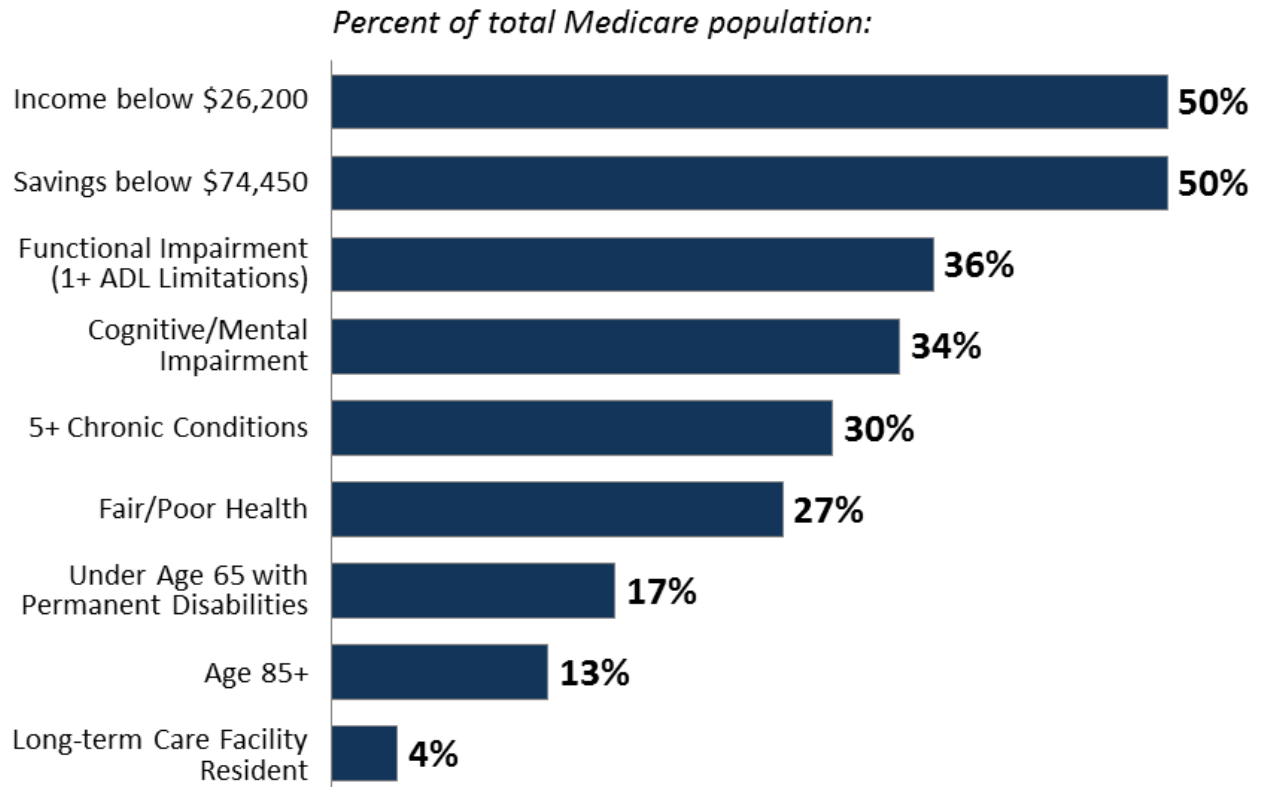
About to age into Medicare

- 50 percent less likely to smoke
- 55 percent higher prevalence of diabetes
- 9 percent lower prevalence of very good or excellent health status

Medicare Demographics

Figure 1

Characteristics of the Medicare Population



NOTE: ADL is activity of daily living.

SOURCE: Kaiser Family Foundation analysis of the Centers for Medicare & Medicaid Services Medicare Current Beneficiary 2013 Cost and Use file; Urban Institute/Kaiser Family Foundation analysis of DYNASIM data, 2017 (for income and savings).

