

Telemedicine in Texas Medicaid

*Pursuant to Senate Bill 1340,
79th Legislature, Regular Session, 2005*

Health and Human Services Commission
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Statutory Direction

Senate Bill 1340, 79th Legislature, Regular Session, 2005, Section 6 calls for a study and report on the telemedicine provider network and digital medical imaging.

SECTION 6. (a) The Health and Human Services Commission shall conduct a study to:

(1) identify any program or policy changes necessary to facilitate the development of a network of providers of telemedicine medical services under the state Medicaid program, including:

(A) the establishment of new billing codes;

(B) the establishment of new provider identifiers; and

(C) a description of telemedicine medical services eligible for reimbursement;

(2) investigate the current use of digital medical imaging in the provision of telemedicine medical services to Medicaid recipients;

(3) investigate the feasibility, including the fiscal impact, of expanding the use of digital medical imaging in the provision of telemedicine medical services to Medicaid recipients;

(4) investigate the feasibility of reimbursing health care providers under the state Medicaid program for telemedicine medical services appropriately performed using digital medical imaging; and

(5) investigate the feasibility of developing a system to reimburse physicians for services performed through telemedicine by health care providers acting under physician delegation and supervision, regardless of whether the health care service was initiated by the physician.

(b) Not later than January 1, 2006, the Health and Human Services Commission shall submit a report regarding the results of the study to the presiding officer of each house and senate standing committee having jurisdiction over the state Medicaid program. The report must:

(1) identify any significant barriers, in addition to cost, to expanding the use of digital medical imaging in the provision of telemedicine medical services to Medicaid recipients; and

(2) include the fiscal impact to this state of each of the proposed initiatives.

(c) This section expires September 1, 2007.

Executive Summary

Section 6 of S.B. 1340 directs the Health and Human Services Commission (HHSC) to conduct a study on telemedicine within the Texas Medicaid program including analysis of the telemedicine provider network, digital medical imaging in telemedicine, and physician-delegated services in telemedicine.

The Texas Medicaid program uses telemedicine to increase access to medically underserved areas and populations in Texas. Telemedicine involves a remote site provider with the patient, and a hub site provider providing consultation regarding the treatment of the patient. The increase in access provided by telemedicine has generally been in the form of increased access to specialty care, since many areas of the state have specialist shortages.

The analysis of the telemedicine provider network indicated that, under current rules and policies, the potential networks of both hub and remote site providers are significant. However, since current reimbursement policies do not provide any additional funds for investment in the necessary telecommunications infrastructure, and since no other public funding is available for this infrastructure, many potential providers may hesitate to make the initial investment necessary to become a telemedicine provider. The analysis of digital medical imaging in telemedicine indicated that the Texas Medicaid program already reimburses for the use of digital medical imaging through telemedicine to the degree that the practice is clinically sound. Although any image of a medical nature, rendered digitally, might be considered digital medical imaging, HHSC has adopted the position that clinically appropriate digital medical imaging includes only those technologies and techniques that can be used to capture the full scope of information that might be needed for a proper diagnosis by a licensed provider acting within standard clinical guidelines. Further, clinically appropriate digital medical imaging must provide information that is not accessible without the use of such imaging. The primary barriers to expanding the use of digital medical imaging beyond radiological interpretation are that other types of digital medical imaging used in the absence of a live, interactive encounter do not convey enough information, in a reliable enough way, to be clinically adequate.

The analysis of physician-delegated services in telemedicine indicated that the Texas Medicaid program will generally reimburse for these services provided via telemedicine to the degree that it will do so for face-to-face office visits, but only insofar as the services provided are consistent with the licensure requirements of all participating providers.

Several elements of the report suggest strategies for increasing the use of telemedicine in the Texas Medicaid program. None of these strategies, however, appeared to be both clinically appropriate and feasible within available funds. Further analysis beyond the scope of this report would be required to estimate the actual cost of any such proposals.

Introduction

Telemedicine in Texas

According to Title 1, Texas Administrative Code, §354.1430(7), “Telemedicine is a method of health care service delivery used to facilitate medical consultations by a physician to health care providers in rural or underserved areas for purposes of patient diagnosis or treatment that requires advanced telecommunications technologies.”

