



# Telehealth Takes Positive Steps Forward; What's Next?

## Marwood Telehealth Expansion Update

Marwood believes there are further steps for CMS to take to expand telehealth within the Medicare program; however, legislative action will be needed. The permanent inclusion of telehealth benefits in Medicare for some specialties will be the next focus by industry stakeholders and regulators. **Legislators have begun work towards permanent expansion of Medicare telehealth, but while that occurs CMS has looked for opportunities to expand within its statutory authority. Marwood believes the next expansion for the telehealth industry is within specialties with proven cost benefits like behavioral health and emergent/urgent care, along with Medicare Advantage risk adjustment.**

During the public health emergency, CMS more than doubled the scope of telehealth services by expanding the types of providers able to offer telehealth and adding 135 new allowable services including ED visits, initial nursing facility and discharge visits, home visits, and PT, OT, and SLP services. As a result of this expansion, Medicare FFS telehealth utilization has increased with 30% of beneficiaries in urban areas and 22% in rural areas seeking care through telemedicine. CMS

### Telehealth Utilization Increase

*Following Medicare Expanded Coverage Due to COVID-19 Public Health Emergency*

 **30%** of all FFS beneficiaries in **urban areas** utilizing telehealth

 **22%** of all FFS beneficiaries in **rural areas** utilizing telehealth

Administrator Seema Verma has consistently praised telehealth's potential and the need to provide options for Medicare beneficiaries moving forward. In the President's Executive Order Improving Rural and Telehealth Access, released August 3, along with the Home Health and Physician Fee Schedule proposed rules, the administration has sought to permanently expand certain telehealth flexibilities and seeks comment on how to do more.

As CMS has highlighted several times, legislation would be required to remove rural and originating site requirements, as well as allowing telehealth visits by home health agencies and physician visits in nursing homes to be counted as billable visits. The former has seen recent hearings, bill introductions, and robust lobbying that suggests that there may not be a gap in Medicare telehealth coverage even after the PHE is over. This would be further supported if Phase 4 COVID legislation

includes a provision to extend waivers until the end of the year when the PHE expires, which was included in the Republican version of the bill introduced several weeks ago. Specialties such as emergent care and behavioral health are logical candidates to incorporate a more permanent telehealth benefit in order to improve access to care at a lower cost to Medicare. CMS will likely be looking to estimate cost savings from including telehealth. Mental health services provided through telehealth with a psychiatrist or psychologist has seen significant uptake with approximately 460,000 beneficiaries (or 60%) receiving this care. CMS administrator Seema Verma recently pointed out mental health care as a promising sector for telehealth growth.

Marwood believes there is opportunity for further expansion of telehealth within Medicare Advantage. CMS has temporarily allowed telehealth visits to count for Medicare Advantage beneficiary assignment and can count towards risk adjustment during the 2020 plan year. Marwood believes Medicare Advantage will continue to push for more telehealth visits to count towards risk adjustment, though that would require either legislative or regulatory action to continue into 2021.

There has been virtually no discussion of loosening HIPAA requirements for telehealth, and Marwood expects that telehealth providers will likely have to move forward with HIPAA-compliant solutions, with a possibility of further discussion in the future if changes are needed to continue expansion.

Congress and CMS are likely to pay for telehealth services at parity with Physician Fee Schedule rates, at least at the outset. After the initial change, CMS, Congress, and others will likely work to determine value and watch for added cost to the system.

### *Additional Marwood Telehealth Insights*

#### [Regulatory Compliance in Telehealth during the COVID-19 PHE](#)

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#### [Physician Specialties Best Positioned to Take Advantage of Telemedicine During \(and After\) the COVID-19 PHE](#)

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### **About the Authors**

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Marwood Group is a healthcare advisory firm offering strategic consulting services, with expertise in the U.S., E.U., and Asian markets. Marwood advises investors and life sciences companies on growth strategies and new business models, product lifecycle management, commercialization, market access and pricing strategies, and legislative and regulatory concerns.

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