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Medicaid Demographics

61% have
at least
one
chronic or
disabling
condition

About
45% of
enrollees
are
children

20% of
enrollees have
a behavioral
health
diagnosis

- Largest payer for behavioral health services

About half
of enrollees
go to
practices
with 3 or
fewer
providers

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Insurance Truisms

All payers cover delivery of health care services subject to certain criteria

Many payers cover medical equipment

- Medicare & Medicaid provide more robust coverage
- Private payers have reduced coverage

New technology/devices

- Public payers more cautious
- Private payers tend to follow Medicare

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Medicare Overview

Last meaningful expansion in 2001

Mostly for rural beneficiaries

Limited number of services covered

Live interactive audio/video (no coverage for asynchronous, store-and-forward communication in most cases)

\$29 million paid out for telehealth services (2016)

- \$615 billion paid out for all Medicare programs/services

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Medicare Telehealth Stats

108,000
beneficiaries
accounted for
over 300,000
telehealth
visits

- 56% of users under 65
- 62% dually eligible (Medicare/Medicaid)
- 10% of users accounted for almost half of all telehealth services

Most
common
types of
service:

- Physician office services (E&M)
- Mental health services
- Telestroke

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Medicare Definition

Interactive audio and video telecommunications system that permits real-time communication between beneficiary and distant site provider

Asynchronous “store and forward” technology is permitted only in Federal telemedicine demonstration programs in Alaska or Hawaii

Medicare Coverage for Professional Fees

Beneficiary must present in an "originating site" located in:

Rural HPSA located outside an MSA or in a rural census tract; or

County outside of a Metropolitan Statistical Area;

Beneficiary can also present at an entity participating in a federal telemedicine demonstration project in Alaska and Hawaii

Demonstration projects can use asynchronous communication

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Medicare Coverage for Professional Fees

Physician's office	Critical access hospital
Hospital	Skilled nursing facility
Hospital-based/critical access hospital-based renal dialysis center	Rural health clinic
Federally Qualified Health Center	Community mental health center

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Medicare Coverage for Professional Fees

Physician	Nurse midwife
Clinical psychologist	Clinical social worker
Registered dietitian or nutritional professional	Physician assistant
Clinical nurse specialist	Nurse practitioner

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Medicare Coverage for Professional Fees

Only
certain
CPT
codes
are
covered

- ESRD related services
- Individual and group kidney disease education
- Smoking cessation
- Individual psychotherapy
- Psychiatric diagnostic interview examination
- Depression screening
- High-intensity behavioral counseling to prevent sexually transmitted infection
- Intensive behavioral therapy for cardiovascular disease
- Annual wellness visit

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Medicare Coverage for Facility Fees

Originating sites are paid an originating site facility fee for telehealth services

Separately billable Part B payment

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Opportunities for Medicare Telehealth Expansion

Bipartisan Budget Act

- Stroke
- Dialysis
- Medicare Advantage
- ACO
- RPM

Innovative Payment Models

CMMI

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Issues Impacting Medicare Telehealth Expansion

