

Implementing a Successful Telehealth Strategy: What Health-System Leaders Need to Know



Telehealth has become a vital part of healthcare delivery, a cost-effective and patient-centered tool enhancing the overall quality of a health system's care. Already, [more than half](#) of American hospitals offer telehealth care to their patients, with [7 million](#) patients expected to receive telehealth care by 2018.

Yet the fact that telehealth is now mainstream doesn't mean that implementing a telehealth service is easy. Health-system administrators looking to add telehealth to their services still need an implementation strategy. Without such a strategy, a telehealth program may never get off the ground or, if implemented, achieve its potential.

This white paper takes a high-level look at the telehealth landscape—what telehealth is, how quickly it's being adopted, the ways telehealth benefits hospitals and patients, and some of the challenges health systems may encounter in implementing a telehealth service. Finally, we offer health-system leaders a framework to help them successfully implement a telehealth solution in their organization.

WHAT IS TELEHEALTH?

At its core, telehealth is the exchange of medical information between a physician or other caregiver in one location and a patient or provider in another, made possible by a variety of electronic communication devices. In general, the terms *telehealth* and *telemedicine* are used interchangeably, although telemedicine is more likely to focus on clinical interactions while telehealth applies to non-clinical functions as well, such as healthcare training and public health initiatives. For simplicity, this paper will only use the term telehealth.

There are four types of telehealth services:

Real-time videoconferencing. In a real-time, or synchronous, telehealth interaction, a doctor communicates with a patient or another provider via a live videoconference link. One of the most common forms of telehealth, real-time videoconferencing is ideal for many users, including: emergency room providers who need to connect with specialists; staff at e-ICU facilities supporting local ICU physicians; psychiatric patients who may be reluctant to see their doctor in person; incarcerated patients; rural patients who may have difficulty reaching a clinic; and people with mobility challenges. It can also be used for healthcare training purposes.

Store & forward. In this form of telehealth, X-rays, MRIs, photos, vital signs and other patient data are saved and forwarded at a later time to a provider, typically a specialist, via a secure connection. The specialist then responds to the referring provider with treatment suggestions. Because there's no real-time interaction, store & forward is called asynchronous

telehealth. Since patients and doctors are not in videoconference appointments together, scheduling is not an issue, making store & forward telehealth more efficient than other modalities.

Remote patient monitoring. With remote patient monitoring (also known by the acronym RPM), providers can collect a variety of critical health data at the point of care, including blood pressure, heart rate, blood oxygen levels, and blood sugar levels. Having this data allows doctors to address health conditions proactively, reducing the need for patients' hospitalization or readmission. RPM is particularly helpful for patients with chronic conditions such as diabetes who need regular monitoring of their health status. The elderly and people with disabilities also benefit from remote monitoring, since, as a result of being monitored, they may be able to live independently in their own home for a longer period.

mHealth. The use of downloadable healthcare apps and wearable healthcare devices has exploded in recent years. Wearables alone are expected to become a [\\$6 billion](#) market by 2018. These technologies and devices, referred to as mobile health, or mHealth, allow patients to interact with their providers quickly, conveniently and affordably. The [regulatory framework](#) around mHealth is still taking shape, with the Food and Drug Administration, Federal Trade Commission, and Federal Communications Commission, among other agencies, playing a role in setting federal mHealth policy and regulations.

In addition, it's important to note that telehealth is not only offered by health systems and system-affiliated clinics. There's a growing telehealth industry outside the hospital setting, as evidenced by consumer-facing telehealth companies such as Teladoc, American Well, Doctor on Demand, and MDLive. Patients turn to these services for primary care for colds and flu, skin rashes, respiratory problems, behavioral health issues, and other conditions. Also known as on-demand healthcare companies, they have caught investors' interest. A report from [Accenture](#) says that investment will quadruple from \$200 million in 2014 to \$1 billion in 2017. In fact, Teladoc and American Well are already two of the top 10 startups in the on-demand sector—a group whose best-known member is the ride service Uber.

