High-Speed Health Care Via Video Chat and Smart Phones

How Telemedicine Can Work for You

March 19, 2014

CARENA

Davis Wright Tremaine LLP

Agenda

1. Current Telemedicine Delivery Models
- Overview
- Case Study: Carena

2. Regulatory and Operational Considerations
- Legal Issues
- Operational Challenges of Creating a Virtual Clinic

3. Business Models and Reimbursement
- How can a Virtual Clinic Becomes a Viable Business
- Telemedicine Reimbursement

Part 1: Current Telemedicine Delivery Models

Overview

What is telemedicine/telehealth?

"TELEMEDICINE: The use of medical information exchanged from one site to another via electronic communications to improve a patient's clinical health status.

Telemedicine includes a growing variety of applications and services using two-way video, email, smart phones, wireless tools and other forms of telecommunications technology."
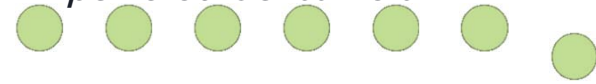

"TELEHEALTH: a collection of means or methods for enhancing health care, public health, and health education delivery and support using telecommunications technologies:"

- *Live Videoconferencing (Synchronous)*

- *Store-and-Forward (Asynchronous)*

- *Remote Patient Monitoring (RPM)*

- *Mobile Health (mHealth)*
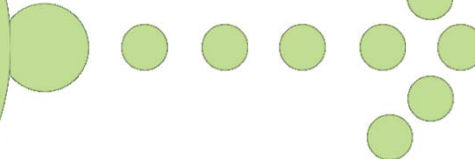
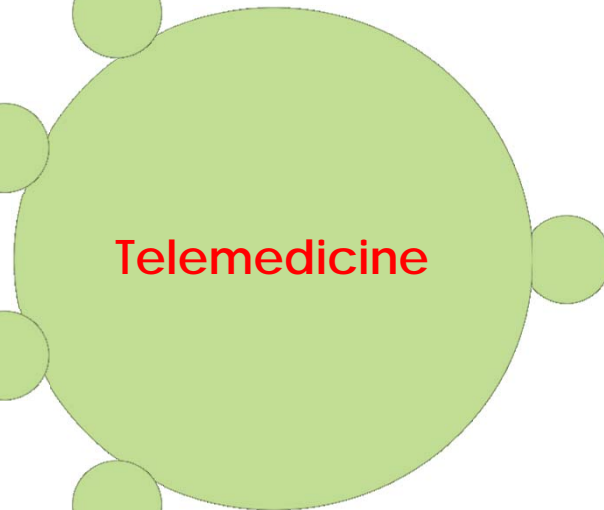# The Rise of Telemedicine

Empowered Consumers

Technology Advances

Telemedicine

More Emphasis on Primary Care, fewer PCPs

Influx of New Insureds, Elderly and Chronically Ill

The "Triple Aim"

Direct Patient Care Models

▸ **Virtual Visits**
  - Evaluation and management
  - Episodic emergency care
  - Telemental health consults

▸ **Telemonitoring**
  - *Partners Healthcare* Congestive Heart Failure (CHF) monitoring program
  - *VA Care Coordination/Home Telehealth* monitoring chronically ill patients

▸ **Tele-ICU**
  - 13% of ICU beds in U.S. are supported by tele-ICU technologies.

▸ **Adherence to Treatment Regimens**
  - Smart phone applications, email alerts to caregivers, electronic reports to physicians, etc.

▸ **Extending Access to Specialists**
  - Diagnostic radiology, ophthalmologist Interpretations, laboratory, teledermatology, etc.

Partnership Models

▸ **After hours coverage**
  - Doctor's "on-call" time can be reduced

▸ **Service line agreement with other hospitals**
  - *Mass General Hospital* telestroke program

▸ **Patient Centered Medical Homes (PCMHs)**
  - Suffer from a shortage of PCPs

▸ **Accountable Care Organizations (ACOs)**
  - In search of interventions to help reduce total cost of care and improve outcomes

▸ **Bundled Payment for Care Initiatives (BCPI)**
  - Need tools to reduce hospital readmissions

Part 1: Current Telemedicine Delivery Models

Case Study: Carena

About Carena, Inc.

Our mission is to redefine healthcare by changing how patients access care and how providers deliver it.