HHS not
persuaded by
clinical
efficacy of
telehealth for
many
indications

Bias towards
keeping
telehealth
benefit only
available for
rural
beneficiaries

Fear of
increased
costs to
Medicare
program with
expansion of
telehealth
benefit

Privacy and
security
concerns

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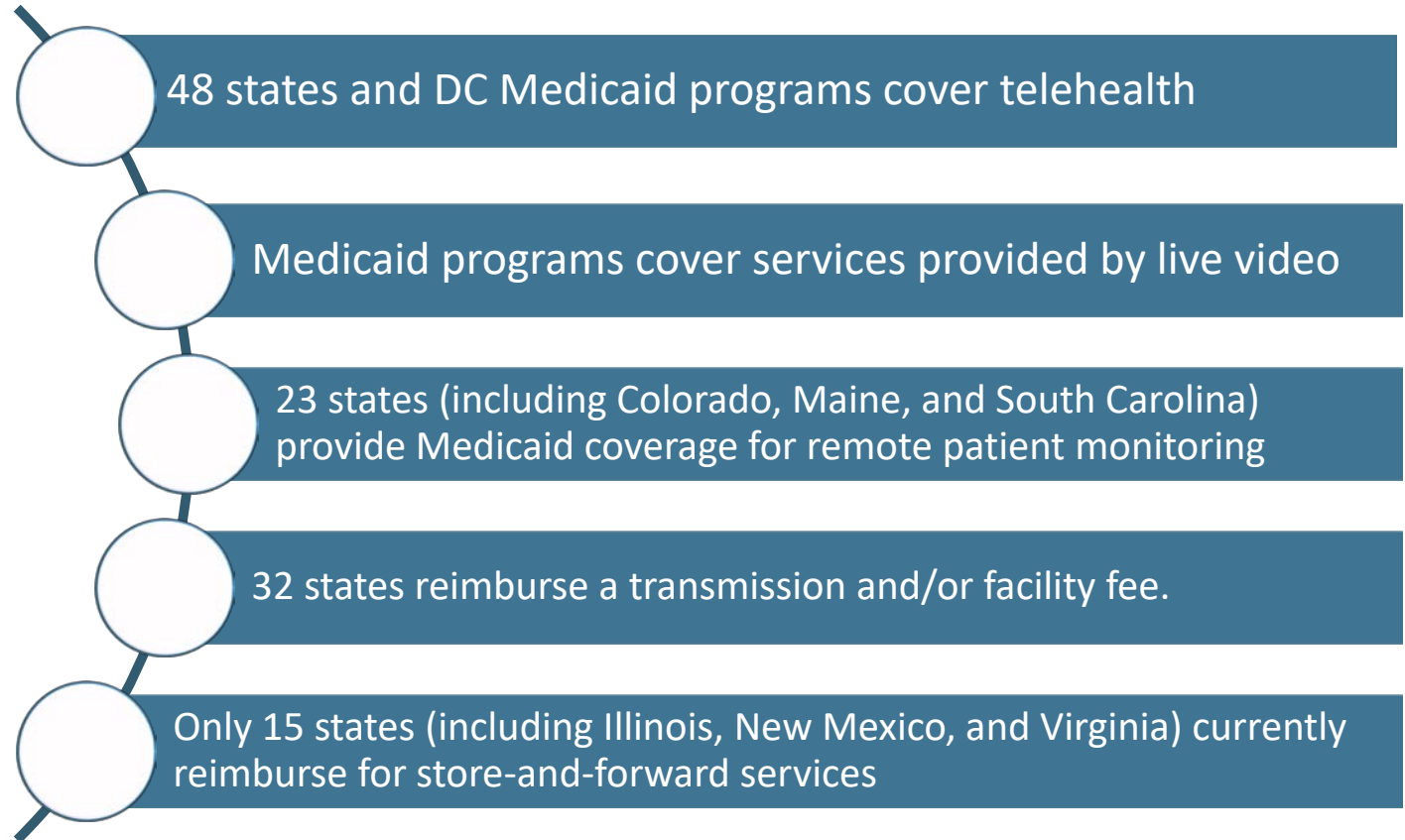
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Medicaid Overview

Per Center for Connected Health Policy:



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Coverage and Reimbursement – Medicaid

States have the option/flexibility to determine whether to cover telemedicine services and what types of services to cover



States not required to submit a separate SPA for coverage of or reimb. for telemedicine services



States are responsible for ensuring access and covering face-to-face visits/examinations by “recognized” practitioners/providers in those parts of the state where telemedicine services are not available

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Medicaid Managed Care

In 2014, the OIG issued a report evaluating the adequacy of access to care for enrollees in managed care

The Report found:

- 35% of providers were not located at the location listed on the plan
- 8% of providers were at the location but were not participating in the plan
- 8% of providers were not accepting new patients
- Primary care providers were less likely to offer appointments than specialists
- Specialists tend to have longer waits
- Median wait time, among providers who offered appointments: 2 weeks
 - Over ¼ of providers had wait times of more than 1 month
 - 10 % of providers had wait times of longer than 2 months

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Medicaid Managed Care

Federal regulations (April 2016)
overhauled Medicaid managed
care requirements

States required to develop and
make publicly available time and
distance network adequacy
standards for primary care and
several specialties, behavioral,
dental, hospital care

Factors states to consider: the
use of telemedicine, e-visits,
and/or other evolving and
innovative technological
solutions

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PRIVATE PAYERS

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Coverage and Reimbursement – Private Payers

Many leading private insurers provide coverage and reimbursement for telemedicine services, although these policies vary

- Private pay “pioneers” include:
 - Blue Cross Blue Shield
 - CIGNA
 - United Healthcare

A growing number of states (about 35 states/DC) have enacted “parity” laws

- Generally require health insurers to cover and provide reimbursement for services provided via telemedicine “in a comparable manner” to how the payer would for the same services provided in-person

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Parity Law Report—CCHP

Inclusion/exclusion of certain language may create barriers to telehealth utilization by allowing payers to limit the types of services that may be reimbursed

Few states have laws that explicitly require payment parity

Live video is the modality most often referenced in the parity statutory definition of telehealth

Only 4 states and the District of Columbia include a site limitation in their parity laws

Parity laws usually do not include explicit exclusions regarding types of services, types of providers, and geographic locations