# The Business Aspects of Telemedicine

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# What We Will Be Covering

- Telehealth Revenue Streams

- Expense Considerations

- Billing and Reimbursement

- Final Thoughts

# Revenue Streams

- Contracts and Grants

- Parent Organization Support and Philanthropy

- Patient Services Reimbursement

# Contracts & Grant Funding

- There are many government  contract and grant funding opportunities

- 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

- Gov: https://www.grants.gov/web/grants/learn-grants/grant-programs.html
- Priv: https://proposalcentral.altum.com/ (you must create a login)

# Top Reasons Small Businesses Fail

1. Starting for the wrong reason
2. Too small or no market
3. Poor management
4. Insufficient capital
5. Wrong location
6. <span style="color:purple">Lack of planning (Business plan in particular)</span>
7. Overexpansion
8. No website or social media presence

https://www.businessknowhow.com/startup/business-failure.htm

# What exactly does a Sustainability/Business Plan Accomplish?

1. It lays out your plan and expectations in detail

2. It illustrates the fiscal viability of the plan
   - Shows you have thought through the finances

3. Helps author to organize his/her thoughts and see if the venture is going to profitable and if so, when (it may not be)

4. Forces author to make decision for Go/No go

# Sustainability/Business Plans

- There are many formats available to produce business plans

- Be sure and point out alternatives and why you ruled them out

- Biz plans must align with organization's mission and must answer the question for your funder: WIIFM

- 15 Steps to Writing a Telehealth Business Plan (National Consortium of TRCs)
  https://www.telehealthresourcecenter.org/wp-content/uploads/2019/01/15-Steps-Jan.-2019.pdf

# Parent Organization and Philanthropy

- Some organizations or donors will fund the initiation of a new telehealth program
  - Must support mission

- The support will probably be time-limited and a sustainability plan will need be developed

# Patient Services Receipts

- Patient billing and collections are generally not a good primary mechanism to pay for a telehealth program ...Unless

- It is a closed or capitated clinical environment where significant cost savings can be realized ....OR

- Viewed as "Loss Leader"

# Expense Considerations

# Expense Considerations

- Fixed and Variable Expenses

  - Personnel

  - Equipment and operations

  - Technology

  - Overhead

- Some expenses could fall into either category AND might need to be considered for both the <u>referring and receiving sites</u>

  - As TH 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 |

**Equipment and operations – all sites**

| | Fixed | Variable |
|---|---|---|
| • Space cost | X | X |
| • Network equip** | X | |
| • Installation costs** | X | |
| • User end equip** | X | |
| • Transmission costs | X | X |
| • Supplies (clin,tech,ops) | | X |
| • Travel and training | | X |

\* Not Preferred
\** Non-Recurring

# Expense Considerations

## Technical and Maintenance

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

## 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

- Network availability for other services
  - (As mentioned: education, administration, clinical conferences, support groups)

- Expanded market base

# Billing and Reimbursement

# Patient Services

- Clinical needs identified
  - Which technology?
  - Consulting versus ongoing treatment
  - Referring provider & patient expectations
  - Payment/Reimbursement mechanism
    - Block time
    - Fee for Service
    - Collecting Co-pays
    - Protocol for uninsured (?) or denied/non-covered services?

# AZ SENATE BILL 1089*

- Almost unanimously passed in Feb 2019

- Bill requires insurance providers to cover the same services for in-person and Telehealth
  - "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

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# Billing and Reimbursement: Medicare

- After more than 20 years of glacial progress on Medicare TH reimbursement…
  - With strict restrictions on patient location, CPT codes, services, licensure, modality…

- **IT TOOK A WORLDWIDE VIRUS TO BREAK OPEN TELEHEALTH REIMBURSEMENT**

- *"Although uptake of telemedicine services has generally been limited by providers and patients, a pandemic threat could be a <u>tipping point that pushes such services more mainstream.</u>"* <u>https://www.healthcaredive.com/news/83b-in-coronavirus-funding-set-in-motion-as-federal-agencies-ramp-up-resp/573518/</u>

# Disclaimer and Resources

- I am not an expert on COVID-19 Telehealth changes

- Not all changes are restricted to COVID-19 patients

- The COVID-19 landscape is changing rapidly, so watch for updates and changes to this information.
  - Implementation guidelines and waiver additions expedited & happening in real time
  - This is what I know "Now"


- References for this section can be found at:
  - The Arizona Telemedicine Program and Southwest Telehealth Resource Center
  - **COVID-19 Resources Page: https://southwesttrc.org/resources/covid19**

# Medicare Reimbursement: COVID-19

**HHS has <u>temporarily</u> waived or modified certain Medicare requirements including:**

- Expanded Services: > 80 new codes
    - (https://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/Telehealth-Codes)

- Expanded Providers: All health care providers billable and rates are <u>*at in-person FFS rates*</u>
    - OT/ PT/SLPs/LCSWs and clinical psychologists

- Patient geographic location  (urban ok) and type of site limitation temporarily removed (home ok)

- Waiver on sanctions for collecting beneficiary cost share amounts (e.g. <u>Co-pays</u>)

- Temporary halt on existing relationship audits for telehealth visits

- Temporary waiver on in-person requirement for ESRD patients

# Medicare Reimbursement: COVID-19

- Use of phones w/video capability (e.g. Smartphones) for patient visits
  - E/M, BH & Education services by phone (audio) only; reimbursement same for similar services

- Virtual check in services for <u>new</u> and <u>established patients</u>
  - Patient <u>must</u> initiate but ok for provider to educate prior to initiation

- Virtual supervision of clinical staff allowed

- RPM for both <u>acute</u> and chronic conditions and <u>new</u> as well as established patients
  - Is RPM really TH?

