

# Telemedicine Services: Steps for Providers Seeking Reimbursement

The use of telemedicine as a cost-effective alternative to traditional in-person visits to providers is rising. Although telemedicine services benefit both patients and providers, many managed care organizations (MCOs) continue to deny reimbursement to hospitals and health systems for telemedicine services. Providers seeking reimbursement for telemedicine services should communicate to MCOs that telemedicine services are part of their customary and usual practice. Providers should also incorporate telemedicine provisions into their Provider Agreements.

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## Benefits of Telemedicine

Researchers found that telemedicine programs are both cost-effective and cost-saving, and benefit both patients and providers. Patients benefit from telemedicine programs in many ways, including reduced traveling times, lower health care costs and increased access to specialists. Providers also benefit from telemedicine. For example, overburdened radiology departments use store-and-forward technology to send X-rays to remote radiologists to review; clinicians at rural clinics consult with specialists in distant cities via videoconference; and physicians track and monitor chronically ill patients in real time. The increasing use of telemedicine reveals the potential for its application in a variety of settings: rural health, developing countries, correctional facilities, school-based health centers, mobile health clinics, disaster relief, shipping and transportation, and industrial health.

## MCOs Deny Claims for Reimbursement

Private payers' denial of telemedicine claims remains the largest impediment to the development of telemedicine. The technology required for telemedicine services is costly and providers are hesitant to invest in infrastructure without assurances that they will receive reimbursement for their services. Since Medicare and many states' Medicaid programs already reimburse some telemedicine services, the main source of denied claims is private MCOs.

Recent developments suggest that MCOs may begin to cover telemedicine services. In April, the Federation of State Medical Boards (FSMB) adopted the

Model Policy for the Appropriate Use of Telemedicine Technologies in the Practice of Medicine (Model Policy). The Model Policy includes telemedicine within a physician's scope of practice. The FSMB expects state medical boards to adopt the Model Policy or at least seriously consider it when determining their medical licensing laws. This move towards a unified licensing policy that includes telemedicine may result in MCOs denying fewer claims. MCOs make coverage decisions based in part on the scope of the provider's license; therefore, including telemedicine within the scope of medical licenses is likely to increase the number of MCOs providing coverage for telemedicine services.

Many state legislatures are considering legislation to increase telemedicine access in some form. According to the American Telemedicine Association (ATA), 20 states plus the District of Columbia currently mandate the coverage of telemedicine services under private health insurance plans.

In addition, some private insurers voluntarily reimburse telemedicine services. Commentators frequently characterize Blue Cross and Blue Shield as leading the way in private insurer coverage of telemedicine services.

## Suggestions for Providers

Hospitals and health systems should consider the following suggestions to increase their chances of receiving reimbursement for telemedicine services:

1. **Communicate with Payers.** A recent survey by the ATA and AMD Global Telemedicine found that the telemedicine programs with the most success in obtaining reimbursement from private payers treated telemedicine services as usual and customary medical practices and sent letters to their private payers. The letters included the provider's intention to use telemedicine in the normal course of business, including notification of future claim submittal, and encouraged the private payer to ask questions and make comments.
2. **Include Telemedicine Coverage in Contracts with MCOs.**
  1. Add the following terms to the "definitions" section of the MCO Agreement:
    - "Distant Site" means the site where the physician or other licensed practitioner delivering the telemedicine service is located at the time the service is provided.
    - "Originating Site" means the location of the covered individual at the time the telemedicine service is provided.

- "Store-and-Forward Technology" means the transfer of data from one site to another through the use of technology that records an image that is then sent via telecommunication to another site for consultation.
  - "Telemedicine" means the practice of medicine via two-way interactive telecommunication technology between a physician or other licensed practitioner at the distant site, and a covered individual at the originating site with or without an intervening health care provider. Telemedicine typically involves the application of secure videoconferencing or store-and-forward technology to provide or support health care delivery by replicating the interaction of a traditional encounter in person between a physician or other licensed practitioner and a covered individual.
2. Add "telemedicine" to the list of Health Services identified in the Network Participation Attachment to the Provider Agreement.
  3. Add the following provision to the Services/Obligations section of the Provider Agreement:
    - **Telemedicine Services.** [MCO] recognizes that [Provider] customarily provides telemedicine services to individuals. [MCO] will provide coverage for telemedicine services when (i) the service is medically necessary, and (ii) the service does not duplicate or supplant a health service that is available to the covered individual in person at the originating site. [MCO] will reimburse [Provider] for telemedicine services to the same extent that in-person services are covered including mental and behavioral health, and long-term care. The covered individual may be at any originating site and the physician or other licensed provider may be at any distant site.

Reinhart's Health Care team is available to assist your hospital or health system in the development and adoption of telemedicine policies and procedures, or to consult with you regarding any other legal or regulatory issues. Please feel free to contact [Larri Broomfield](#) or any member of Reinhart's [Health Care](#) team or your Reinhart attorney to discuss any questions or concerns related to your hospital or health system.

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