



DISRUPTING HEALTHCARE

RISKS
AND
REWARDS
OF **TELEHEALTH**



*I*t's no secret that modern communications and media technologies disrupt every field of commerce and industry - healthcare included. The field of telehealth represents a burgeoning challenge for doctors, insurers, hospitals and other organizations throughout the sector. A study from market research firm Grand View Research suggests the value of the global telehealth market will exceed \$113 billion within the next decade.

For some, telehealth represents a specific approach or procedure. It is a complex and interlocking combination of revolutionary new techniques - like remote surgery - and conventional medical practice conducted in new ways. On the upside, it promises significant potential improvements in access to and quality of care for large, previously underserved patient populations. For everyone involved, telehealth presents both major challenges and huge opportunities, which we will examine in this report.

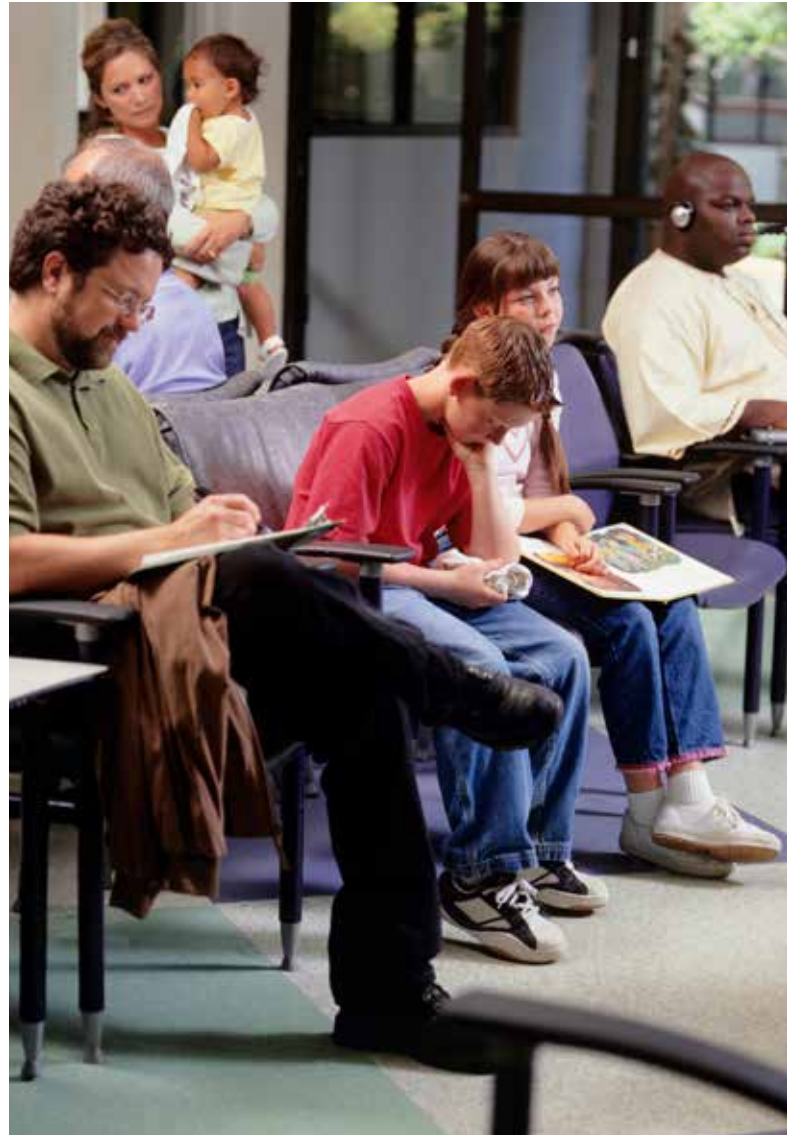
Structural Factors Driving the Growth of Telehealth

Cost

Healthcare costs rose steadily for providers and for patients throughout the country over the past decade. According to research from PricewaterhouseCoopers, the [overall rate of increase for medical costs](#) will be 6.5% in 2017, the same as in 2016. This represents a decline from the double-digit rate increases of 10 years ago. However, the rate of cost increases continues to exceed the overall rate of inflation, making medical costs progressively more expensive.

More Effective Use Of Patients' and Doctors' Time

Part of each medical visit comprises travel time, clerical work, routine questions and sometimes just waiting around. Time is money, and the less time is wasted in the process of getting a consultation with a doctor, the more money both parties save. Patients can get the care they need as efficiently as possible, which can eliminate the need to





use valuable sick time, while doctors can interact with more patients daily.

