

ARIZONA  
TELEMEDICINE  
PROGRAM



# The Business Aspects of Telemedicine and e- Health

Gail Barker, PhD  
Senior Lecturer  
Arizona Telemedicine Program  
Phoenix, Arizona

© 2019 ARIZONA TELEMEDICINE PROGRAM

## Program Topics

1. Revenue Streams
  - Contracts and Grants
  - Parent Org/Philanthropy
  - Patient Services Reimbursement
  - Service or User Fees
2. Expense Considerations
3. Regulatory Issues



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Revenue Streams



- Contracts and Grants
- Parent Organization Support and Philanthropy
- Billing and Collection Activities
- Service or User Fees

## Contracts & Grant Funding

- There are many government contract and grant funding opportunities (see Resources page)
- Usually the candidate needs to submit a sustainability plan to obtain funding
- This ensures the project will continue at the end of the contract or grant period

## Parent Organization and Philanthropy

- Some organizations or donors will fund the initiation of a new telemedicine program
  - Must support mission
- The support will probably be time-limited and a sustainability plan will need be developed



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Patient Services Reimbursement

- Clinical needs identified
  - Which technology?
  - Consulting versus ongoing treatment
  - Referring provider & patient expectations
  - Payment/Reimbursement mechanism
    - Block time
    - Fee for Service
    - Protocol for uninsured (?) or denied/non-covered services
- Paying for the network???
  - Is this still an issue?



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Patient Services Reimbursement

- Government Payers – Regulatory mandates apply
  - Medicare & TriCare – Limited services, real time only, rural areas, limited codes etc:
    - Loosening up on some long held restrictions\*
      - Home as originating site
      - Provider to Provider reimbursement
      - Virtual Check in/phone use
  - Medicaid – significant variability, determined state by state (AZ pretty good)
    - All 50 states have some type of TM coverage\*
      - 13 allow home, 7 allow dentist, 15+DC school as site

\*Center for Connected Health Policy



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Patient Services Reimbursement

- Veterans Administration – Has its own system and uses telemedicine
- Private Insurance – 39 states & DC, but variable and inconsistent
  - More quickly adapting TM
  - Read the Priv Ins contract “Subject to Terms and Conditions of Contract”\*
- Outdated CPT/HCPCS formula does not align well with TM/TH
- Direct to Consumer/Self Pay

• \*Center for Connected Health Policy



© 2019 ARIZONA TELEMEDICINE PROGRAM



## AZ SENATE BILL 1089\*

- Unanimously passed in Feb 2019
- Bill requires providers to cover the same services for in-person and TM
  - 10 specialties
  - “Covers the interactive use of: Audio, video, ASYNCHRONOUS STORE-AND-FORWARD TECHNOLOGIES AND REMOTE PATIENT MONITORING TECHNOLOGIES, for the purpose of diagnosis, consultation or treatment.”

- \*<https://www.azleg.gov/legtext/54leg/1R/bills/SB1089S.pdf>



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Patient Services Reimbursement

- Patient billing and collections are generally not a good primary mechanism to pay for a telemedicine program ...Unless
- It is a closed or capitated clinical environment where significant cost savings can be realized ....OR
- Viewed as “Loss Leader”



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Service or User Fees

- Allows the program to distribute fixed expenses
- For every minute the equipment and telecom lines sit idle, the program experiences lost opportunity
- Other uses for network:
  - Education
  - Administrative meetings
  - Business activities, email
  - Clinical Conferences
  - Support groups



© 2019 ARIZONA TELEMEDICINE PROGRAM



## ATP Membership Model

(example of a telemedicine business model)

- Structured after an Application Service Provider (ASP) model
- ATP has initiated several partnerships with independent providers and agencies across the state
- Shared communications infrastructure results in economies of scale

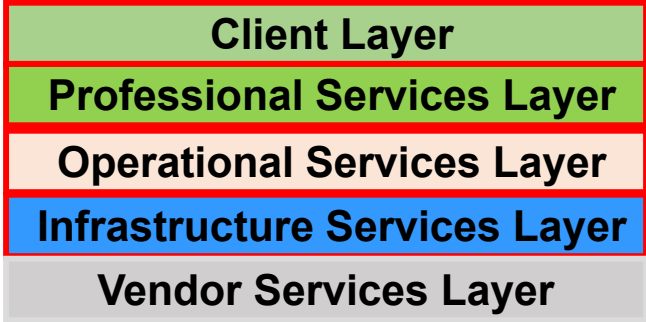


© 2019 ARIZONA TELEMEDICINE PROGRAM



**Business Model**

**Application Service Provider Enterprise**



***Membership based***



© 2019 ARIZONA TELEMEDICINE PROGRAM



**Expense Considerations**



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Expense Considerations

- Fixed and Variable Expenses
  - Personnel
  - Equipment and operations
  - Technology
  - Overhead
- Some expenses could fall into either category AND need to be considered for both the referring and receiving sites
  - As TM continues to become more mobile, expenses will be reduced



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Expense Considerations

### Personnel – all sites

	<u>Fixed</u>	<u>Variable</u>
• Medical director	X	(NP)*
• Site coordinator	X	(NP)*
• Other clinical	X	X
• Technical	X	X
• Administrative	X	X

\*Not Preferred



© 2019 ARIZONA TELEMEDICINE PROGRAM





## Expense Considerations

### Equipment and operations – all sites

	<u>Fixed</u>	<u>Variable</u>
• Space cost	X	X
• Network equipment*	X	
• Installation costs*	X	
• User end equipment*	X	
• Transmission costs	X	X
• Supplies (clin,tech,ops)		X
• Travel and training		X

\* Non-recurring expense



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Expense Considerations

### Technical and Maintenance – all sites

	<u>Fixed</u>	<u>Variable</u>
• Maintenance contracts	X	
• Help Desk	X	X
• Equip refresh fund	X	(NP)
• Other??		