Founded in 2000, we are a team of medical, technology, and consumer marketing professionals passionate about creating the best healthcare experience possible.
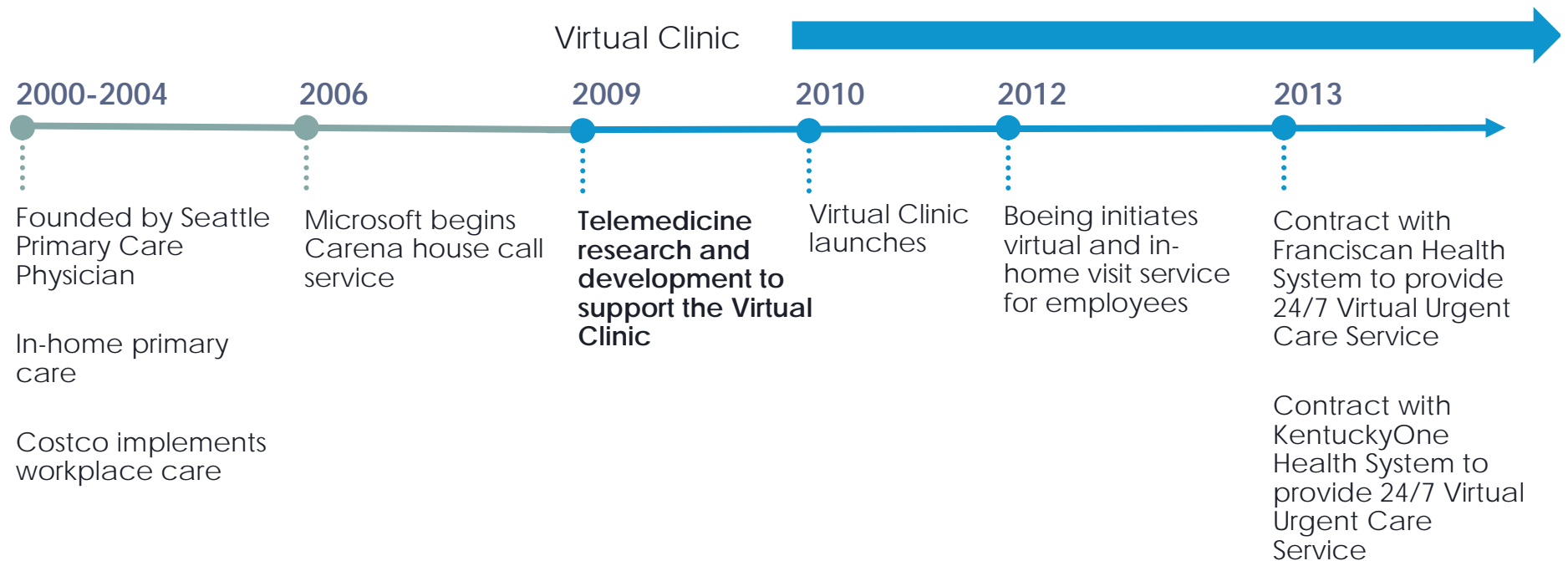
Based in Seattle, we deliver virtual medical care and patient services for approximately **6 million** members and patients in Washington, California, Illinois, Missouri, and Kentucky.

As a strategic operating partner we provide 24/7 consumer-friendly, branded-solutions for hospital systems and large self-insured companies.

Using our proprietary software systems, we have delivered over 60,000 house calls and virtual visits.

Microsoft

BOEING

COSTCO WHOLESALE

CATHOLIC HEALTH INITIATIVES®
A spirit of innovation, a legacy of care.

CATHOLIC HEALTH INITIATIVES
Franciscan Health System

KentuckyOne Health™

An evolution into Telemedicine

Virtual Clinic

2000-2004

2006

2009

2010

2012

2013

Founded by Seattle Primary Care Physician

In-home primary care

Costco implements workplace care

Microsoft begins Carena house call service

Telemedicine research and development to support the Virtual Clinic

Virtual Clinic launches

Boeing initiates virtual and in-home visit service for employees

Contract with Franciscan Health System to provide 24/7 Virtual Urgent Care Service

Contract with KentuckyOne Health System to provide 24/7 Virtual Urgent Care Service

How a Virtual Visit works

Patient

Care is requested

By phone, web portal, or smartphone app

Virtual Visit begins

Conversation via phone or webcam commences

Visit concludes

Patient receives:
- Visit summary
- Education materials
- Satisfaction survey

:00   :12   :32

Provider

Verification

Patient service rep or software verifies request using business rules

Assessment & care

Assisted by proprietary clinical decision support software, provider determines if virtual care is appropriate then diagnoses & treats

Document & email

Provider emails visit summary & arranges prescription if appropriate. EMR and service info sent to PCP

20 min average visit duration

Providers adhere to **Virtual Practice Guidelines (VPGs)**

Patient service rep arranges follow-up care & PCP selection if requested

Top conditions

1. Bladder infection
2. Upper respiratory infection
3. Sinus infection
4. Cough or bronchitis
5. Sore throat
6. Skin infection | Bites | Stings
7. Pinkeye | Eye infection
8. Ear pain or infection
9. Other (misc. questions, short term refills)
10. Rash
11. Stomach viruses
12. Back or Neck pain
13. Abdominal pain
14. Arthritis or joint pain
15. Vomiting and nausea
16. Fever
17. Viral syndrome
18. Allergies
19. Dental or oral symptoms
20. Lacerations and open wounds