Lower-cost responses for a wide variety of conditions

Too often, medical issues that could have been solved more simply with a lower-cost treatment spiral into larger, more complex issues. Take a “simple” case of influenza.

Quicker response to flu symptoms can prevent more serious problems. Dr. Henry DePhillips, the chief medical officer at Teladoc, a major telehealth provider, discussed this topic with URAC. The Centers for Disease Control, he points out, actually recommends that in almost all cases it is better for a person with the flu to stay away from medical facilities unless they have a particularly severe case.

By employing telehealth and remote consulting, patients can generally receive the care they need without exposing themselves or others. “This is a very

ramped-up version of what primary care doctors have been doing for decades,” DePhillips says. “Telehealth formalizes it and sets guardrails around it.”

Reduction in unnecessary emergency room visits

On a similar note, too many Americans visit the emergency room each year for conditions that don’t need to be treated in the ER. A [Wall Street Journal op-ed](#) by Dr. Paul Auerbach, professor of emergency medicine at Stanford University, identified a need for improved access to non-urgent care, and for patients to be educated and reassured when they perceive crises. It’s not enough for administrators and doctors to tell patients to only visit the ER when it’s a “real emergency.” In reality, Auerbach says, it’s impossible

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for every patient to get 100 percent of the care they need face-to-face.

However, he points out, telehealth enables doctors, administrators, and the rest of the healthcare complex to “build primary care and specialist capacity that will effectively and appropriately assist patients who otherwise must rely on the emergency department, develop telephone and video-assisted care, promote wellness, harness the power of digital health, and finally, educate and convince patients that the system will serve them.”

Barriers to access

More and more doctors and organizations are embracing a philosophy of healthcare that centers on the patient rather than the provider, and strives to serve its patient population wherever necessary. Telehealth presents an ideal way to reach patients in remote and rural

areas, those with limited transportation or mobility options, underserved urban communities and other challenging populations. Telehealth also improves access to mental health services.

Dr. DePhillips points out that half of Teladoc’s patient group comes from rural areas, but the other half comes from major metropolitan areas, where there often simply aren’t enough doctors. In these areas, he says, the average time to get an appointment with a new primary care physician is 18-21 days.

By breaking down geographic and logistical barriers, telehealth broadly expands the possibilities for the healthcare industry and its patients.

Risks and Challenges in the Telehealth Era

Cybersecurity

In the American Hospital Association's [Health Forum IT report](#), 90 percent of the "Most Wired" hospitals surveyed use a combination of intrusion detection systems, privacy audit systems and security incident event management to secure patient data. In addition, 84 percent of the hospitals employed a third-party security audit every year to shore up their security.

Still, [the Ponemon Institute](#), a private data security and privacy research group, found that cyberattacks against doctors and hospitals created \$6 billion in losses annually, for an average cost of \$2.1 million per breach. This spans all medical practice, not just telehealth.

When most or all of a doctor-patient relationship moves online, questions arise about HIPAA, patient information security and confidentiality. For telehealth to continue evolving and expanding, clinicians need to reassure regulators and patients that critical data is properly secured, yet accessible for patients. Independent accreditation of telehealth programs can help ensure that organizations meet rigorous standards.



Regulatory hurdles

The regulatory landscape for this kind of medical care remains fragmented and complex. Especially where delivering care involves doctor-patient relationships across state lines, the industry must tread carefully to avoid tripping over regulatory gaps. Cross-state licensing issues may be one of the largest challenges here, and different organizations approach it in different ways.

Dr. Robert Bernstein of Carena, a firm that partners with institutions to provide virtual clinics, notes that each additional state license brings a plethora of requirements regarding continuing medical education, paperwork and testing. There are several possible approaches here, Bernstein says - some firms choose to employ doctors licensed in a number of different states along with a support staff. Others take a dispersed model, hiring doctors in every state.

State medical boards also present their own particular issues. For example, some of the boards believe that tighter and stricter regulations will improve the standard of care and safety for telehealth practices. This isn't

necessarily so, though - regulatory complexity can introduce challenges, where independent, third-party accreditation can create voluntary pathways to higher-quality care without introducing new legal hurdles.

In addition, certain medications present potential problems - "some states limit what kinds of medications can be prescribed in a telehealth environment," explains Deborah Smith, Vice President at URAC. Opioids are particularly tightly regulated in this regard.