THE RISE OF TELEHEALTH

Both consumers and providers are utilizing telehealth in ever-increasing numbers, and the trend shows no sign of abating. Telehealth is also gaining more acceptance from employers. We look more closely at these trends, below.

Telehealth is growing fast:

- [Over 50%](#) of hospitals were utilizing telehealth in 2013, and another [10%](#) were beginning the process of implementing telehealth.
- The telehealth market is expected to [grow](#) to nearly \$40 billion in revenue by 2018, up from less than \$10 billion in 2013.
- The estimated annual growth rate in the telehealth market ranges from [18-30%](#).
- By 2018, more than 80% of [employers](#) are expected to offer telehealth coverage for their workers—up from 22% who provided telehealth in 2014.

Consumers are increasingly open to telehealth:

- [74%](#) of Americans are open to the idea of doctor visits via telehealth technologies, according to a survey from Cisco.
- [7%](#) of American consumers—about 20 million people—would be willing to switch from their current provider to a doctor who offered telehealth.
- Of those using wearable devices more than once a month, [78%](#) feel it would be useful for their doctors to have access to that information.

Employers are looking to telehealth for cost and time savings:

Employers are eager to control the amount they spend on healthcare benefits for their employees. Telehealth offers U.S. employers more than [\\$6 billion](#) a year in potential savings, according to a 2014 study from Towers Watson. Moreover, telehealth appointments take about [one-seventh](#) the time of an office visit, with the result that employees can get back to work faster. Not surprisingly, employers are increasingly on board with telehealth. As mentioned above, more than 80% of U.S. companies may offer telehealth coverage by 2018.

Telehealth improves access to care, improves continuity of care and reduces travel time for patients.

Providers are also largely positive about telehealth:

According to a survey by the Robert Graham Center, [large majorities](#) of family practitioners who currently use telehealth in their practice believe that telehealth improves access to care (89%), improves continuity of care (75%), and reduces travel time for patients (83%). Another survey, from the University of Missouri School of Medicine, found that [86%](#) of providers were satisfied with the care they were able to provide through telehealth (and [83%](#) of patients in the same survey were happy with their telehealth experience).

HOW TELEHEALTH CAN BENEFIT HEALTH SYSTEMS AND PATIENTS

What accounts for the growing use and acceptance of telehealth? The answer is clear: telehealth delivers tremendous benefits for health systems, providers and patients, in the following ways:

Improved patient care

Telehealth allows physicians to improve the quality of care they deliver. Through a combination of real-time conferencing, store & forward, remote monitoring, and mHealth, doctors are able to provide consultations, encourage medication adherence, and conduct post-operative follow up. Numerous studies have shown that telehealth is as good as, or better than, traditional in-person visits for diabetes care, pediatrics, cardiology, and mental healthcare, as well as for ICU patients.

Telehealth can be particularly useful for patients with chronic illnesses such as cancer, obesity, diabetes, heart disease, stroke and arthritis—conditions which are driving much of the [cost of care](#). For example, [one study](#) found that among patients receiving telehealth care, the mortality rate for patients with congestive heart failure was reduced to 15%, compared to

56% for patients receiving standard care. At the same time, stroke-patient mortality was reduced by about 25% in the first year after the stroke, thanks to telestroke care.

Lower costs

With U.S. healthcare costs spiraling to approximately \$3 trillion a year, reducing the cost of care is an urgent priority. Telehealth offers health systems one means of reining in healthcare expenses. Using telehealth, health systems are able to decrease costs through improved chronic disease management, shared staffing, and fewer and shorter hospital stays. As mentioned above, a Towers Watson report suggests that telehealth is poised to lower healthcare spending by [\\$6 billion](#) a year. Moreover, telehealth can reduce ER usage by as much as [20%](#), according to a study by the University of Rochester Medical Center. Telehealth represents savings for [patients](#) as well. While an average in-person visit costs \$176, a telehealth appointment typically costs only \$40-50. This savings will further drive patient demand for telehealth.