Utilization

Visit Distribution by day
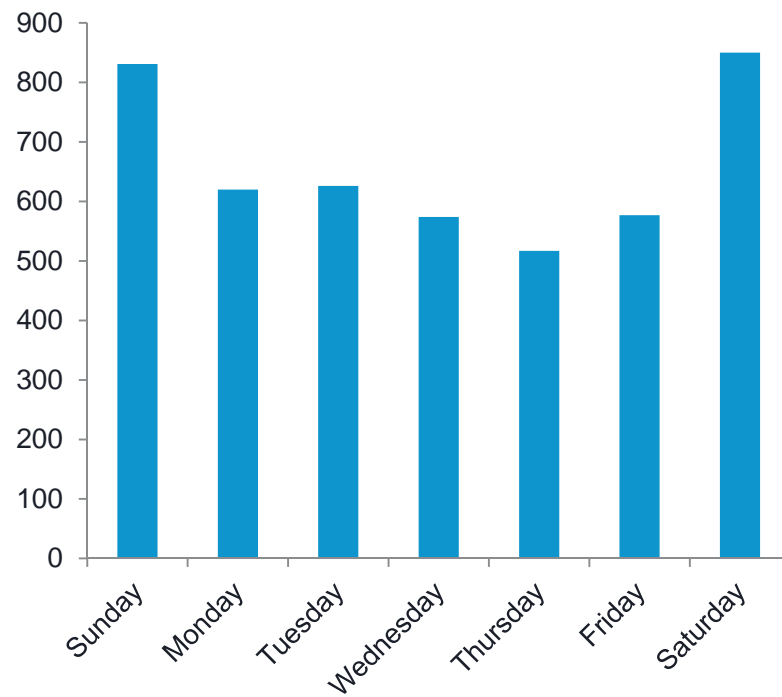
Visit Distribution by time
(weekday)
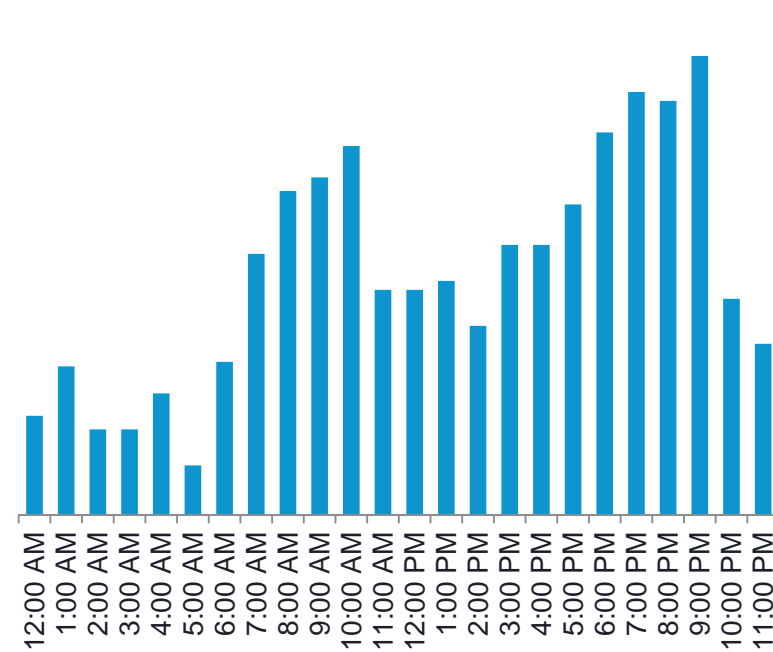
Part 2: Regulatory and Operational Considerations

Legal Issues

The Laundry List:

- Physician and Non-Physician Licensing
- Physician Extender Laws
- Prescribing Drugs
- Privacy and Security
- Informed Consent
- Corporate Issues
- Malpractice

Licensing

Required Licensure

- Full licensure required (most states)
- "Telemedicine" specific license (e.g., LA, MT, NV, NM, OK)
- Medical Board reciprocity (e.g., CT, ND, etc.)
- Registration only (e.g., MN)
- Interstate compacts (not for MDs, few NPs and most RNs)

Exceptions

- Consultations (e.g., KT)
- Neighboring states (e.g., MD, PA)

Beware of licensing lead time…

Use of Non-Physician Practitioners

Licensing Issues

Direct Practice

- 16 states permit direct practice without supervision which permits ordering and interpretation diagnostic tests, prescribing medications and administering treatments without physician oversight
- 11 more states had proposed similar legislation

Physician Supervision

- Physician: NPP supervision ratio
- Documentation
- Reporting

Prescriptive Authority

Prescribing Drugs

What is required prior to prescribing drugs?	No prescribing pursuant to **internet questionnaires (**most states)
	Stricter limitations on **controlled substances** (e.g., Georgia, Mississippi)
	Prescribing without an "**in-person examination**" is inappropriate (e.g., Hawaii, Oklahoma, South Carolina)
	Provider must have a **pre-existing physician-patient relationship** (e.g., Kansas, Kentucky, Michigan, Nebraska, Oregon, West Virginia)
	Perform an "**appropriate**" or "**sufficient**" physical examination (majority of states, e.g., California, Missouri, etc.)
	Treatment must satisfy the **same prevailing and usually accepted standards** as in-person treatment (e.g., Louisiana, Massachusetts, Mississippi, Texas, Washington, etc.)
	Evaluation must meet **specific telemedicine standards** (e.g., New Mexico)

Prescribing Drugs

Exceptions

Institutional Settings: Admission orders for newly hospitalized patients or for patients in the emergency department

Coverage: A patient of another provider for whom the provider is taking call

Extension of Practice: A prescription for a patient who has been examined by another physician or NPP

Consultation: Physician is providing care in consultation with another physician who has a relationship with the patient

New Patients: Medication on a short-term basis for a new patient prior to the patient's first appointment

Protocol Situations: Practitioners are practicing in accordance with standard care arrangements

Privacy and Security

What laws apply?

- HIPAA Privacy Rule?
- HIPAA Security Rule?
- HITECH Act?
- FTC unfair or deceptive trade practices?
- State medical record privacy laws?
- State consumer protection laws?