One important initiative here is the Interstate Medical Licensure Compact, developed by the Federation of State Medical Boards, which seeks to develop an expedited and improved pathway for physicians to seek licenses in different states. With 18 states on board, and several more debating legislation to join, the compact aims



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to [smooth the path for physicians seeking expedited licensure](#) in multiple states by reducing regulatory hurdles and aligning processes.

Quality of service

The diversification of providers and the development of networks may create new stresses and concerns about overall quality of care. Patients will need ways to assess the effectiveness of their telehealth providers, while the industry as a whole requires strong, evidence-based metrics to gauge the relative outcomes of telehealth vs. in-person care.



According to Dr. Bernstein, one of the potential benefits of telehealth is that in many cases, it actually affords the doctors more time to engage with their patients. Because of the reduced overhead, they are able to “take the time to figure out what’s really going to help you. We can take a holistic, traditional clinician approach.”

However, for the industry to really shine when it comes to quality care, independent accreditation services must play a key role. These services should ensure clinicians implement evidence-based guidelines and protocols, coordinate properly with their patients’ PCPs and continuously evaluate patients’ experience of their own care.

Medicare, Medicaid and private reimbursement

The federal Medicare program enforces tight restrictions on allowed reimbursements for telehealth services, limiting them to live video services in select geographic regions, and to specific subsets of clinical care providers. Under Medicare, only certain facilities are eligible to deliver telehealth services and receive reimbursement, and the relevant services are identified by the [Current Procedural Technology codes](#).

These codes are updated by the US Department of Health and Human Services annually. There are two categories of codes for these services,



defined by whether or not they are similar to existing services which have already received approval for telehealth delivery.

Currently, Medicare does not reimburse for any remote patient monitoring.

Medicaid represents a more diversified challenge - nationwide, no two states define or regulate their regional telehealth policies identically. According to the Center for Connected Health Policy's [annual comprehensive report](#), in 48 states plus Washington, D.C., Medicaid programs reimburse for live video telehealth services. However, only 19 states reimburse costs for remote patient monitoring services, while just 12 states' programs will reimburse physicians for store-and-forward data.

Private insurers are another frontier to take into account. While a rise in telehealth parity laws is promising for the sector, different states have taken different approaches. This inconsistency creates problems for the industry - at present, 32 states and Washington, D.C. have parity laws requiring private insurers to cover telehealth services at the same rate as if the service was provided in person. Within that group, some require that telehealth providers are paid on the precisely the same basis, while others restrict payment rates based on geography or type of service.

Opportunities Moving Forward

Improved outcomes

One of the greatest appeals of telehealth initiatives is the capacity to improve patient outcomes at a relatively low cost. By making it easier, cheaper and more convenient for patients to contact their physicians, telehealth creates more opportunities to monitor and streamline care, reducing negative outcomes and boosting positive ones. Take a [study](#) conducted between Bon Secours St. Mary's Hospital of Richmond, VA and VOX Telehealth, based in Princeton, NJ. The relevant OrthoCare Program took aim at both pre- and post-surgery timelines, combining educational content, observations, reminders and alerts to better prepare and support patients around their procedures.

The study found that the telehealth program, focused on Bon Secours' hip and knee replacement program, resulted in 92 percent of patients discharged to their homes directly, three times better than the national average of 30 percent. Time in the hospital dropped to 1.6 days, from 2.0 days and 3.7 days experienced by the study's control groups. Satisfaction rates remained high - 91 percent of the patient population reported high satisfaction with their overall standard of care, and 93 percent said the telehealth program improved their experience.





Every part of the U.S. healthcare system faces the challenge of rising costs, and telehealth can play a key role in controlling those costs.

The Center for Connected Health Policy highlighted an example of [these kinds of dynamics in a video](#) about a family practitioner in a small California town collaborating with a pediatric intensivist at the University of California - Davis, three hours away. The use of video-based telehealth helped expedite the treatment of diabetic ketoacidosis for an extremely sick young patient.

Saving money

Every part of the U.S. healthcare system faces the challenge of rising costs, and telehealth can play a key role in controlling those costs. American Well's [Telehealth Report cites research](#) that widespread and effective adoption of telehealth could

save the industry \$6 billion annually. That's a big figure, but it requires closer attention. The report identified three key use cases for employing telehealth to reduce costs:

- A reduction in readmission rates
- Improvement in staff utilization, and
- Preventing hospitalization through pre-emptive outreach.

For Medicare alone, the government estimates that hospital readmissions within 30 days cost the program \$26 billion each year. Local applications show that telehealth can reduce this expenditure by improving data collection and expanding the ability of clinicians to leverage that data to best effect.

