

HIT News

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Telemedicine: An Interactive Approach to Healthcare in the Wake of Healthcare Reform

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As healthcare providers evaluate many of the new strategies for hospital/physician alignment and provider reimbursement as part of efforts to accomplish healthcare reform initiatives of improved access and affordability, the focus on patient technological capabilities is moving to the forefront. The expanded deployment of telecommunications and remote diagnostic technology, due in large part to the greater accessibility and affordability of such technology for patients and healthcare providers alike, have created more options for how individuals can receive healthcare. Traditionally, the only options available to a patient for the treatment of an illness were either a trip to the emergency room or an in-office visit with a healthcare provider. With the expansion of telemedicine, patients now have a more cost-effective alternative to the traditional face-to-face approach to receiving medical care.

Telemedicine seeks to improve a patient's health by providing two-way, real-time interactive communication between the patient and a physician at a distant site.¹ As the number of newly insured Americans is predicted to increase as a result of the passage of the Affordable Care Act (ACA),² so will the demand for available physicians and other healthcare providers. The use of telemedicine and other innovative healthcare technology will be essential to expanding access to healthcare providers, while lessening the dependence on traditional in-person methods of receiving medical treatment.

The popularity of telemedicine only grows as more patients opt for the ease and convenience of receiving medical care via video conference, mobile phone, or online, as opposed to traveling long distances or enduring long wait times in a physician's office.³ While accessibility to physicians and lower healthcare costs make telemedicine attractive to many patients, there are also several advantages for healthcare practitioners.⁴ For example, overburdened hospital radiology departments use telecommunications and picture archiving technology to send X-rays to remote radiologists after hours. Rural clinics use video conferencing to connect a patient with

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—from a declaration of the American Bar Association

a specialist in a distant town.⁵ Physicians are also using telemedicine technology to continuously track and monitor chronically ill patients in real time, adjust medications, and amend treatment plans without requiring the patient to come into the office.⁶

The results of a recent study predicting that spending on health information technology and healthcare telecommunications will increase to \$14.4 billion over the next five years⁷ suggests that telemedicine will continue to play an important role in the future of the healthcare industry, especially as patients increasingly rely on telecommunication technology to interact with their providers.⁸

Medicare Coverage of Telehealth Services

In response to this surge in health telecommunication technology, the Centers for Medicare & Medicaid Services (CMS) is extending Medicare coverage to additional telehealth services in the Medicare Physician Fee Schedule for the 2013 calendar year.⁹

Currently, Medicare telehealth services may be furnished to an eligible Medicare beneficiary notwithstanding the fact that the healthcare practitioner providing the telehealth services is not located in the same area as the beneficiary.¹⁰ As a condition of payment, telehealth services must be provided through an interactive audio and video telecommunications system that provides for real-time communication between the eligible beneficiary, at the originating site, and the practitioner, at the distant site. Medicare reimbursement for asynchronous “store and forward” technology, such as email, is only permissible for use in the federal telehealth demonstration programs conducted in Alaska and Hawaii.¹¹

CMS defines an “eligible telehealth beneficiary” as an individual enrolled under Medicare Part B, who receives telehealth services furnished at an originating site.¹² Typically, originating sites must be located in a rural health professional shortage area or in a county outside of a metropolitan statistical area and may be physicians’ offices, hospitals, skilled nursing facilities, or federally qualified health centers.¹³ Practitioners at the distant site who may furnish and receive reimbursement from Medicare for covered telehealth services include physicians, nurse practitioners, physician assistants, nurse midwives, and clinical nurse specialists.¹⁴

Currently, Medicare provides coverage for numerous telehealth services including initial and follow-up inpatient consultations, outpatient visits, pharmacologic management, diabetes self-management training, psychiatric diagnostic examinations, kidney disease education, and medical nutrition therapy.¹⁵ CMS has expanded the current list of telehealth services by extending Medicare coverage to the following Healthcare Common Procedure Coding System (HCPCS) codes in the 2013 calendar year:

- G0396 and G0397—Alcohol and/or substance abuse (other than tobacco) structured assessment, brief intervention (fifteen to thirty minutes), and other intervention (more than thirty minutes);
- G0442—Annual alcohol misuse screening (fifteen minutes);
- G0443—Brief face-to-face behavioral counseling for alcohol misuse (fifteen minutes);
- G0444—Annual screening for depression (fifteen minutes);
- G0445—High-intensity behavioral counseling to prevent sexually transmitted infections, face-to-face, individual counseling including—education, skills training, and guidance on ways to change sexual behavior (thirty minutes semi-annually);
- G0446—Annual individual, face-to-face intensive behavioral therapy for cardiovascular disease (fifteen minutes); and
- G0447—Face-to-face intensive behavioral therapy for obesity (fifteen minutes).¹⁶

Medicare will now provide reimbursement for several new services when furnished via telehealth.

Medicaid Coverage of Telehealth Services

Unlike Medicare, CMS has not formally mandated coverage for telehealth services under the Medicaid program. States have the option to provide reimbursement for Medicaid-covered services, including those with telehealth applications, provided that the Medicaid-covered services satisfy federal requirements of efficiency, economy, and quality of care. CMS has encouraged states to use this flexibility to create innovative payment methodologies to cover services that incorporate telemedicine technology.¹⁷

For example, states may choose to provide reimbursement for both the healthcare provider at the distant site for the consultation and the provider at the originating site for the office visit. States may also provide reimbursement for additional costs such as technical support, facility fees, transmission charges, and equipment associated with the provision of the covered telehealth services. These additional costs can be incorporated into the fee-for-service rates or billed separately as an administrative cost to the state. However, if the additional costs are billed separately and reimbursed by the state, the costs must be in connection with a covered Medicaid service.¹⁸

Several states currently provide Medicaid reimbursement for some telehealth services. California’s Medi-Cal program provides coverage for certain consultations, office visits, individual psychotherapy, and pharmacologic management delivered via a telecommunications system.¹⁹ Unlike Medicare, Medi-Cal does



not require that the telemedicine service be furnished in a rural or underserved area. However, a telemedicine consultation must meet all of the requirements of the Medi-Cal program and a practitioner must be present at the originating site during the consult in order to receive reimbursement for the originating site service. Medi-Cal does not provide reimbursement for facility fees for the originating site. Additionally, Medi-Cal requires there to be a barrier from receiving the service face to face from the provider. Such barriers may include lack of transportation or the lack of available local providers willing to accept Medi-Cal.²⁰

The State Division of Medicaid & Medical Assistance, which administers the Medicaid program in Delaware, began providing Medicaid reimbursement for telemedicine services on July 1, 2012, in order to improve Medicaid beneficiaries' access to behavioral and general health services. Telemedicine services, such as consultations, office or outpatient visits, psychotherapy, medication management, psychiatric interviews and examinations, substance abuse screenings, and neurobehavioral examinations, are covered by Medicaid when provided by an originating site.²¹ The originating site receives a facility fee for the telemedicine space and equipment, and the consulting services are reimbursed as if furnished to the beneficiary face to face. Both the originating site provider and the distant site provider must be enrolled in the Delaware Medical Assistance Program or in one of the state's managed care organizations. By providing Medicaid reimbursement for telemedicine services, Delaware hopes to produce better health outcomes for patients, improve access to medical care, and reduce hospitalization costs.²²

Telehealth and Healthcare Reform

The U.S. Supreme Court's decision to uphold the ACA is expected to facilitate the widespread adoption of telemedicine as a common method of providing medical care in the United States. Industry observers predict that while the telehealth industry is rapidly expanding and evolving, these advancements may have been halted had the Supreme Court decided to strike down the ACA.²³ The new health reform legislation included several provisions pertaining to telemedicine. Specifically, the ACA created the Center for Medicare & Medicaid Innovation (CMMI), which is designed to "test innovative payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care furnished to individuals."²⁴ CMMI also provides funding for pilot programs in telemedicine to encourage the development of mechanisms designed to integrate the use of remote health technology in various settings.