Telemedicine involves a remote site provider with the patient, and a hub site provider providing consultation regarding the treatment of the patient. The remote and hub site providers are restricted to certain provider types and the remote and hub sites are restricted to certain location types as specified in rule.

The Texas Medicaid program uses telemedicine to increase access to medically underserved areas and populations in Texas. The increase in access provided by telemedicine has generally been in the form of increased access to specialty care, since many areas of the state have specialist shortages. To date, the Texas Medicaid program has only reimbursed hub site providers (providers *not* located in the same physical location as clients) for consultation or interpretation rather than for any direct patient services. The services provided to Medicaid clients by remote site providers (providers located in the same physical location as clients) in telemedicine encounters must be within the scope of the remote site providers’ licenses.

The Texas Telemedicine Provider Network

Title 1, Texas Administrative Code, §354.1430(2), as authorized by Texas Government Code, Section 531.0216, defines the allowable telemedicine hub site providers as follows:

- (2) Hub Site Provider--A hub site provider must be a:
 - (A) Physician at a rural health facility or an accredited medical or osteopathic school located in Texas, or a physician at one of the following entities affiliated through a written contract or agreement with a government agency, accredited medical, or osteopathic school located in Texas:
 - (B) Hospital;
 - (C) Teaching hospital;
 - (D) Tertiary center; or
 - (E) Health clinic.

Title 1, Texas Administrative Code, §354.1430(4), as authorized by Texas Government Code, Section 531.0216, defines the allowable telemedicine remote site providers as follows:

(4) Remote Site Provider--A remote site provider is located in rural or medically underserved areas and is limited to the following provider types:

- (A) Physician;
- (B) Advanced practice nurse (APN);
- (C) Certified nurse midwife (CNM);
- (D) Hospital;
- (E) Federally qualified health center (FQHC); or
- (F) Rural health clinic (RHC).

Title 1, Texas Administrative Code, §354.1432(a)(3), as authorized by Texas Government Code, Section 531.0216, defines the allowable telemedicine remote site location types as follows:

(3) Telemedicine remote sites may be reimbursed for services when any one of the following places of service are utilized and billed:

- (A) Practitioner's office;
- (B) Rural Health Clinic;
- (C) Federally Qualified Health Clinic;
- (D) Inpatient hospital;
- (E) Outpatient hospital;
- (F) Emergency room;
- (G) ICF-MR facility.

Thus, under current rules, the potential networks of both hub and remote site providers are significant. However, since current reimbursement policies do not provide any additional funds for investment in the necessary telecommunications infrastructure, many potential providers may hesitate to make the initial investment necessary to become a telemedicine provider. Current reimbursement policies essentially restrict the reimbursable services to a consultation by the hub site provider and a standard office visit by the remote site provider. As originally conceived, the telemedicine pilot within the Texas Medicaid program was closely affiliated with the Telecommunications Infrastructure Fund (TIF), which could have provided ongoing funding for private investments in telecommunications infrastructure if it had continued to be funded. Lacking public funding for telecommunications infrastructure, many providers may not find it financially feasible to make the necessary investments.

Selected Telemedicine Policy Elements

S.B. 1340, Section 6, Subsection (a)(1)

Senate Bill 1340 directs HHSC to “identify any program or policy changes necessary to facilitate the development of a network of providers of telemedicine medical services under the state Medicaid program, including the establishment of new billing codes, the establishment of new provider identifiers, and a description of telemedicine medical services eligible for reimbursement.”

Telemedicine Billing Codes

Federal law effectively prohibits HHSC from identifying or adopting new billing codes specific to telemedicine in the Texas Medicaid program. The federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) requires state Medicaid programs to use the same set of billing codes (the common procedure terminology (CPT) administered by the American Medical Association (AMA)).

Telemedicine Provider Identifiers

Rather than use a telemedicine-specific provider identifier, Texas Medicaid policy directs providers to use a special modifier on claims for telemedicine services. All allowable providers of telemedicine are required under current Texas Medicaid policy to include the telemedicine modifier (GT) on claims filed for allowable telemedicine services provided. In addition to the standard telemedicine modifier (GT), rural health clinics (RHCs) and federally qualified health center (FQHC) providers must use encounter codes with the appropriate provider modifier (AM or SA).