A [study from the Center for Information Technology Leadership](#) highlighted figures that illustrate potential cost savings from telehealth within the healthcare system - that is, between providers within the same or different networks. The study found potential net savings of \$1.39 billion a year in unnecessary transfers between correctional facilities and \$806 million in transfers to and from nursing facilities, as a result of implementing store-and-forward and interactive A/V technologies.

Billions in healthcare spending could be avoided or better implemented each year if certain conditions were caught earlier and symptoms were handled more promptly. In a survey of its own patient population, Carena [found that by](#) employing telehealth clinics, 7 percent of its patients avoid a visit to the ED, while fully 72 percent managed to avoid going to an urgent care facility.

Expansion of access

Access to healthcare remains uneven across disparate populations and demographics in the U.S. By breaking down barriers of various types, telehealth can improve access to high-quality and consistent medical care to groups who have historically struggled to receive it.

Studies show a strong impact on care expansion when adopting telehealth. The U.S. Department of Veteran's Affairs has been a leader in this field, with studies showing the effectiveness of telehealth for [treating post-traumatic stress disorder](#) and [controlling diabetes and blood sugar levels](#).

In August 2016, the Department of Health and Human Services earmarked half of \$16 million in funds for expanding rural healthcare to the Telehealth Network Grant Program. Nonprofit organizations are also enthusiastic – last year, the American Red Cross [partnered with Teladoc to connect](#) its network of physicians with disaster relief efforts in remote, hard-hit areas to expedite care during disaster situations.

Rising physician/organizational adoption and enthusiasm

It's not just patients and institutions that support telehealth. Physicians are increasingly enthusiastic about employing technology in new and better ways to extend their existing practice. At a fundamental level, points out Dr. DePhillips, the core practice of telehealth is no different than conventional medicine - the difference lies in its reach.



Findings are promising for telehealth: While only five percent of physicians had ever conducted a video visit in [American Well's Telehealth Physician Survey](#), 57 percent were willing to do so and only 12 percent ruled it out completely. The physicians cited an improved work-life balance, better outcomes, and higher patient retention among their reasons for embracing the technology.

One of the most important tools for all involved can be independent, third-party accreditation.

Reimbursement also plays a key factor here. Where a physician might take multiple phone calls and answer scores of emails a day - [each communication costing an average \\$20 of billable time](#) - telehealth creates a billable, formalized structure for such remote communication.

Independent accreditation

As telehealth practices and services expand, more and more questions will rise regarding existing challenges. New and unforeseen difficulties and risks may also present pitfalls for clinicians and patients to navigate.

One of the most important tools for all involved can be independent, third-party accreditation. The independence of accrediting bodies is particularly important to ensure there are no ties to specific industry-interest groups and no potential conflicts of interest.

Properly administered and constructed, [accreditation can help telehealth deliver on its potential](#).

Accreditation addresses numerous facets of telehealth, from the risk and suitability of relevant technology to the licensing and credentialing of qualified health professionals.

Different organizations may have disparate experiences when it comes to the accreditation process, of course. URAC's Deborah Smith explains that some groups have arrived fully compliant when they applied for URAC Telehealth Accreditation, including "some of the largest and best-known telehealth organizations in the country." Others have more work to do when it comes to meeting the relevant standards of privacy, security, reliability and quality of care.

Conclusion

While challenges remain, the field of telehealth holds significant promise for doctors and patients alike. Great strides have been made in the last two decades, enabled by beneficial conditions and technological leaps. The field has been well-prepared for further growth and development.

That said, the varied regulatory landscape and the more restrictive approach of some medical boards may throw up roadblocks. Wherever new approaches and technologies evolve, there will be resistance and concern about innovation outstripping or disrupting existing standards.

The key to navigating those challenges will be solid, well-researched and evidence-based standards. Accrediting and measuring the effectiveness of telehealth programs needs to be a core part of the field's development in the next three to five years. Independent bodies like URAC offer a compelling case study in how to construct and administer effective, responsible third-party accreditation services.

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Founded in 1990, URAC is the independent leader in promoting health care quality through accreditation, education and measurement. URAC accreditation is a symbol of excellence for organizations to showcase their validated commitment to quality and accountability. Our Provider Integration and Coordination Programs include Telehealth Accreditation, PCMH Certification, and Clinical Integration and Accountable Care Accreditations. Our approach defines the standards of excellence for telehealth, without prescribing how organizations must meet those standards, to allow this evolving industry to continue innovating while ensuring patient protection.

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