What risks does this application present?

- Security of stored data
- Security of data gathering
- Security of data transfer
- Privacy expectations of our clientele

State Informed Consent Laws for Telemedicine

No Law (30 states)

Medical Practice Act (10 states)

Medicaid Only (7 states)

Both Medical Practice Act and Medicaid (4 states)
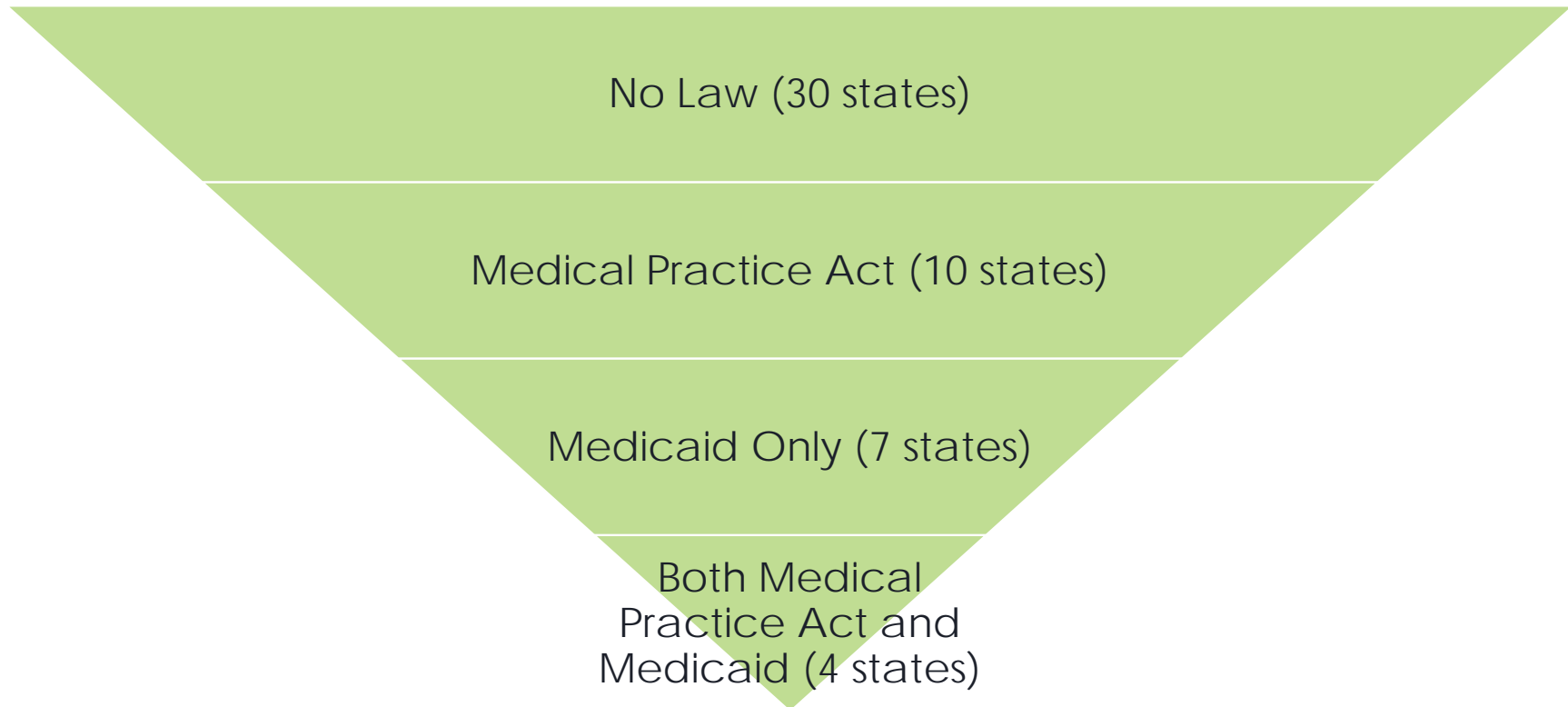
Sample Telemedicine Informed Consent Law

▸ California Business & Professions Code 2290.5

*(b) Prior to the delivery of health care via telehealth, the health care provider at the originating site shall **verbally inform the patient** that telehealth may be used and **obtain verbal consent** from the patient for this use. The **verbal consent shall be documented** in the patient's medical record.*

*(c) The failure of a health care provider to comply with this section shall constitute **unprofessional conduct**.*

(d) This section shall not be construed to alter the scope of practice of any health care provider or authorize the delivery of health care services in a setting, or in a manner, not otherwise authorized by law.

Corporate Issues

Corporate Practice of Medicine

- Appropriate corporate structure within the state
- Management company control and fee

Secretary of State Approval

- Medical Board approval
- States may not authorize foreign professional entities (e.g., California)

Foreign Professional Entity Rules

- Shareholder/Member/Officer/Director licensure
- In-state licensure or any state licensure
- Corporate name, d/b/a, suffix, etc.

Medical Malpractice

▸ *"…[I]t is likely that malpractice lawyers will take advantage of emerging technologies as a new opportunity for litigation."*

- Science and Technology Law: *The mHealth Revolution: Legal Implications of Mobile Health Technology.* Vol. 30 No. 4 by Deborah Runkle.

