



Telehealth and Medicare: MedPAC Presents Updated Research to the Commission

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The status of expanded federal telehealth reimbursement remains uncertain. Continuing an ongoing national policy conversation, the Medicare Payment Advisory Commission (MedPAC) held its second meeting on March 3, 2016, under the title “Telehealth Services and the Medicare Program.”¹ MedPAC previously met in November 2015 to discuss this topic after the commission expressed interest in learning more about “the extent to which telehealth is used within the Medicare program and outside the program.”² Although the March meeting updated previously presented research, MedPAC again concluded that “evidence of efficacy of telehealth services is mixed.”³

The March meeting began with a review of, and update to, the initial research, including both Medicare’s limited coverage of telehealth services and its rapidly growing but still low utilization. Use of telehealth is highest among disabled beneficiaries (61%) and rural beneficiaries (58%), with originating facilities receiving a \$25 facility fee under the Physician Fee Schedule (PFS). While some employers and insurers have begun offering telehealth options, the Department of Veterans Affairs (VA) uses telehealth more widely. MedPAC noted the VA’s unique characteristics that facilitate this use, including its fully integrated system with a global budget payment model and staff of clinicians licensed across all VA facilities.

MedPAC’s assessment of telehealth services shows that the majority of telehealth use falls into one of six different forms, within three general categories:⁴

- Basic medical care and consultations
 - Patient at home → Clinician
 - Patient at medical facility → Clinician
 - Clinician A → Clinician B
- Remote Monitoring
 - Patient in the hospital
 - Patient at home
- Store-and-forward transmission
 - Electronic transfer of patient data to a clinician

During the meeting, MedPAC presenters provided examples of, and the commissioners discussed, a variety of service and payment models with which to consider telehealth coverage expansion under Medicare. Examples include:⁵

- Fee For Service (FFS):

1 Gaumer, Z., Phillips, A., Winter, A., “Telehealth services and the Medicare program,” March 3, 2016, accessed on March 10, 2016, located at <http://medpac.gov/documents/march-2016-meeting-presentation-telehealth-services-and-the-medicare-program.pdf?sfvrsn=0>.

2 MedPAC Meeting Brief, November 5, 2015, accessed on March 10, 2016, located at <http://www.medpac.gov/documents/november-2015-meeting-brief-telehealth-services-and-the-medicare-program.pdf?sfvrsn=0>.

3 Gaumer, Z., Phillips, A., Winter, A., Stensland, J., “Telehealth services and the Medicare program,” November 5, 2015, accessed on March 10, 2016, located at <http://medpac.gov/documents/november-2015-meeting-presentation-telehealth-services-and-the-medicare-program.pdf?sfvrsn=0>; Gaumer, Z., Phillips, A., Winter, A., “Telehealth services and the Medicare program,” March 3, 2016, accessed on March 10, 2016, located at <http://medpac.gov/documents/march-2016-meeting-presentation-telehealth-services-and-the-medicare-program.pdf?sfvrsn=0>.

4 Gaumer, Z., Phillips, A., Winter, A., “Telehealth services and the Medicare program”, March 3, 2016, accessed on March 10, 2016, located at <http://medpac.gov/documents/march-2016-meeting-presentation-telehealth-services-and-the-medicare-program.pdf?sfvrsn=0>.

5 *Id.*

- Expand coverage for services that provide access to care with a low potential for unnecessary use (e.g., tele-stroke)
- Allow primary care providers to offer more telehealth services under the per member per month (PMPM) partial capitation payment model
- CMMI Bundled Payment Models and ACOs:
 - Expand coverage of telehealth if the provider is at risk for total spending per episode
 - Next Generation ACOs permitted to provide telehealth to patients in rural and urban areas and in their homes; other ACOs do not have this waiver
- Medicare Advantage
 - Expand coverage to allow plans to include supplemental telehealth services in their bids

Some commissioners expressed concern for the overly cautious movement by CMS and MedPAC toward telehealth acceptance. In order to encourage broader adoption, one commissioner noted that telehealth's suppression of cost drivers, such as inpatient admissions, ensures "that the benefit of telehealth coverage strongly outweighs the incremental cost of service coverage expansion."⁶ Another commissioner "worr[ie]d that we are being far too conservative," and noted that "[e]ven the tone of this conversation is far more cautious about this. I think the technology and patient expectations are moving far faster than our payment policy is right now."

MedPAC's June 2016 report will contain a chapter on telehealth policy principles, but is not expected to contain any official recommendations.

⁶ Remarks of Commissioner Dr. Craig Samitt of Anthem, Inc.; National Association for Home Care & Hospice, "MedPAC Discusses Policy Principles for Potential Expansion of Telehealth in Medicare," March 8, 2016, accessed March 10, 2016, located at http://www.nahc.org/NAHCReport/nr160307_2/.

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