It is unclear what benefit would be derived from creating a new telemedicine provider identifier. Current Texas Medicaid rules and policies already define the conditions under which existing provider types may be reimbursed for telemedicine services. Adding a new provider identifier would entail direct costs to HHSC since the billing systems that support Texas Medicaid would need to be updated to allow for a new provider type. A recent estimate of the cost of adding a new provider type found it to be about \$240,000 general revenue and \$480,000 all funds.

If the specific providers who would be identified by the new telemedicine provider identifier are already Medicaid providers, then they would already have a provider identification number and would gain a new number to be used for submission of claims for telemedicine services with little benefit to themselves or the program. On the other hand, if the specific providers who would be identified by the new telemedicine provider identifier are *not* already Medicaid providers, then giving them telemedicine provider identifiers and allowing them independently to bill Medicaid may result in increased (and non-budgeted) new expenditures.

Reimbursable Telemedicine Services

Section 34.3.6 of the *2005 Texas Medicaid Provider Procedures Manual* describes the telemedicine medical services eligible for Medicaid reimbursement. Hub site providers may be reimbursed only for consultations via interactive video using procedure codes 3-99241 through 3-99275 billed with the GT modifier. Remote site providers may be

reimbursed for an office visit (point-of-service 1) using codes 1-99201 through 1-99215 or encounter code 1-T1015 (FQHC, RHC) in point-of-service 1 or 5, as applicable.

Digital Medical Imaging

S.B. 1340, Section 6, Subsections(a)(2)-(4)

Senate Bill 1340 directs HHSC to report on several aspects of digital medical imaging as it relates to the Texas Medicaid program.

Definition

Although any image of a medical nature, rendered digitally, might be considered digital medical imaging, HHSC has adopted the position that clinically appropriate digital medical imaging includes only those technologies and techniques that can be used to capture the full scope of information that might be needed for a proper diagnosis by a licensed provider acting within standard clinical guidelines. Further, clinically appropriate digital medical imaging must provide information that is not accessible without the use of such imaging.

Current Use

Senate Bill 1340 directs HHSC to report on the current use of digital medical imaging in the provision of telemedicine medical services to Medicaid recipients and the feasibility of reimbursing health care providers under the state Medicaid program for telemedicine medical services appropriately performed using digital medical imaging. The Texas Medicaid program currently reimburses for services provided using digital medical imaging within the category of radiological interpretation services.

Other Types of “Digital Medical Imaging”

Store-and-Forward

Store-and-forward refers to the practice of collecting still images or video footage of a medical nature, and sending the images/footage asynchronously (not live) to another location. Although most states reimburse for telemedicine services through their Medicaid programs, only a small minority reimburse for store-and-forward services. Store-and-forward techniques are generally considered less reliable than interactive video techniques for the purposes of medical consultation for multiple reasons. First, it is more difficult to identify and mitigate technical problems when using store-and-forward techniques. Second, the lack of an interactive capability makes the common diagnostic approach (flowchart/decision-tree) difficult if not impossible. Given the problems inherent in receiving a sufficiently complete consultation through the use of store-and-forward techniques, it is likely that additional interactive or live consultations would be necessary, bringing the cost-effectiveness of the approach into question.

In order to reimburse for store-and-forward techniques through the Texas Medicaid program, Texas rules and policies would need to be changed and HHSC would need to submit a Medicaid state plan amendment to the federal Centers for Medicare and Medicaid Services (CMS) outlining the proposed change. Lacking any new funds

appropriated for the purpose, the addition of store-and-forward techniques would be unlikely unless it was determined to be cost-effective.

Teledermatology

Teledermatology refers to the practice of dermatology via telecommunications media, typically store-and-forward techniques. Although often discussed, teledermatology would not be considered digital medical imaging for the purposes of reimbursement under the Texas Medicaid program, especially as practiced through store-and-forward techniques, because it does not meet the definition of digital medical imaging used by the Texas Medicaid program. Particularly problematic for teledermatology is the difficulty inherent in attempting to faithfully render visually perceived colors through a digital medium. That having been said, teledermatology is already a reimbursable service under the Texas Medicaid program as long as the remote-site provider is an allowed provider type and the interaction is via interactive video.