▸ Will a "telemedicine" standard of care emerge?

▸ What standard of care is owed to patients monitoring their own health?

▸ Is the standard breached if the technology fails?

Part 2: Regulatory and Operational Considerations

Operational Challenges of Creating a Virtual Clinic

Our process

SUMMER 2009

Researched state telemedicine regulations; Studied the charts of 35,000 house calls delivered

R&D

Development of Virtual Practice Guidelines (VPG) and decision support tools

TRAINING

Extensive Provider Training plus VPG integration into delivery software

FALL 2010

Launch the Carena Virtual Clinic
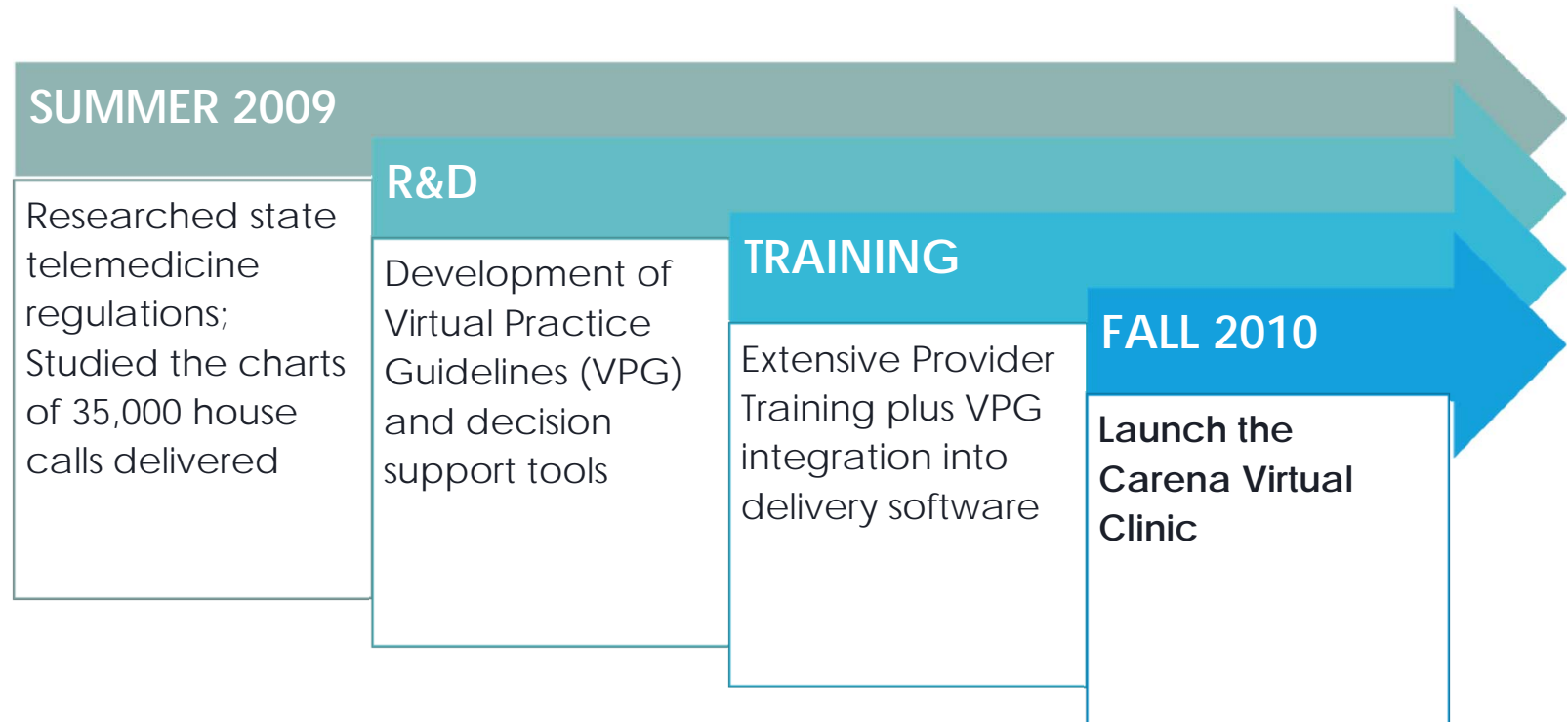
Clinical and legal questions

What are the state and federal medical board policies regarding telemedicine?

What are the provider licensure requirements for telemedicine?

What percentage of our delivered house calls could be delivered virtually?

- Issues to consider:
  Patient safety
  Standards of care

How do we ensure consistency and quality of care delivery?

- Issues to consider:
  Quality Assurance and Improvement (QAIP)

Washington State: Standard of Practice

THE WA MEDICAL QUALITY ASSURANCE COMMISSION STATES:

- A documented patient evaluation, including history and physical evaluation **adequate to establish diagnoses and identify underlying conditions and/or contra-indications to the treatment recommended/provided**, must be obtained prior to providing treatment, including issuing prescriptions, electronically or otherwise.

- Treatment and consultation recommendations made in an online setting, including issuing a prescription via electronic means, will be **held to the same standards of appropriate practice as those in in-person settings**.

Washington Medical Quality Assurance Commission, Guidelines for Appropriate Use of the Internet in Medical Practice

Virtual Practice Guidelines

Internally developed guidelines based on national standards and accepted practices; then uniquely adopted for the practice of telemedicine.