Telehealth is poised to lower healthcare spending by \$6 billion per year.

Towers Watson report



Better patient engagement

Today's patients are looking for a healthcare experience that mirrors the ease and convenience of their consumer interactions. Telehealth supports this kind of engagement. Doctors can build a regular, ongoing relationship with their patients, using the same electronic devices patients are already using.

Supports value-based care

In the value-based healthcare model, where doctors are reimbursed for outcomes rather than the number of procedures they perform, it's more critical than ever that physicians provide care to their entire patient base. Telehealth gives doctors a means of reaching out to patients and providing care proactively, especially for those who can't or won't come in for checkups on a regular basis.

Reduced readmissions

The Hospital Readmissions Reduction Program, created under the Affordable Care Act in October 2012, requires Medicare to reduce reimbursement payments to hospitals readmitting Medicare patients at a high rate. For this reason hospitals have a financial incentive to reduce rehospitalizations. The kind of regular, ongoing care doctors are able to offer through telehealth—for example, following up with discharged patients to make sure they're adhering to their recovery care plan, or ensuring that patients are taking their medication as directed—helps reduce the rate of readmissions and protect health systems' reimbursement revenue.

Improved access

Telehealth is especially well-suited to expanding access to medical care for patients who might otherwise have limited care options. For example, 25% of patients are in rural areas, but only 10% of providers, making access to care a serious problem. Telehealth can bridge

this gap by connecting rural hospitals to the resources of a larger system. For example, a radiologist at a rural clinic could send images to a larger hospital and draw on the expertise of a specialist. Telehealth is also an effective solution for elderly, disabled or other patients who have difficulty reaching a clinic for in-person appointments.

Expands market reach

Telehealth positions health systems to expand into new markets by opening less-expensive clinics, as opposed to building extensive, multi-million dollar facilities. With telehealth capability, a clinic can legitimately claim to meet a broad range of patient needs, even if the clinic is relying on its health-system referral partners for the full range of services.

Attracts younger, more tech-savvy physicians

Health systems which support telehealth may have an easier time attracting younger, tech-savvy doctors eager to work in an environment friendly to technology and innovation. Moreover, [rural hospitals](#) with telehealth functionality could see a boost in physician recruitment, since telehealth would offer doctors access to the same tools they could find in a big-city hospital.

CHALLENGES

Health systems contemplating a telehealth strategy should be aware of the challenges facing telehealth. These include:

Reimbursement. The lack of uniformity around telehealth reimbursement is a top concern for many providers. According to the Robert Graham Center survey cited above, 85% of doctors who don't use telehealth said they would do so if reimbursement issues were resolved.

Currently, 29 states plus the District of Columbia have laws requiring private insurers to reimburse at the same rate as in-person visits. On the public payer side, Medicaid, which is federally funded but state-run, covers some form of telehealth in all 50 states and the District of Columbia, though the coverage varies greatly by [state](#). Medicare covers videoconferencing telehealth care in rural areas only. Legislation in Congress, such as the pending Medicare Telehealth Parity Act of 2015, may in the future expand the reach of Medicare to cover more services in urban areas as well.

While reimbursement policy is evolving, the shift to a value-based healthcare model could ultimately resolve the reimbursement question on its own. In the value-based paradigm, providers are not reimbursed per service, but paid a set amount per patient, with the result that payers and physicians share the financial risk of care. By allowing doctors to reach and care for more of their patients, especially those least likely to come in for an appointment, telehealth helps improve overall health outcomes and minimize physician risk.

Physician licensing. In the early days of telehealth, most telehealth services operated within one state, and the fact that a doctor was not licensed to practice in another state did not pose

a problem. Now, however, with telehealth being offered by large multi-state systems, physicians and patients may be in different states. This makes licensing requirements an obstacle to the growth of telehealth. The Telemedicine for Medicare Act of 2015, still pending in Congress, is one attempt to allow doctors to provide telehealth services across state borders without having to meet additional licensing requirements.