Expanding the Use of Digital Medical Imaging

Senate Bill 1340 directs HHSC to report on the feasibility of, fiscal impact of, and significant barriers to expanding the use of digital medical imaging in the provision of telemedicine medical services to Medicaid recipients. HHSC has determined that expanding the use of digital medical imaging in the absence of a live, interactive video consultation is not clinically appropriate and thus, cannot be considered feasible. The primary barriers to expanding the use of digital medical imaging beyond radiological interpretation are that other types of digital medical imaging used in the absence of a live, interactive encounter do not convey enough information, in a reliable enough way, to be clinically adequate.

It is important not to lose sight of the fact that Texas Medicaid recognizes that the data that comprises any of the medical imaging services for which it reimburses can and is routinely transmitted to distant sites for interpretation by a duly qualified and licensed provider. This is simply one aspect of the way that medicine is practiced today. Therefore, such data transmission and interpretation is a routine service and no special designation as a telemedicine service is necessary in order for Medicaid providers to share this data as part of any consultation, either provided face-to-face or via telemedicine link. However, as per long-standing Medicaid policy, only one provider can be reimbursed for either performing and/or interpreting any given medical imaging study.

Expanding beyond the current reimbursement for the use of digital medical images through the Texas Medicaid program would require a Medicaid state plan amendment and rule changes and likely would require additional funds.

Physician-Delegated Telemedicine Services

S.B. 1340, Section 6, Subsection (a)(5)

Senate Bill 1340 directs HHSC to report on the feasibility of developing a system to reimburse physicians for services performed through telemedicine by health care providers acting under physician delegation and supervision, regardless of whether the telemedicine health care service was initiated by the physician.

One potential example of such a situation could occur when the treating physician desires to perform a routine follow-up assessment of an established patient who is following a plan of care recommended by that treating physician. One telemedicine option would allow the treating physician located at a hub site to perform the service on one of his or her established patients when the patient presents at a remote site seeking the follow-up care. In this model, a qualified person working under the supervision of the treating physician would be present with the patient at the remote site and assist both the patient and the treating physician in providing the service over a telemedicine link.

It is important to note certain key features of this scenario: 1) the physician must have already seen the patient in person (at least once) in order to establish a physician-patient relationship, 2) the qualified person at the remote site is acting under the supervision and delegation of the treating provider at the hub site, and 3) the nature of the service is to follow up on a stable patient where the diagnosis and plan of care have already been established by the same treating physician that is performing the telemedicine evaluation.

While it may be possible to expand telemedicine services in Texas to include this type of service, the fiscal impact would need to be assessed and necessary rules and policies would need to be developed.

Telemedicine References

Telemedicine Statutes

Chapter 531, Texas Government Code, Sections 531.0216-531.02174

(Does not reflect legislation passed during the 79th Legislature, including SB1340)

- § 531.0216. Participation And Reimbursement Of Telemedicine Medical Service Providers Under Medicaid.
- § 531.02161. Telemedicine Technology Standards
- § 531.02162. Medicaid Services Provided Through Telemedicine Medical Services And Telehealth Services To Children With Special Health Care Needs.
- § 531.0217. Reimbursement For Certain Medical Consultations.
- § 531.02171. Telemedicine Pilot Programs.
- § 531.02171. Telemedicine Medical Services And Telehealth Services Pilot Programs.
- § 531.02172. Telemedicine Advisory Committee.
- § 531.02173. Alignment Of Medicaid Telemedicine Reimbursement Policies With Medicare Reimbursement Policies.
- § 531.02174. Additional Authority Regarding Telemedicine Medical Services.

Chapter 57, Texas Utilities Code, Sections 57.042(11)-57.042(13)

- § 57.042. Definitions.

Telemedicine Rules

Title 1, Texas Administrative Code, Sections 354.1430-354.1434

- § 354.1430 – Definitions
- § 354.1432 – Benefits and Limitations
- § 354.1434 – Requirements for Telemedicine Providers

Telemedicine Policy

2005 Texas Medicaid Provider Procedures Manual, Section 34.3.6, Telemedicine Services

- § 34.3.6.1 Hub Site Provider
- § 34.3.6.2 Remote Site Provider