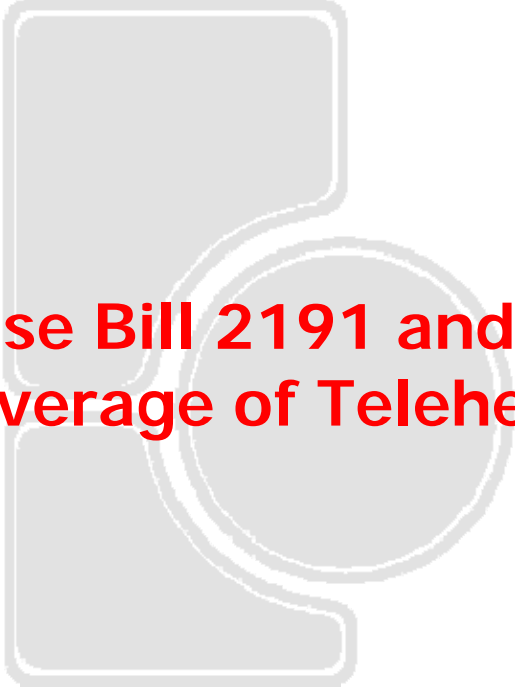


---

Joint Legislative Audit and Review Commission



**Evaluation of House Bill 2191 and Senate Bill 1458:  
Mandated Coverage of Telehealth Services**

Briefing for the Special Advisory Commission on  
Mandated Health Insurance Benefits

June 29, 2009



JLARC

---

## HB 2191 and SB 1458 Require Coverage of Telehealth Services

- Cannot exclude coverage *solely* because service provided through telehealth and not through face-to-face consultation or contact between provider and patient
- Telehealth includes use of electronic media for
  - consultation relating to the health care diagnosis or treatment of the patient
  - transfer of medical data
  - medical education
- Coverage not required for audio-only phone conversation, e-mail, and fax

---

# JLARC Evaluation Focuses on Narrower Definition of Telemedicine

- Telemedicine services provided via telecommunications technology and directly related to patient care
  - Real-time patient consultation
  - Store and forward (asynchronous) transfer of patient information
  - Home health care

---

## In This Presentation

- Medical Efficacy and Effectiveness
- Social Impact
- Financial Impact
- Balancing the Medical, Social, and Financial Considerations

## Evidence Supports Efficacy and Effectiveness of Telemedicine

- Wide body of literature exists and generally supports efficacy and effectiveness
- Experts indicate existing research sufficiently supports telemedicine and its expansion
  - Two Virginia medical schools
  - Federal Office for the Advancement of Telehealth (OAT)
  - Federal Agency for Healthcare Research and Quality (AHRQ)
- Virginia Board of Health reports very few complaints with telemedicine

## Utilization of Telemedicine

- Utilization generally low based on Virginia Medicaid and experience of other states
- UVA and VCU are hub sites providing majority of telemedicine in Virginia
  - UVA largest provider to rural areas
  - VCU largest provider to prison population
- Specialties where used most in Virginia
  - Psychiatry, infectious disease/HIV care, pediatric echocardiography, hepatology, and dermatology

# Most Private Insurers Do Not Cover Telemedicine Despite Positive Health Impacts

- Medicare and Medicaid provide limited coverage, but 75% of private insurers report not covering any form of telemedicine
  - Some individuals receive telemedicine services through UVA and VCU pilot programs funded by Anthem
- Medical experts and VDH report positive public health impacts, particularly in disease management
- Without access to telemedicine, patients may
  - Receive inappropriate care
  - Fail to receive or experience delayed access to specialty care
  - End up in emergency department

## Mandate Not Expected to Significantly Increase Utilization of Telemedicine

- Other states with mandates have not seen large increase in utilization
- Barriers other than insurance reimbursement exist
  - Physician unwillingness to participate
  - Technology concerns
  - Potentially higher rate of uninsured or publicly insured in rural areas
- Required telemedicine certification or adherence to guidelines may address some physician and insurance concerns
  - Concern that such requirements are not needed and would create additional barriers

# Mandated Coverage of Telemedicine Would Have Low Premium Impact and Could Reduce Overall Costs

- Independent per policy monthly premium estimates by Mercer Health and Benefits LLC indicate less expensive than many existing mandates

Type of Coverage	Standard Benefit	Optional Benefit
Individual Policyholders	\$0.83	\$2.00
Group Policyholders	\$0.83	\$1.67

- Telemedicine has potential to reduce overall health care costs
  - Medical experts cite savings through decreased misdiagnoses and earlier access to appropriate care
  - Research shows health care savings, particularly through home telemedicine monitoring

## Coverage Concerns Related to Mandate

- Mandate's definition of telehealth could include services not traditionally reimbursed by insurance
  - Transfer of medical data
    - Could include administrative activities or health data management
  - Medical education
    - Could include continuing education for practicing physicians or medical residents
- Concern that mandate would require coverage of out-of-state health care providers not valid

## Telemedicine Mandate Would Remove One of the Barriers to Increased Utilization of Services

- Significant support from medical community, VDH, OAT, and AHRQ for expansion of telemedicine
- Telemedicine mandate not expected to significantly increase utilization at this time, but
  - Removes private insurance reimbursement barrier faced by telemedicine
  - Minimal impact on premiums
- Telemedicine mandate, rather than broader telehealth mandate, would
  - Be consistent with role of insurance
  - Ensure types of services covered by insurance not expanded

---

## **JLARC Staff for Mandated Benefit Evaluations**

Hal Greer, Division Chief

Kimberly Sarte, Team Leader

**This evaluation is available on our website**

<http://jlarc.virginia.gov>      (804) 786-1258