Patient information security. The more patient information is shared electronically, the greater the potential for this information to be disclosed to someone other than the patient, or to a provider not directly involved in treating the patient. Health systems will need to be vigilant about maintaining the privacy standards in HIPAA (Health Insurance Portability and Accountability Act), HITECH (Health Information Technology for Economic and Clinical Health Act), and other regulations as they implement their telehealth services.

Prescribing via telehealth. Whether a telehealth appointment qualifies a physician to prescribe medication is another evolving issue. Currently 20 states allow doctors to offer prescriptions after seeing patients via telehealth. The Federation of State Medical Boards and the American Medical Association are among the organizations discussing ways to regularize telehealth prescription policy.

IMPLEMENTATION: WHAT TO CONSIDER WHEN CREATING A TELEHEALTH STRATEGY

With an understanding of everything telehealth encompasses—the technologies, the benefits and the challenges—health system leaders are in a better position to implement a telehealth program successfully. Here's what administrators should keep in mind as they plan and undertake a telehealth implementation:

Determine whether hiring a telehealth consultant makes sense. For some health systems, implementing a telehealth program is just one of many priorities. An outside expert can ensure that a telehealth implementation stays on track and receives the necessary support and resources.

Understand that telehealth is not a stand-alone product. Telehealth should be an integral part of a health system's care offerings, enabling the organization to deliver more cost-effective, proactive and patient-centered care. Administrators should be of this mindset even before implementation begins.

Identify the value-add. Before implementing a telehealth strategy, health-system leaders should develop a [value proposition](#): how does telehealth meet the needs of our patients? Help us stand out in the market? Lower costs?

Align the telehealth strategy with the system strategy. Telehealth should support the larger strategic goals of the health system. Keep in mind that implementing a telehealth strategy can take up to a year, even if the process runs smoothly, making alignment a long-term concern.

Ensure that the elements of the strategy are in place. A successful implementation involves many [elements](#), including: the kinds of telehealth services offered, the vendors and clinicians who will provide the services, and the ways in which the services will be delivered.

Allow for the growth of chronic care. Telehealth is evolving to serve more patients with chronic care needs, not just primary care needs. Health system leaders should prepare for greater chronic care support and build this flexibility into the system.

Identify and develop physician and non-physician champions. Without strong leadership a telehealth implementation can flounder. It's essential to lock in the support of physicians in particular, but also administrators and staff.

Dedicate IT resources. IT infrastructure—hardware and software—is the backbone of an effective telehealth program. Ensuring that there are adequate IT resources, and the staff to support them, is an essential component of a telehealth implementation strategy.

Don't reinvent the wheel. The technology to make telehealth work already exists. Administrators need to focus on finding the right systems for their needs, not spending time and resources creating new versions of their own.

Keep it simple. A successful telehealth program will augment a health system's care, not make life more complicated for doctors, staff or patients. A large disruption is a sign of a poor implementation.

CONCLUSION

Telehealth is redefining healthcare. Today, doctors and patients no longer need be in the same room, and the notion of "seeing the patient" has an entirely new meaning. To implement a telehealth solution successfully in their own organization, health-system leaders need an understanding of telehealth from all angles—how telehealth can benefit their patients and providers, the challenges they may encounter during implementation, the financial impact of telehealth, and the policy changes which may affect telehealth in the future. Most importantly, administrators need a detailed strategy for implementation. With a plan in place, a health system will be well-positioned for a telehealth solution that serves the health system, its providers and its patients in equal measure.

10 Telehealth Implementation Considerations

Hire a Telehealth Consultant or Expert

Telehealth is not a Stand-alone Product

Identify the Value-add

Align Telehealth with System Strategy

Ensure Elements of Strategy are in Place

Allow for Growth of Chronic Care

Identify and Develop Champions

Dedicate IT Resources

Don't Reinvent the Wheel

Keep it Simple

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