CENTER FOR CONNECTED HEALTH POLICY
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FACT SHEET

S. 787
TELEHEALTH INNOVATION AND IMPROVEMENT ACT OF 2017

SPONSOR: *Sen. Gardner (CO)*

AUTHOR INTENT: *To require the Center for Medicare and Medicaid Innovation to test the effect of including telehealth services in Medicare health care delivery reform models.*

CMI TESTING OF COVERAGE OF EXPANDED TELEHEALTH SERVICES

S. 787 establishes the *telehealth services in delivery reform model* as a model the Secretary must select from in the Centers for Medicare and Medicaid Services' Center for Medicare and Medicaid Innovation (CMI), with the purpose of testing innovative payment and service delivery models to reduce program expenditures while preserving or enhancing the quality of care. S. 787 requires the Secretary to implement the model by no later than Jan. 1, 2018, and must last for a five year period.

The new telehealth services model would provide coverage for "expanded telehealth services", which includes remote monitoring services, furnished in conjunction with models that test the use of accountable care organizations, bundled payments and coordinated care models. Models must allow for comparisons of Medicare beneficiaries who are participating in the new telehealth models versus those that are not. Medicare beneficiaries enrolled in a Medicare Advantage plan, Health Maintenance Organization, or PACE program would not be eligible for this model.

S. 787 waives some of the restrictions currently in statute under the model, while leaving others in place. See the chart below for a description of the requirements.

TELEHEALTH RESTRICTIONS WAIVED UNDER S. 787	REQUIREMENTS STILL APPLICABLE UNDER S. 787
Requirement that an originating site be located in a rural Health Professional Shortage Area or non-Metropolitan Statistical Area.	Restrictions on the services (CPT codes) that can be delivered via telehealth. However, the Secretary does have authority to add additional codes, or create a new fee schedule for the model.
Requirement that an originating site must be one of the following facility types: • Provider offices; • Hospitals; • Critical access hospitals; • Rural health clinics; • Federally qualified health centers; • Hospital-based or critical access hospital-based renal dialysis centers; • Community mental health centers; • Skilled nursing facilities.	Restriction on the provider types that can deliver telehealth services to the following: • Physicians; • Nurse Practicioners; • Physician assistants; • Nurse midwives; • Clinical nurse specialists; • Clinical psychologists and clinical social workers *(these professionals cannot bill for psychotherapy services that include medical evaluation and management services)*; • Registered dietitians or nutrition professionals

Eligible Conditions

Services must be furnished by an eligible physician or practitioner as part of an episode of care for one of the following conditions:

- Chronic hypertension
- Ischemic heart diseases
- Chronic obstructive pulmonary disease
- Heart failure
- Heart attack
- Osteoarthritis
- Diabetes
- Other conditions or diseases the Secretary determines would satisfy one or more of the requirements (see requirements section).
- Depression
- Atrial fibrillation
- Cancer
- Asthma
- Stroke
- Total hip replacement procedures
- Total knee replacement procedures
- Parkinson's disease
- Chronic kidney disease

Requirements

A service delivered through the expanded telehealth service definition must be able to demonstrate that it is likely to do one or more of the following:

- Assists eligible physicians or practitioners to coordinate care for patients.
- Enhances collaboration among providers of services and suppliers, including eligible physicians and practitioners, in the provision of care to patients.
- Improves quality of care furnished to patients.
- Results in reduced hospital admissions and readmissions.
- Reduces or substitutes for physician office visits.
- Results in reduced utilization of skilled nursing facility services.
- Facilitates the return of patients to the community more quickly than would otherwise occur in the absence of the service.

Eligible Modalities

- Remote monitoring technology (including remote device management)
- Bi-directional audio/video technologies
- Physiologic and behavioral monitoring technologies
- Store and forward technologies
- Point-of-care testing technologies
- Engagement prompt technologies
- Other technologies specified by the Secretary

Payment Methodology

S. 787 allows the Secretary to determine how they will set the appropriate payment amounts for the expanded telehealth services, giving them three options:

1. Through the Medicare fee schedule for telehealth and remote monitoring services
2. Creating a new fee schedule for expanded telehealth services specifically; or
3. Establishing a payment methodology for shared savings and losses.

The Secretary is required to take into account costs incurred by physicians and practitioners for equipment and software costs, non-physician personnel, physician interpretation of clinical data and supervision of the system.

An independent evaluation must occur of the expanded telehealth service models to begin three years after the implementation of the model. See bill text for evaluation requirements.

Coverage of Certified Enhanced Telehealth Services in Medicare

S. 787 requires the Secretary to expand coverage of enhanced telehealth services to all CMI models after the five year period has come to an end if the independent evaluation demonstrates that it resulted in reduced spending without reduced quality of care or improved quality of patient care without increasing spending and the Chief Actuary of CMS certifies that the expansion would reduce net program spending. Under the same conditions, Medicare fee-for-service would be required to pay for certified enhanced telehealth services when furnished for certain conditions.

Impact & Analysis

S. 787 may provide a path forward for the expanded coverage of telehealth services, should they prove effective in improving the quality of care and/or reducing spending in the Medicare program through the demonstration proposed in this bill. Last year, the Congressional Budget Office (CBO) expressed concern that expanding telehealth coverage could increase federal spending, and cited a lack of evidence to the contrary. The CBO indicated that data from Medicare itself (as opposed to data from private insurers) would make the most convincing case to alter their analysis. This demonstration could provide the evidence the CBO requires to convince them of the utility of telehealth in reducing costs, and allowing legislation that would provide even more expansive telehealth coverage to move forward in Congress.

S. 787 uses the term "expanded telehealth services" to describe the additional telehealth services that would be offered under the bill's proposed demonstration project, however mid-way through the bill (in the Evaluation of Models section), S. 787 switches to using the term "enhanced telehealth services" instead. While there is a definition for the former, there is not one for the latter. It is unclear whether "enhanced" and "expanded" telehealth services are the same, or if they should have separate definitions. Additionally, based on the payment methodology options in S. 787, it is unclear if providers would receive the same rate as they would had the service taken place in person.

Prepared by: Center for Connected Health Policy® The National Telehealth Policy Resource Center