PROVIDE GUIDANCE ON

1. Telemedicine diagnostic criteria
2. Clinical safety for telemedicine care
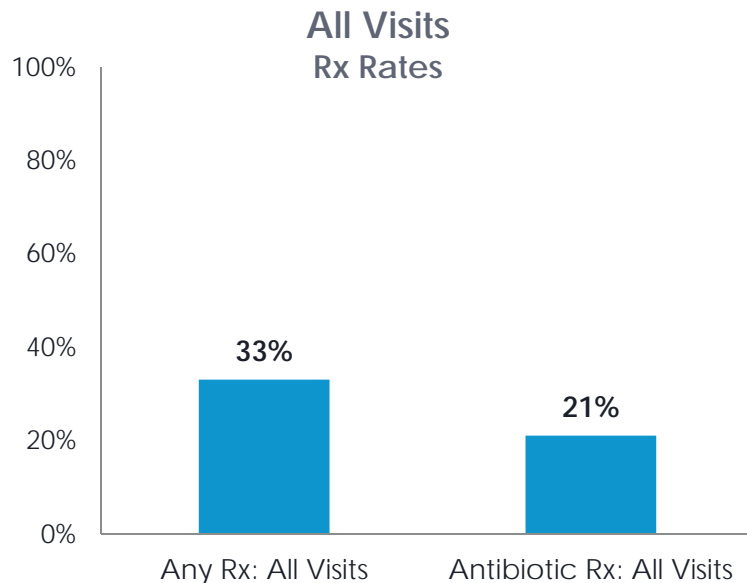3. Evidence-based Treatment recommendations

USED FOR

- Provider Onboarding/Training
- Integration into Documentation Software for point-of-care use
- Ongoing Discussion/Review
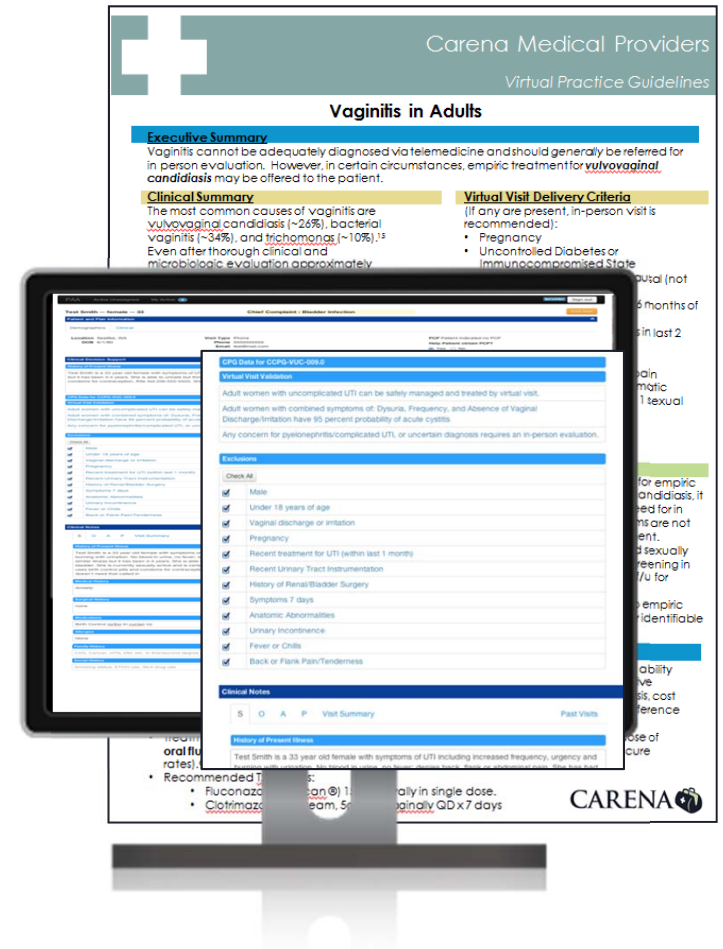
Carena Prescribing Policies and Patterns

No controlled substances or routine refills

Commonly prescribed medications include antibiotics when indicated, allergy medications, anti-nausea medications, and various topical agents.

All Visits
Rx Rates

- Any Rx: All Visits — 33%
- Antibiotic Rx: All Visits — 21%

Acute Sinusitis
Antibiotic Rx Rate Comparison

- Carena 2013 Avg — 68%
- Nat'l Avg — 83%[a]
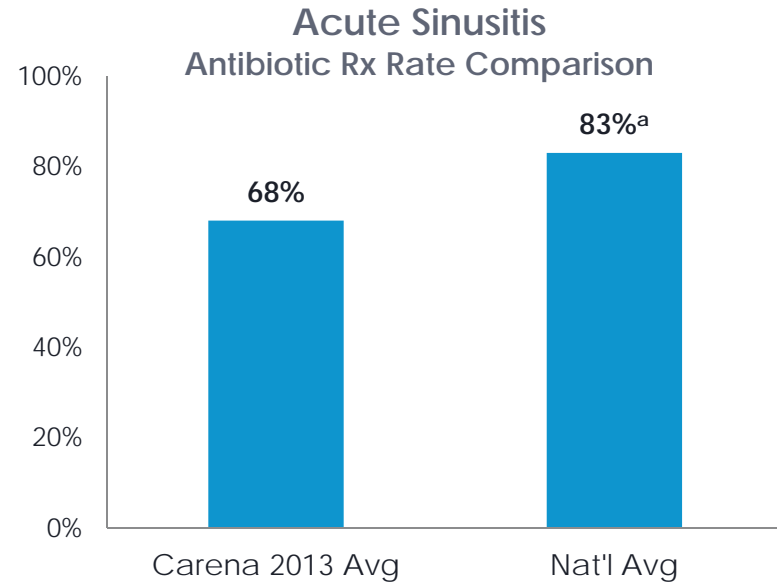
National Ambulatory Medical Care Survey (NAMCS) and National
Hospital Ambulatory Medical Care Survey (NHAMCS): 2000-2009

