Telehealth policy changes mean big revenue opportunities for hospitals

Pending developments in government policy around access to virtual care and reimbursement for services delivered are opening doors for hospitals.

Jeff Lagasse, Associate Editor

Telemedicine is becoming increasingly popular as the financial benefits for providers who offer it come to light. And new policy changes in Washington and around the country are poised to rattle the reimbursement landscape and open big opportunities for hospitals and health systems to drive more revenue from virtual care.

"The U.S. has seen a perfect storm," said Tyto Care CEO Dedi Gilad, whose company offers telemedicine tools. "With alignment of employers pushing for telehealth, you can see telehealth companies provide more and more services, and bringing more availability of services. It's grown very fast and the major area of growth is primary care."

That growth is expected to continue as employers, hospitals and payers realize both cost-savings and new revenue streams for telehealth services. A September study from Nemours Children’s Health System examined the use of telemedicine to treat sports
injuries, for instance, and found that each visit saves health systems an average of $24 per patient.

That's just one example. And a lot has happened since then to start paving the way for telehealth expansion.

**Telehealth policy changes**

Three significant policy developments happened in November alone and, although they are not finalized, they point toward a future that hospital executives should understand because it's coming.

The first to be aware of are the MACRA and MIPS payment models. The Centers for Medicare and Medicaid Services published the final rule on November 2, 2017 and it includes new billing codes for virtual visits that involve care planning and risk assessments as part of CMS chronic care management program.

CMS Administrator Seema Verma said the final rules move the agency in a new direction to bot encourage innovation among hospitals and empower patients to better understand the value of care they recieve.

Second, Congress also signaled a new direct ion of its own for telemedicine in the first week of November when the U.S. House of Representatives Veterans Affairs Committee passed The VETS Act, HR 2123, supporting the VA's Anywhere-to-Anywhere program.

VA Secretary David Shulkin, MD and President Trump announced Anywhere-to-Anywhere in August, 2017. The initiative is designed to enable VA providers to offer virtual consults to patients regardless of geographical location -- including across state lines, which is widely viewed as one of the biggest regulatory impediments for hospitals looking to institute telehealth services.

The third development, which came on Monday, was the U.S. Department of Health and Human Services Office of Inspector General revealing a plan to audit Medicaid payments for telehealth services. If that seems like just another government audit program then in addition to knowing that hospitals treating Medicaid patients via telehealth could be audited for compliance purposes, the real takeaway is that OIG said it established the program because it has already spotted a significant increase in such claims and has reason to expect that to continue. Look for the report from OIG sometime in 2019.
While it's still too soon to tell exactly how those will play out in the long-run, hospital C-suites will want to pay close attention because, when taken together, they indicate where telehealth is indeed headed.

**Telehealth frontier: Broader array of primary care services**

The services available via telemedicine today are limited, and as expansion is likely to continue, the technology will have to evolve to encompass more primary care functions. Currently, the services that can be performed through telemedicine visits -- which typically consist of a phone or video chat -- are pretty much restricted to what a physician can diagnose visually.

Tyto Care's Gilad said the logical next step in the rising popularity of telehealth services is rounding out the portfolio of primary care services.

Tyto Care is by no means alone. Sensing the potential for expansion, a number of telemedicine companies have entered the marketplace in recent years. American Well, for instance, offers a telehealth toolbox ranging from an app patients can use to share data with doctors to white-label versions of its platform that large health networks deploy. Doctor On Demand -- one of the outfits that offered free services in the wake of the recent hurricanes -- operates nationwide and connects consumers with board-certified physicians including family practitioners, internists, pediatrics and emergency room providers, as well as mental health. The 15-year-old Teladoc, which integrates with EHR systems, recently expanded its offerings from large, self-insured employers to hospitals and health systems. And SnapMD touts itself as a complete "virtual point of care," with an interface for both patients and providers and an administrative back-end that enables health system staff to operate the platform.

Gilad said that expanding the telehealth capabilities hospitals offer has a number of implications.

Revenue is one. More health systems are taking on more risk, either by sharing savings under the ACO model or buying risk from Medicare and Medicaid and taking care of those patients. It's driving those systems to become more efficient and reduce costs, for which telemedicine has shown great capacity.
Competition is another, and in the primary care industry, there's a lot of it. A consumer can walk into a clinic, go to urgent care center or a clinician, so providers are looking for differentiators, and ways to treat people more effectively.

A study the National Business Group on Health published in August pointed to a rise in telehealth services including medical decision support, high-touch concierge services, and tools to help patients navigate the healthcare system.

Big growth on the horizon

According to a recent report from Grand View Research, the telemedicine market is expected to top $113 billion by 2025, with a growth rate of 18 percent.

The rising occurrences of chronic conditions, as well as the increasing demand for self-care and remote monitoring, are significant factors driving such telehealth growth -- and hospitals that keep pace and add new primary care options with be able to not only reduce costs but also tap into those to create new services and offer existing ones to more patients than they could inside their own four walls.

"It's a big shift," Gilad said. "We're empowering [physicians and patients] to do more and be more efficient. Because it really is benefitting the entire ecosystem. The shift toward general primary care is unavoidable. You have to do that, because the healthcare system in the U.S. is very sick today, and you need better solutions in order to be effective."