

ARIZONA
TELEMEDICINE
PROGRAM



The Business Aspects of Telemedicine and e- Health

Gail Barker, PhD
Finance Office
Arizona Telemedicine Program
Phoenix, Arizona

© 2018 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

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



© 2018 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?



© 2018 ARIZONA TELEMEDICINE PROGRAM



Patient Services Reimbursement

- Government Payers – Regulatory mandates apply
 - Medicare – Limited services, Real Time only, rural areas/2018 CMS working on:
 - [Every year a few more CPT/HCPCS codes are added, resulting in glacial progress for TM M-Care reimbursement](#)
 - [Obtain 2018 Medicare Telehealth Fact Sheet for specifics](#)
 - Medicaid – significant variability, determined state by state (AZ pretty good)
 - Tri-Care – Follows Medicare



© 2018 ARIZONA TELEMEDICINE PROGRAM



Patient Services Reimbursement

- Veterans Administration – Has its own system and uses telemedicine
- Private Insurance – variable and inconsistent
 - More quickly adapting TM
- Outdated CPT/HCPCS formula does not align well with TM/TH
- Direct to Consumer/Self Pay



© 2018 ARIZONA TELEMEDICINE PROGRAM



PPACA and 2018 Federal Funding Bill

- PPACA
 - State exchanges were supposed to cover Telehealth/Telemedicine
 - Telemedicine was part of the “alternative payment methods” provision effective 2017
- Federal Funding Bill
 - Expanding stroke telemedicine coverage
 - Improving access to telehealth-enabled home dialysis oversight
 - Enabling patients to be provided with free at-home telehealth dialysis technology
 - Allowing Medicare Advantage (MA) plans to include delivery of telehealth services in a plan’s basic benefits
 - Giving Accountable Care Organizations (ACOs) the ability to expand the use of telehealth services

<https://www.natlawreview.com/article/top-5-ways-telehealth-will-change-under-new-federal-funding-bill>



© 2018 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 realizedOR
- Viewed as “Loss Leader”



© 2018 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



© 2018 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



© 2018 ARIZONA TELEMEDICINE PROGRAM



Business Model

Application Service Provider Enterprise

Client Layer

Professional Services Layer

Operational Services Layer

Infrastructure Services Layer

Vendor Services Layer

Membership based

ATP Benefits

- Statewide infrastructure for the Department of Corrections telemedicine program
- Development of major technology transfer program
- Establishment of e-healthcare
- Improved access to specialty medical care for rural population
- Delivery of continuing education to rural health care providers and patient support groups

Expense Considerations



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

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



© 2018 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



© 2018 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??		

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

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



© 2018 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>

© 2018 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>

© 2018 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



© 2018 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???



© 2018 ARIZONA TELEMEDICINE PROGRAM



Resources

- **Joint Commission Information Hospital Privileging :**
 - 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
 - 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>



© 2018 ARIZONA TELEMEDICINE PROGRAM



ARIZONA
TELEMEDICINE
PROGRAM



Questions?

Gail Barker

barkerg@email.arizona.edu

602-827-2531

© 2018 ARIZONA TELEMEDICINE PROGRAM