
Telemedicine Update: Consumer Technology, Industry Trends Continue to Drive Changes

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A number of challenges and uncertainties—some perhaps more perceived than actual—continue to confront the use of telemedicine. In examining trends in healthcare, however, many paths forward lead to increased telemedicine adoption by providers and utilization by patients.

As reimbursement trends continue to shift to incentivizing the delivery of value over volume, the use of telemedicine will become an increasingly attractive option for healthcare systems, as well as individual providers and clinics competing for the same patients. Additionally, by improving the efficiency of healthcare delivery, telemedicine may be a key factor in addressing the ever-growing demand for healthcare services, which must be met by a shrinking number of providers.

Consumer technology is also driving wider availability of telemedicine. With the continued proliferation of mobile devices and applications capable of providing high quality audio-video communication, along with the capability of wearable devices to collect a growing myriad of health-related data, the virtual distance between providers and their patients is shrinking. As an example, the latest wearable devices can generate an electrocardiogram, similar to a single-lead ECG, with the potential of detecting atrial fibrillation.

As patients and providers become more comfortable with technology for remote monitoring and communication, patients' desire to obtain healthcare services via telemedicine will continue to grow. In some demographic segments, this desire for remotely receiving healthcare has already converted into an expectation that providers offer the option of telemedicine to their patients. If such an option is not available, it is becoming increasingly likely that certain patients will choose another provider offering telemedicine. Indeed, in the 2016 Connected Patient Report by Salesforce Research, a survey of over 2,000 adults, 52% of millennials (18-34) surveyed responded that they would choose a primary care doctor offering virtual care options over one that does not. Additionally, almost 80% of respondents across generational segments indicated they desired for their physicians to have access to health data from their wearable devices.

Employers are also playing a role in encouraging the use of telemedicine. The National

Business Group on Health's Large Employers' 2018 Health Care Strategy and Plan Design Survey of 148 large employers showed that 96% of surveyed companies offered a telemedicine benefit to their employees. With the reported per-employee healthcare cost of \$14,000 per year in 2018, these large organizations realize the potential of using telemedicine as a way to significantly reduce the cost of healthcare. This survey also revealed that only 20% of large employers offering a telemedicine benefit reported an employee utilization rate of 8% or more, indicating a significant potential for growth in this segment. Another area for substantial growth is in small and mid-sized employers. According to a 2017 Society for Human Resource Management survey of over 3,000 employers, most employing less than 500 employees, only 34% were offering a telemedicine employee benefit. This number was 23% in the 2016 survey and was even not surveyed in prior years.

As technology and employer benefits make telemedicine more accessible for patients and providers, the level of comfort on both sides of the telemedicine visit should increase, particularly with a provider familiar to the patient. An online survey of over 4,000 patients conducted in 2015 indicated that while only 4% of the survey respondents had participated in a video telemedicine visit, over half indicated they would be willing to see their provider by telemedicine.[1] Perhaps more interesting, only 19% indicated that they would be willing to see a provider at a different group by telemedicine.

Despite the growing demand for telemedicine on the patient side, a 2018 survey[2] of over 600 primary care and specialty physicians by the accounting firm Deloitte indicated that only 14% of physicians have audio-video capability for telemedicine visits and only 18% plan to add the capability within the next two years. Two of the leading reasons cited in the survey for why providers hesitate to adopt the technology—medical errors (36%) and data security/privacy concerns (33%)—can be addressed with becoming familiar with the technology and putting procedures in place to minimize these risks. Paradoxically, the survey also revealed that 9 out of 10 physicians recognized the benefits of virtual care technologies.

The lack of clear reimbursement parameters for both private and public payers remains one of the biggest challenges to widespread telemedicine adoption and utilization. States continue to adopt so-called payment parity laws requiring, at least in principle, commercial health insurers provide similar levels of coverage for services that can be provided in the same manner by telemedicine as in-person. As of 2018, according to the American Telemedicine Association[3], nearly 40 states have a form of a parity law in place or in the legislative process, with some states increasing the scope of coverage of existing laws.

On the public payer side, in April 2018, the U.S. Department of Health & Human Services Office of Inspector General issued a report[4] on CMS telehealth claim payment practices. The report stated Medicare paid a total of \$17.6 million in telehealth payments in 2015. This amount is a minuscule fraction of the over \$600 billion in total Medicare benefits spending in 2015. Slowly but surely, however, the CMS reimbursement picture continues to improve for telemedicine. Provisions in the proposed CY 2019 Physician Fee Schedule

include expanded Medicare-covered telehealth services for reimbursement related to prolonged preventive services.

Telemedicine has been utilized in various forms for many years. What has changed, and continues to change at a rapid pace, is the technology available not only for low cost, high quality audio-visual communication directly between providers and patients but also the development and proliferation of devices that make virtual care even more valuable by providing real-time patient data. As the reimbursement environment becomes more attractive for telemedicine and healthcare trends are continually favoring value and outcomes over visits and volume, providers should be increasingly mindful of their patients' growing desire and expectation for receiving high quality care conveniently and efficiently.

[1]. Welch, et al., Patient Preferences for Direct-To-Consumer Telemedicine Services: A Nationwide Survey, BMC Health Services Research (2017) 17:784.

[2] Deloitte 2018 Survey of US Physicians, "What can health systems do to encourage physicians to embrace virtual care?"

[3] American Telemedicine Association State Policy Resource Center, "States with parity laws for private insurance coverage of telemedicine (2018)," accessed September 20, 2018.

[4] <https://oig.hhs.gov/oas/reports/region5/51600058.asp> or full report at <https://oig.hhs.gov/oas/reports/region5/51600058.pdf>

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