Quality Assurance and Improvement

ROBUST QAIP PROGRAM MEASURING

- Clinical Appropriateness of Virtual Visit
- Adherence to Virtual Practice Guidelines
- Quality of Documentation
- Ongoing monitoring of prescribing practices and antibiotic stewardship processes

PROCESS

- 5 member clinician committee
- Quarterly Reports
- Blinded reviews of random and targeted diagnoses

Program approved by Washington State Department of Health as a Certified Quality Improvement Program

3. Business Models and Reimbursement

How a Virtual Clinic Becomes a Viable Business

Applications of Virtual Care

Market leadership and differentiation

New patient acquisition and retention

Expansion of system service areas

Novel engagement methods to manage a patient's cost

Management of risk

Help achieve ACO metrics
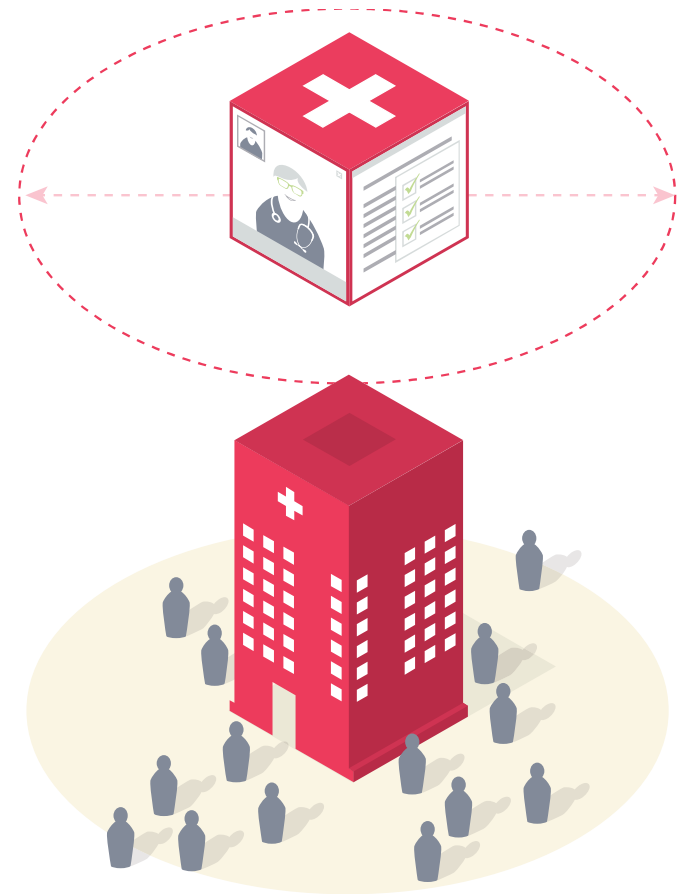
The Virtual Clinic and Health Systems

The Virtual Clinic and Accountable Care Organizations

ACO QUALITY DOMAINS	VIRTUAL VISIT ROLE
Caregiver Experience	Improve CAHPS survey results for: • Getting Timely Care, Appointments, and Information • How Well Your Providers Communicate
Care Coordination/Patient Safety	Medication Reconciliation Visits
Preventive Health	Preventive Health Assessments Visits (e.g. Cancer, Vaccinations, etc.)
At Risk Populations	Integral Component Visit of ongoing Diabetes, Hypertension, CHF care

The Virtual Clinic and Consumers

"Best doctor's appointment I've ever had, hands down!"

"Bladder infection symptoms hit at bedtime. I was leaving on a cruise in the morning. It doesn't get better than a kind phone call and a 24 hour pharmacy visit to help me make my deadlines in the morning in pain free. Thank you for your pleasant service at 3 a.m."

"I was amazed at the responsiveness, thoroughness and quality of care provided through your service. It saved me and my daughter the hassle of going out and sitting in an urgent care with other sick people. Thank you!"

