The Business Aspects of Telemedicine and e-Health

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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

For Excellent TM Policy and Billing Information Check out this blog:

https://telemedicine.arizona.edu/blog/independence-day-celebrate-new-telehealth-freedoms

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?

Patient Services Reimbursement

- As we continue our glacial crawl...er progress towards TH/TM reimbursement:

  - Government Payers – Regulatory mandates apply (Quagmire??)
    - Some services skirted by not calling them TM (Remote Patient Monitoring)[1]

    - Medicare & TriCare – Limited services, real time only, rural areas, limited codes etc:
      - Loosening up on some long held restrictions but changes are still by specific billing code[1]
        - 2020 – even more opportunities for case management and remote patient monitoring (New code #99458)
        - Solved issue with incident to – Under general supervision ok
    - Medicaid – significant variability, determined state by state (AZ pretty good but not perfect)[3]
      - All 50 states have some type of TM coverage
        - 14 allow store & forward (+4 have laws but not sure implemented); 22 allow some form of RPM
        - 23 states limit type of facility; 34 allow transmission/facility fee

1. https://telemedicine.arizona.edu/blog/independence-day-celebrate-new-telehealth-freedoms/ https://mhealthintelligence.com/news/cms-finalizes-new-reimbursement-rules-for-remote-patient-monitoring

2. https://www.telehealthresourcecenter.org/big-changes-in-2019-for-medicare-telehealth-policy/

3. http://www.phi.org/resources/?resource=state-telehealth-laws-and-medicaid-program-policies

Patient Services Reimbursement

- Veterans Administration – Has its own system and uses telemedicine

- Private Insurance – 41 states & DC, but variable and inconsistent
  - More quickly adapting TM
  - Read the Priv Ins contract "Subject to Terms and Conditions of Contract"[1]

- Outdated CPT/HCPCS formula does not align well with TM/TH

- Direct to Consumer/Self Pay

1. Center for Connected Health Policy

SOUTHWEST TELEHEALTH RESOURCE · CENTER™ TRC

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

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"

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

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

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 <u>referring and receiving sites</u>
  - As TM continues to become more mobile, expenses will be reduced

Expense Considerations

Personnel – all sites

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

*Not Preferred

Expense Considerations

Equipment and operations – all sites

	Fixed	Variable
• 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

Expense Considerations

Technical and Maintenance – all sites

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

Expense Considerations

Overhead

	Fixed	Variable
• 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

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

- Implemented in 2018 (includes T-health) https://nurse.org/articles/enhanced-compact-multi-state-license-eNLC/

Interstate Licensure

- Interstate Physical Therapy License (FSBPT)
  - Enacted 2017
  - http://www.fsbpt.org/FreeResources/PhysicalTherapyLicensurecompact.aspx

- Psychology Interjurisdictional Compact (PsyPACT)
  - Ready to go live, eight state has signed on
  - https://mhealthintelligence.com/news/telehealth-licensure-compact-for-psychologists-is-ready-to-go-live

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

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???

Resources:

- **Nancy Rowe's Arizona Telemedicine Program Blog, 7/4/19:**
  - https://telemedicine.arizona.edu/blog/independence-day-celebrate-new-telehealth-freedoms

- **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

Questions?

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