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Expense Considerations

### Overhead

	<u>Fixed</u>	<u>Variable</u>
• Medical records	X	X
• Billing & Collection	X	X
• Human Resources	X	X
• Contracting	X	X
• Legal and Compliance	X	X
• Malpractice	X	
• Central Administration	X	
• Other ??		

## Other Considerations

- Reduced transportation costs
- Improved access to clinical/specialty services
- Convenience for customers and providers
- Referring physicians learn from specialists
- Network availability for other services
  - (As mentioned: education, administration, clin conferences, support groups)
- Value added list
- Expanded market base

## Regulatory



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Hospital Privileging

- “Medicare requirements remove barriers to the use of telemedicine for medically necessary interventions and uphold the Joint Commission’s existing practice of allowing an originating site (where the patient is located) to use the credentialing and privileging information from a distant site when making final privileging decisions for telemedicine practitioners.”  
[http://www.jointcommission.org/assets/1/6/Revisions\\_telemedicine\\_standards.pdf](http://www.jointcommission.org/assets/1/6/Revisions_telemedicine_standards.pdf)



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Interstate Licensure

- For the most part, telephysicians fall under the same out of state licensure requirements as in person (patchwork of rules)
  - VA and IHS
  - Many states (incl AZ) have already adopted the Federation of State Medical Boards (FSMB)'s Interstate Medical Licensure Compact but resolving issues with FBI over background checks - 11 states cleared <https://imlcc.org/the-fbi-issue/>
- Some states already have limited telephysician licenses or exempt some services (telerad consults)
- Nurses already have licensure compact
- Enacted January 19, 2018 (includes T-health) <https://nurse.org/articles/enhanced-compact-multi-state-license-eNLC/>



Mhealth Intelligence Report 7-6-2017: <https://mhealthintelligence.com/news/telehealth-licensure-compact-for-nurses-is-almost-ready-to-go>

© 2019 ARIZONA TELEMEDICINE PROGRAM



## Interstate Licensure

- Interstate Physical Therapy License (FSBPT)
  - Enacted April 25, 2017  
<http://www.fsbpt.org/FreeResources/PhysicalTherapyLicensurecompact.aspx>
- Psychology Interjurisdictional Compact (PsyPACT)
  - Approved February 2015
  - <https://www.behavioral.net/blogs/marlene-maheu/interjurisdictional-telebehavioral-practice-horizon>



Mhealth Intelligence Report 7-6-2017: <https://mhealthintelligence.com/news/telehealth-licensure-compact-for-nurses-is-almost-ready-to-go>

© 2019 ARIZONA TELEMEDICINE PROGRAM



## Other Regulatory Issues

- Malpractice coverage
  - No reported problems in AZ
  - ATA website for telemedicine carrier info (see resources slide)
- Reimbursement coverage
  - Already discussed
- Congress continues to look at ways to eliminate TM barriers for M-Care patients



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Other Regulatory Issues

- HIPAA
  - Compliance at all sites
  - Some agencies do not require HIPAA (DOC) yet standards must be maintained for all network members
  - HIPAA issues with mobile applications
  - Future: HIPAA on steroids???



© 2019 ARIZONA TELEMEDICINE PROGRAM



## Resources

- **Joint Commission Information Hospital Privileging :**
  - [http://www.jointcommission.org/assets/1/6/Revisions\\_telemedicine\\_standards.pdf](http://www.jointcommission.org/assets/1/6/Revisions_telemedicine_standards.pdf)
- **Telemedicine Reimbursement:**
  - 2018 CMS Telehealth Medicare Billing Fact Sheet: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/TelehealthSrvcsfctsht.pdf>
  - State Medicaid Reimbursement: [www.cchpca.org/sites/default/files/resources/50%20STATE%20FULL%20PDF%20SPRING%202018%20-%20PASSWORD.pdf](http://www.cchpca.org/sites/default/files/resources/50%20STATE%20FULL%20PDF%20SPRING%202018%20-%20PASSWORD.pdf)
  - Other: <http://www.hubinternational.com/telemedicine/>
- **Grants:**
  - Gov: <https://www.grants.gov/web/grants/learn-grants/grant-programs.html>
  - Priv: <https://proposalcentral.altum.com/> (you must create a login)
- **States Parity Legislation for Private Insurers:**
  - <http://www.americantelemed.org/policy-page/state-policy-resource-center>



© 2019 ARIZONA TELEMEDICINE PROGRAM



ARIZONA  
TELEMEDICINE  
PROGRAM



# Questions?

Gail Barker

[barkerg@email.arizona.edu](mailto:barkerg@email.arizona.edu)

© 2019 ARIZONA TELEMEDICINE PROGRAM