Is the stage set for a telemedicine explosion? Some industry experts seem to think so. For example, Skip Fleshman, a partner at Asset Management Ventures, which is focused on digital health investments, has said telemedicine has potential to be “the biggest trend in digital health in 2015” in a recent guest post on Forbes.com. He cites three key aspects of technology that are spurring this growth:

- Faster Internet connections and improved software make for better video chatting than in the past.
- Broad adoption of mobile devices means more people can access a virtual doctor visit from anywhere with an Internet connection.
- Electronic health records mean patient information is more readily available in one place.

A combination of evolving technologies plus new vendors in the market has made virtual doctor visits available to consumers nationwide. Kiosks are cropping up in places like local retail pharmacies, and consumers are attracted to this option for routine care needs due to the extreme convenience.
The Evolution of Telemedicine

This care model began with telephone conversations between a clinician and a patient (oftentimes because the patient was in a rural area with little or no access to specialists). It then expanded beyond rural areas and evolved to an interactive conversation via video conference. Now some vendors are providing dedicated kiosks that offer direct transmission of a variety of measurements to a clinician. These kiosks are just beginning to find their way into the work site.

That is what one vendor, HealthSpot, had in mind when it developed its kiosk. This portable doctor’s office, which can be moved right into a corporate headquarters or even a plant, goes beyond video conferencing by offering diagnostic equipment. When individuals walk in, a technician or nurse can take blood pressure readings, record their height and weight, check heart rate and rhythm via stethoscope, and use an otoscope to look inside the ears, nose, throat, and eyes.

Expanded Telemedicine Capabilities

Some telemedicine vendors are expanding their services beyond a standard interaction. Employers considering the selection of a telemedicine vendor may want to consider the relative importance of these enhanced features:

Online request for the same physician.
This is similar to the primary care model, where physicians already have a rapport built with patients.

Follow up with patients on their chronic condition care via outbound calls.
This is possible thanks to a shared electronic medical record that shows past assessments and recommended treatments. For conditions like high blood pressure, the addition of a measurement device tied to the telemedicine call makes it possible to manage related therapy.

Recorded encounters.
During a telemedicine call, a lot of information may be provided. A recording of the conversation can help those patients who may not fully understand or remember the details.

Integration with the patient’s primary care physician.
Some telemedicine vendors will request information on the primary care provider and send an encounter note to the physician as part of their core process, creating greater continuity of care.

70% of typical doctor visits can be handled effectively via telephone
American Medical Association (AMA)
Improved Access and Convenience

It is easy to understand how the convenience of telephone-based care is appealing to health plan members. For many, identifying a physician and finding an open appointment during the workday or after hours can be labor-intensive and difficult, especially because it requires time during the workday to determine options. Additionally, physician appointments are often prebooked, making same-day appointments rarely available. Telemedicine vendors help solve these access challenges while providing the opportunity for improved productivity when employees are not required to leave the office for an appointment.

Payment Models Vary

In most cases, telemedicine vendors offer employers one of three payment models:

- An **employer-paid per employee per month (PEPM) model** may be set up where there’s no charge to the employee for the call.

- An **employee-paid charge** per call may be arranged, with no employer-paid PEPM payment.

- A **combination payment model** requires the employer to pay a PEPM fee. In addition, the employee pays a fee for each call. The PEPM fee typically depends on the number of employees and may run anywhere from $1-$3.50. An average employee cost per call is $40.
Cost-Savings Potential

Generally speaking, the real value of telemedicine comes from the service provider’s ability to triage health plan members effectively, directing them to the appropriate care provider. This approach can help health plan members avoid overutilization when they are not sure where to go for care, particularly after hours.

Vendors are promoting telemedicine as a means to reduce an employer’s costs for a set of common conditions. The value proposition combines clinical evaluation at a lower cost by diverting health plan members away from costly emergency room (ER) and urgent care visits, while increasing convenience for employees.

