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Regulatory and market-driven factors affecting the implementation of telemedicine

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At the beginning of the year, some folks like to make predictions and then track prior predictions to assess their accuracy. Predictions in healthcare are generally straightforward, because change happens at a glacial pace, which makes being a futurist in healthcare an easy job. For instance, the American Journal of Medicine predicted the following in 2014: "Our estimate is that 25 percent to 50 percent of all transactions in the healthcare industry will be electronically outsourced by 2020. Twenty-five percent of all patient encounters with healthcare professionals could be by mobile health, using smartphones or smart wrist watches."[1]

Roll forward to today. The consumers are driving the movement with a saturation of personal data-gathering devices that can feed secure real-time or asynchronous platforms to the largest independent telemedicine providers. We are there, gathering data on wrists and in pockets, and the tailwinds are positive from an innovation perspective, but we still have a ways to go. There remain key legislative barriers.

Pockets of progress

I took note of three presentations during the 37th Annual J.P. Morgan Healthcare Conference in San Francisco, CA, on January 7, 2019.

Bernard J. Tyson, Chairman and CEO of Kaiser Foundation Health Plan, presented "Delivering Health in the 21st Century." Tyson stated that they had 77 million virtual encounters, comprising 59 percent of all encounters in a member base of 12.2 million, making Kaiser Permanente the nation's largest integrated health system.

Marc Harrison, MD and CEO of Intermountain Healthcare, the largest healthcare provider in the intermountain West, claims the lowest healthcare cost per capita (26% lower than the national average) and second highest rated system in terms of healthcare quality, based on Medicare readmission rates. It reports 13 telehealth sites offering 40+ services with 525,000 transactions in 2018.

Jason Gorevic, CEO of Teladoc, one of the largest telehealth providers, reports it has 23 million paid U.S. access members, 9.4 million fee-only live visits, and 2.55 million visits estimated in 2018 (9.4% utilization), up from 1.46 million in 2017. The growth is the real story here. Teladoc promotes that they are the first virtual care entrant that handles system entry, care, and resolution in the areas of general medical (i.e., diagnosis and treatment), mental health, surgery support, and dermatology.

Telemedicine practice adoption

According to a press release by the American Medical Association (AMA),[2] reporting on a survey in the December 2018 issue of Health Affairs, about 15% of physicians worked in practices that used telemedicine to interact with patients, and 11% worked in practices that used it to interact with healthcare professionals. The survey data used for the study dates back to 2016 and lists adoption rates from highest to lowest for physician to patient:

- Radiologists – 39.5%
- Psychiatrists – 27.8%
- Cardiologists – 24.1%
- Gastroenterologists – 7.9%
- Allergists and immunologists – 6.1%

The survey data for adoption from highest to lowest for physician-to-physician or other healthcare professional was:

- Emergency medicine physicians – 38.8%
- Pathologists – 30.4%
- Radiologists – 25.5%

Videoconferencing was a more common telemedicine mode than remote patient monitoring or store-and-forward of patient data. Physicians in larger practices (50 or more) were 26.5% more likely to use it than those in smaller practices, suggesting that financial burden may continue to be a barrier to implementation, the authors said.

Carol K. Kane and co-author Kurt Gillis, a principal economist in the AMA's division of Economic and Health Policy Research, promoted the notion that the financial burden of implementing telemedicine is standing in the way of small practices. Based on the number of telemedicine technology platforms in the market today, many of which are very low cost, it can be safely assumed that may have been the case in 2016, but is certainly not the case today. Once again, we are dealing with lagging data, like the federal data. And as a result, it may be safe to say that adoption is significantly higher, as evidenced by the Kaiser numbers referenced above.

Clearly, telemedicine visits are on the rise, even though there is plenty of discussion and debate about efficacy, appropriateness, the immature and evolving regulatory frameworks, and nascent technology platforms. More data will help bring clarity here. The key drivers pushing advancement include but are not limited to:

- Healthcare system adoption, such as Kaiser Permanente and Intermountain Healthcare;
- The Bipartisan Budget Act of 2018 that expanded Medicare coverage for telehealth for beneficiaries in accountable care organizations;
- The 2019 Physician Fee Schedule changes allowing for medical services delivered via asynchronous means[3];
- The Department of Veterans Affairs' (VA) aggressive embracing of telemedicine as a means to solve many of its woes;
- Parity law passage in the majority of states; and
- A reluctant but ever-growing willingness on the part of payers to embrace and reimburse for telemedicine

> —primarily driven by employer/employee (beneficiary) demands for opening healthcare to the on-demand economy—not because it lowers costs (it might), but because consumers are demanding the service.

Further, statements by the Centers for Medicare & Medicaid Services (CMS) are requesting that states support telehealth for Medicaid recipients. Speaking at the Alliance for Connected Care Telehealth Policy Forum for Health Systems in November 2018, CMS Administrator Seema Verma stated that Medicare's rules and governing statutes have clearly served as barriers to leveraging telemedicine. Verma stated:

> Under a proposed rule…in 2020, Medicare Advantage enrollees will have more options for receiving telehealth services beyond what is otherwise available in the traditional program…the proposed changes for Medicare Advantage are a major step towards expanding access to telehealth services because the rule would eliminate barriers for private Medicare Advantage plans to cover additional telehealth benefits for enrollees in MA plans. …Ultimately, whatever CMS is doing to promote telehealth, it's really all about one thing—to foster innovation and protect and strengthen the Medicare program in order to deliver on its promise to our elderly and disabled populations."[4]

About the same time, CMS released a report to Congress on telehealth utilizations. It is a lengthy document, but it can be summarized by the Executive Summary's conclusion that:

> [T]elehealth offers the promise of a technology and approach to care for a broad range of populations, including those enrolled in Medicare. Emerging evidence indicates that telehealth can be a tool for empowering healthcare providers and patients to offer the best approaches to care, including consideration of the patient's age, race/ethnicity, geographic location, and diagnoses, and provide high quality care without increasing costs.[5]