



## Insight

# Curbing the Provider Shortage: More Coverage for Telehealth Services

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The demand for health care services will grow at a rapid pace over the next few years with the full implementation of the Affordable Care Act (ACA). With the expansion of the Medicaid program and the introduction of new health insurance exchanges, more people will have access to health insurance coverage but will not have access to health care services. Creative solutions to this problem will be needed as doctors work to cover more people.

One solution for the problem is the greater utilization of telehealth services. The increased use of telehealth services will allow doctors to reach more patients through the greater incorporation of telecommunication and remote health care technology into a physician's patient population. Though incorporating these new tools could help patients access their doctors, more must be done to solidify the coverage of telehealth services in insurance plans. To date, telehealth service coverage varies extremely by plan, type of service, and the state where patients live. In order to combat the divide in patient access to care, telehealth coverage policies should become robust and inclusive.

## THE COMING PROVIDER SHORTAGE

The Congressional Budget Office (CBO) estimates that 26 million individuals will be added to the health insurance rolls<sup>[1]</sup> by 2024 – increasing the demand for health care services, on account of the ACA. The Health Resources and Services Administration (HRSA) estimates that 20 percent of Americans live in an area with an insufficient number of primary care physicians.<sup>[2]</sup> Additionally, the Association of American Medical Colleges predicts that by 2020 the nation will be facing a shortfall of roughly 45,000 primary care physicians and 46,000 specialists.<sup>[3]</sup> The increase in insured individuals and the dwindling number of doctors will create a gap in the ability of doctors to reach their patients. Some evidence of a shortage is visible now, with national patient surveys reporting 19.5 days of average wait time for a family practice appointment.<sup>[4]</sup>

## SOLUTION: TELEHEALTH TECHNOLOGY

One option to extend this reach is the greater incorporation of telehealth technologies into the health care system. Telehealth refers to remote telecommunications health care providers can use to interact with and manage patients.<sup>[5]</sup> Much investment has been made in this emerging industry with innovations such as patient-doctor video conferencing and mobile app technology to monitor a patient's diabetes from afar.<sup>[6]</sup>

Telehealth technologies have the ability to address a wide range of patient needs. These advances are accomplished through the faster transmission of data and utilizing new technology to better process this information from patients – increasing access to care. One example of this is the extended access in rural communities. In Chesterfield, Missouri the Mercy Health system has invested \$500 million in virtual care

technology that allows for their clinicians to reach remote portions of the state, and assist small rural hospitals with care. Instead of traveling hundreds of miles to meet with a specialist, Mercy Health patients now have the option to receive consultations through a video conference with their doctor.<sup>[7]</sup> This change in hospital policy increases patient access to care, and allows telehealth companies to offer services in more areas.

## **BARRIER: TELEHEALTH COVERAGE POLICIES TBD**

In order for services like those at Mercy Health to be offered, patients must have insurance that covers them. Coverage policies for telehealth services are still developing – creating a fragmented, conflicting picture for the future. Coverage of services varies by the type of insurance, the service rendered, and even by state. Medicare, Medicaid and private insurers have varying reimbursement strategies, and provide access to telehealth services according to their own guidelines.

### **How Medicare Covers Telehealth**

Medicare coverage and reimbursement for telehealth services will be authorized so long as certain conditions are met regarding where patients receive care and from whom.<sup>[8]</sup> According to the Balanced Budget Act of 1997, to be eligible for Medicare reimbursement, providers delivering the services must be located in a rural Health Professional Shortage Area, in a county outside of a Metropolitan Statistical Area, or the services must be provided through specific health facilities. These facilities include, but are not limited to the office of a physician, a hospital, a Critical Access Hospital, a Rural Health Clinic or a Federally Qualified Health Center (FQHC). On July 3, 2014, CMS announced proposed expansions to the telehealth services covered by Medicare, including psychoanalysis, psychotherapy, and prolonged evaluation services.

### **How Medicaid Covers Telehealth**

In contrast to Medicare, Medicaid coverage for telehealth services has greater variation due to state Medicaid regulations that differ in recognition of telehealth as a distinct service. As of 2013, over forty state Medicaid programs had some form of coverage for mental health telehealth services, eighteen states had some form of coverage for telehealth services, twelve states provided coverage for remote patient monitoring, seven states provided coverage for health data transmission and only two states- Alaska and Minnesota- provided all four forms of coverage.<sup>[9]</sup>

### **How Private Insurers Cover Telehealth**

Private insurers also vary in their policies for telehealth services. These variations are often due to state-based regulation of the insurance market. Some states have mandated coverage of services, reimbursement policies or both. Twenty one states and the District of Columbia currently mandate insurance companies to provide coverage for telehealth services with varying policy requirements and reimbursement rates.<sup>[10]</sup> Another fourteen states have proposed legislation mandating coverage of telehealth service in the private insurance market.<sup>[11]</sup>

## **CONCLUSION**

The large variation in the coverage of telehealth services is an indicator of the progress that must still be made

in telehealth utilization. As policy makers wrestle with the best way to cover this constantly changing new medical technology, clear guidelines should be drawn promoting insurance provider coverage of these services. Along with guidelines, more solutions like the provider network approach instituted by Mercy Health should be promoted and encouraged by local policy makers and health care professionals.

As ACA implementation moves forward and more consumers struggle to receive access to care, the greater incorporation of telehealth technologies would be a strong support for a smaller number of physicians working to stretch their resources. Investment in telehealth technologies will be one piece of the solution to ensure that a doctor's reach can go further, however telehealth must be covered by health care insurers in order to reap the full benefits of these services.

*Insight written with assistance of Brandon Cheslock and Meghan McMonagle*

[1] [http://www.cbo.gov/sites/default/files/cbofiles/attachments/45231-ACA\\_Estimates.pdf](http://www.cbo.gov/sites/default/files/cbofiles/attachments/45231-ACA_Estimates.pdf)