To date, more than \$120 million in federal funds have been awarded to telemedicine programs nationwide.²⁵ These programs primarily focus on targeting patients with chronic diseases for medical interventions by a team of healthcare practitioners using telemedicine. The awards range from \$1 million to \$30 million for a three-year period. Each grantee program is monitored for measurable improvements in quality of care and savings generated.²⁶ CMMI is providing a financial incentive for the continuous development of new innovative telehealth systems.

Although telemedicine is being adopted by hospitals and other healthcare entities at a rapid rate, several roadblocks still remain that continue to put a damper on the momentum of the telemedicine industry. CMS provides reimbursement for telehealth services; however, these services are limited and are restricted to Medicare beneficiaries residing in rural areas. Additionally, a number of states severely restrict the ability of an out-of-state healthcare provider to diagnose or treat patients in their state. The ACA provides support for telemedicine, but does not completely resolve some of the critical issues that prevent the expansion of telemedicine into a mainstream method of delivering medical care. While telemedicine has become an increasingly invaluable tool for diagnosing and monitoring illnesses, improving quality of care, and connecting healthcare providers with their patients—regardless of their location—additional legislative reforms are still needed to improve the accessibility and affordability of telemedicine technology for both patients and healthcare providers.

- 1 Medicaid.gov, "Telemedicine," available at www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Telemedicine.html.
- 2 Patient Protection and Affordable Care Act of 2010, PL 111-148.
- 3 Donna Fuscaldo, "TeleHealth: The Doctor Will See You Now, Wherever You Are," FOXBusiness, August 30, 2011, available at <http://foxbusiness.com/personal-finance/2011/08/30/telehealth-doctor-will-see-now-wherever-are/>.
- 4 *Id.*
- 5 *Id.*
- 6 *Id.*
- 7 *Id.*
- 8 The Insight Research Corporation, "Executive Summary: Telecom, IT and Healthcare: Wireless Networks, Digital Healthcare, and the Transformation of US Healthcare 2012-2017," May 2012.
- 9 "2013 Final Medicare Physician Fee Schedule," 77 Fed. Reg. 68891 (November 16, 2012).
- 10 *Id.*
- 11 See Centers for Medicare & Medicaid Services, Medicare Learning Network, "Telehealth Services: Rural Health Fact Sheet Series," Feb. 2012.
- 12 77 Fed. Reg. at 68953.
- 13 *Id.* (additional originating sites include critical access hospitals, rural health clinics, hospital-based renal dialysis centers, or community mental health centers).
- 14 Clinical psychologists and clinical social workers can bill for some telehealth services, but may not bill for those psychotherapy services that include medical evaluation and management services.
- 15 See *supra* note 9 (for a complete list of covered telehealth services).
- 16 77 Fed. Reg. 68954-5.
- 17 See *supra* note 1; see also Center for Telehealth and e-Health Law, "Medicaid Reimbursement," available at <http://ctel.org/expertise/reimbursement/medicaid-reimbursement/>.
- 18 *Id.*
- 19 California Telemedicine & eHealth Center, "Telemedicine Reimbursement Handbook" at p. 12, available at www.nrtrc.org/wp-content/uploads/Telemedicine-Reimbursement-Handbook1.pdf.
- 20 *Id.* at 16.
- 21 Press Release "Delaware Medicaid Program to Reimburse for Telemedicine-Delivered Services Beginning July 1" (June 27, 2012), available at <http://dhss.delaware.gov/dhss/pressreleases/2012/servicesbeginningjuly1-062712.html>.
- 22 *Id.*
- 23 Brian Heaton, "Will the Affordable Care Act Help Telehealth Flourish?" September 10, 2012, available at www.govtech.com/health/Will-the-Affordable-Care-Act-Help-Telehealth-Flourish.html.
- 24 Patient Protection and Affordable Care Act of 2010, PL 111-148. Section 3021.
- 25 Rebecca Vesely, "Telehealth to Benefit From SCOTUS Ruling, but Barriers Remain," iHealthBeat, August 6, 2012, available at www.ihealthbeat.org.
- 26 *Id.* See also the Center for Medicare & Medicaid Innovation HealthCare Innovation Awards.