Patient Virtual Front Door
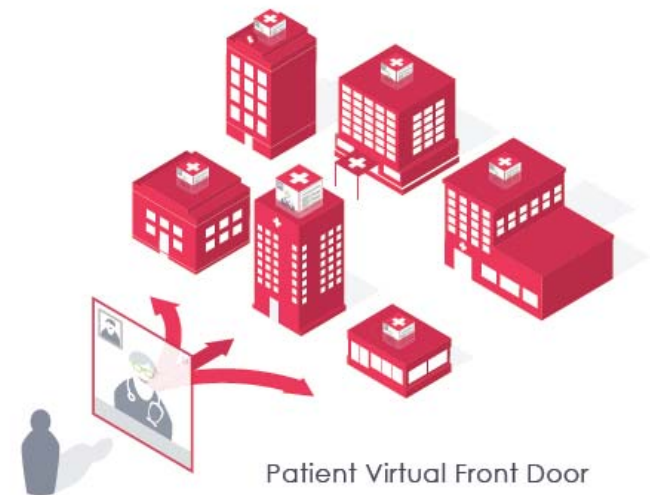
3. Business Models and Reimbursement

Reimbursement

Medicare Coverage – Location Restrictions

▶ **Patient must be in a rural location**
  - HPSA – Health Professional Shortage Area
  - MSA – County is <u>not</u> a Metropolitan Statistical Area

▶ **Eligible sites include**:
  - Office of physician or practitioner
  - Critical access hospital (CAH)
  - Rural health clinic (RHC)
  - Federally qualified health clinic (FQHC)
  - Hospital
  - Skilled nursing facility (SNFs)
  - Hospital-based renal dialysis center
  - Community mental health center (CMHCs)

▶ **Changes for 2014**
  - Method for identifying HPSAs was broadened (i.e., more locations will qualify)
  - CMS will develop website tool to help identify potential originating sites

Medicare Coverage - Services

▸ **List of Covered Telehealth Services**
- Category 1: Service described by current code, but would be performed through telehealth
- Category 2: Service not similar to a corresponding CPT code, new code required

▸ **New CPT Codes**
- Transitional care management services (CPT 99495 and 99496)
- Post discharge transitional care services for 30 days
- One face-to-face visit required
- Other visits can occur through other means

▸ **Payment and Billing**
- Reimbursement is the same as the current fee schedule amount for the service provided.
- Claims for reimbursement should be submitted with the appropriate CPT code for the professional service provided and the Telehealth modifier "GT" – via interactive audio and video telecommunications system.

Medicare Coverage - Services

- Consultations

- Telehealth consultations, emergency department or initial inpatient

- Follow-up inpatient telehealth consultations

- Office or other outpatient visits

- Subsequent hospital care services, with the limitation of one telehealth visit every 3 days

- Subsequent nursing facility care services, with the limitation of one telehealth visit every 30 days

- Pharmacologic management

- Individual psychotherapy

- Individual psychotherapy

- Psychiatric diagnostic interview examination

- Neurobehavioral status exam

- End Stage Renal Disease (ESRD) related services

- End Stage Renal Disease (ESRD) Individual and group medical nutrition therapy

- Individual and group health and behavior assessment and intervention

- Individual and group kidney disease education (KDE) services

- Smoking Cessation Services

- Alcohol and/or substance (other than tobacco) abuse structured assessment and intervention services

- Annual alcohol misuse screening

- Brief face-to-face behavioral counseling for alcohol misuse

- Annual Depression Screening

- High-intensity behavioral counseling to prevent sexually transmitted infections

- Annual, face-to-face Intensive behavioral therapy for cardiovascular disease

- Face-to-face behavioral counseling for obesity

Medicaid Coverage

▸ Forty-four states have some form of reimbursement for telehealth in their state Medicaid program. Examples of Medicaid-covered telemedicine services:
- **California**: Store and forward services for tele-dermatology and tele-ophthalmology
- **Colorado**: Remote patient monitoring, mental health consults
- **Georgia**: Office visits, pharma management, psych services, radiological services, etc.
- **Idaho**: Psychotherapy E/M, diagnostic interviews, pharma management, consults, etc.
- **Washington**: Consultations, office visits, psych intake and assessment, psychotherapy, etc.

▸ The seven jurisdictions with no coverage are:
- Connecticut
- Iowa
- Massachusetts
- New Hampshire
- New Jersey
- Rhode Island
- District of Columbia

Private Insurance Coverage

▸ *"[W]hen it comes to paying for new procedures or new ways of delivering care, private insurers often keep their eyes on payment policies from the Centers for Medicare & Medicaid Services. If CMS begins compensation for a service, the private payers will likely follow."* *Healthcare IT News* (May 7, 2013)

▸ Telemedicine Parity Laws
  - Adopted in 21 jurisdictions
  - Sample ATA Language: "PRIVATE COVERAGE: Health insurers, health care subscription plans, and health maintenance organizations shall provide coverage for the cost of telemedicine services when the services are appropriately provided through such means."

▸ Implications of Parity Laws
  - "…[W]e found significant associations between state policies and adoption of telehealth. Specifically, state policies that required private payers to reimburse for telehealth services to the same extent as face-to-face services made hospitals more likely to adopt telehealth." *Health Affairs*, Vol. 3, No. 2 Feb. 2014.

▸ Washington HB 1448 (Referred to Rules Committee on Mar. 13, 2014)

Other Reimbursement: Free your mind….

Fee-for-Service Reimbursement

- Not much there…

Changing the Reimbursement Mindset

- Telemedicine as a "savings" generator
- Pursue payments from nontraditional sources

Ancillary Benefits

- Organizational learning experiment
- Marketing tool to patients
- Expanding the service area
- ROI is long term proposition

Questions?

Adam D. Romney
Partner

adamromney@dwt.com
www.dwt.com

Benjamin Green, MD
Director of Clinical Innovation

Benjamin.Green@CarenaMD.com
www.CarenaMD.com