- Hospice and more home health services can be delivered via TH

- <u>No changes on store-and forward restrictions – they are still in effect</u>

| TYPE OF SERVICE | WHAT IS THE SERVICE? | HCPCS/CPT CODE | Patient Relationship with Provider |
|---|---|---|---|
| **MEDICARE TELEHEALTH VISITS** | A visit with a provider that uses telecommunication systems between a provider and a patient. | Common telehealth services include:<br>• 99201-99215 (Office or other outpatient visits)<br>• G0425–G0427 (Telehealth consultations, emergency department or initial inpatient)<br>• G0406–G0408 (Follow-up inpatient telehealth consultations furnished to beneficiaries in hospitals or SNFs)<br>For a complete list:<br>https://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/Telehealth-Codes | For new* or established patients.<br><br>*To the extent the 1135 waiver requires an established relationship, HHS will not conduct audits to ensure that such a prior relationship existed for claims submitted during this public health emergency |
| **VIRTUAL CHECK-IN** | A brief (5-10 minutes) check in with your practitioner via telephone or other telecommunications device to decide whether an office visit or other service is needed. A remote evaluation of recorded video and/or images submitted by an established patient. | • HCPCS code G2012<br>• HCPCS code G2010 | For established patients. |
| **E-VISITS** | A communication between a patient and their provider through an online patient portal. | • 99421<br>• 99422<br>• 99423<br>• G2061<br>• G2062<br>• G2063 | For established patients. |

# Rule of Thumb

HHS is temporarily using enforcement discretion and waiving penalties for violations against health care providers <u>that serve patients in good faith</u>

# Other Waivers: COVID-19

- **FQHCs and RHCs Telehealth services – Check Details!**
  - Medicare: Can temporarily serve as <u>distant site</u> as well as originating site, virtual check-in and E-visits allowed. Remote eval of patient images/video technology allowed

  - Medicaid: Will vary state-to-state; AZ pays in-person FFS rate

  - Private Pay: Will vary state-to-state and payer-to-payer

# Other Waivers:  COVID-19

**Critical Access Hospitals**
- CMS is temporarily  waiving the requirements that Critical Access Hospitals limit the number of beds to 25, and that the length of stay be limited to 96 hours

**Skilled Nursing Facilities/Hospice/Home Health**
- Telehealth visits approved in lieu of In-person and some frequency limitations waived

- CMS is temporarily waiving the 3-day prior hospitalization requirement for those people who need to be transferred due to a disaster or emergency

- CMS is temporarily allowing renewal authorization for SNF/Hospice beneficiaries

# Patient Services Reimbursement: Medicaid

- Medicaid – significant variability, determined state by state
  - All 50 states & DC have some type of TH coverage
    - 14 allow store & forward (+4 have laws but not sure implemented); 22 allow some form of RPM

    - 22 states allow some type of RPM

    - 34 allow transmission/facility fee

**COVID-19**: Medicaid programs were given broad authority to utilize telehealth including using telehealth or telephonic consultations when certain conditions are met

# AZ Governor's Executive Orders on 3/19, 3/25, 3/30, 4/14

- Insurers must cover TH services at a lower co-pay than in-person

- Payment parity

- Telehealth delivery cannot be more restrictive than in-person

- Telephone is included as telehealth (contrary to SB1089) and is paid at in-person rates

- Patient home is a covered site

- Expansion of heath care providers

# AZ Governor's Executive Orders on 3/19, 3/25, 3/30, 4/14

- Requires all AHCCCS plans to cover all "covered benefits" and by TH

- Clinical services that can be delivered via TH are covered

- Eliminates in-person exam requirement for prescription
  - TH & phone ok if clinically appropriate

- TH expansion for Workers' Compensation

- TH coverage for pets and animals

# Patient Services Reimbursement - Private Insurance

**Private Insurance**

- 41 states & DC, but variable and inconsistent, even pre-COVID-19
- COVID-19 guidelines still developing. Check in your state!

**Direct to Consumer/Self Pay**

- Pre-COVID-19 largest growing TH sector
- Private payers (e.g. Blues, Aetna, Cigna) are now partnering with national direct-to-consumer telehealth companies
- Convenient for patients
- But shuts out local providers and could disrupt continuum of care

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# Some Telehealth COVID-19 Era Final Thoughts

**Pros:**

1. Patient convenience

2. Helps ensure health care worker and patient safety

3. Reduces health system infrastructure burden

4. Telehealth on display

**Challenges:**

1. Sickest patients still need in-person care

2. Health care facilities were not fully equipped for TH deployment

3. TH deployment with little or no training

4. Life post COVID-19 (will the genie really go back into the bottle?)

# Questions?

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**COVID-19 RESOURCES PAGE** :
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