$300-$1,000 in claims cost savings that can result from each telemedicine encounter

American Medical Association (AMA)

80% go to the ER because of lack of access

85% couldn’t wait to see their primary care physician

Centers for Disease Control and Prevention (CDC)
Insurance Coverage of Telemedicine Services Is Growing

According to the American Telemedicine Association (ATA), 22 states and the District of Columbia require that private insurers cover telemedicine the same as they cover in-person services. Many other insurers cover at least some telemedicine services—and many more have expressed interest in expanding their telemedicine coverage. To find out if your carrier covers telemedicine services, please contact your Lockton Account Team.

Compliance Considerations

Employers sponsoring telemedicine benefits encounter compliance obligations similar to those they encounter with other employer-sponsored welfare benefits. However, the specific structure of the telemedicine benefit can create some unique challenges. None of these issues is insurmountable by any means, but the employer should be aware of them. Some compliance issues employers will want to consider, with the assistance of knowledgeable legal counsel, include the following:

Potential Restriction on Telemedicine

While many states are loosening their restrictions on telemedicine, and even requiring insurers to pay for it, some states are headed in the opposite direction. For example, a legal scuffle continues in Texas, where the Texas Medical Board and Teladoc, a provider of telemedicine services, are at odds while a federal court examines the issues and determines whether a recent ruling by the Texas Medical Board to restrict the practice of telemedicine violates the law. Teladoc continues to provide its services in Texas while awaiting the outcome. Other states severely restrict or ban enhanced telemedicine practices like online chat. Employers should monitor any developments in the states where their employees live to determine whether the impact begins to spread beyond Texas.
ERISA Compliance

ERISA establishes a compliance framework for employer-sponsored medical benefits. Among other things, ERISA dictates that these benefits must be set forth in a written plan document, that various disclosures must be made to participants, and that the employer files general information about the plan with the government.

When ERISA applies, we believe most employers will want to treat the telemedicine benefit as part of the employer’s larger health plan. Doing so will help the employer meet its ERISA requirements without creating additional documents, disclosures, and filings. This is especially true in the wake of federal health reform, as many standalone telemedicine plans would have a difficult time meeting certain reforms, such as the requirement to provide preventive benefits without cost sharing.

COBRA Compliance

COBRA requires group health plans to provide participants and beneficiaries with the right to continue receiving benefits under the plan after certain triggering events, such as a termination of employment or a divorce, that cause the participant or beneficiary to lose eligibility. To the extent COBRA applies, employers will have to consider how to meet their COBRA obligations in light of the particular telemedicine benefit.

In addition to determining how much to charge for COBRA and communicating COBRA rights, employers might need to consider how to provide telemedicine access to COBRA beneficiaries. For example, if the telemedicine benefit is obtained only through a kiosk available at the employee’s work site, the employer will want to consider policies for allowing access to the kiosk for COBRA beneficiaries, such as former employees, former spouses of eligible employees, and certain children of employees or former employees.

HIPAA Compliance

The Health Insurance Portability and Accountability Act (HIPAA) provides a framework for keeping protected health information private and secure. Generally, insurers handle HIPAA compliance issues for insured employer-sponsored health benefits. Often, however, telemedicine benefits subject to HIPAA are not insured, which means the employer or plan sponsor must, on behalf of the self-insured program, ensure the HIPAA requirements are met. This includes disclosures to participants and written privacy notices.

Health Savings Account Coordination

Many individuals who participate in a high deductible health plan (HDHP) also have the option to make pretax contributions to a health savings account (HSA). Funds in the HSA can then be used to pay for medical expenses. To be able to make HSA contributions, however, the health plan member cannot have any disqualifying coverage. Disqualifying coverage includes any health coverage that provides a benefit (other than preventive care) before the HDHP deductible is met. A telemedicine benefit could count as disqualifying coverage, for example, if the employer pays a portion of the cost of a telemedicine consultation, or the participant pays less than fair market value for access to the consultation, before meeting the HDHP deductible. As such, employers that sponsor HDHPs will want to consider the implications for HSAs if they decide to provide a telemedicine benefit.
Is Telemedicine Right for Your Company?

Depending on certain attributes, telemedicine may make sense for your company. For example:

- Telemedicine is ideal for companies with locations where healthcare options are a long distance from the community in which they operate.
- If a company has a group of employees with high emergency room utilization or many care avoiders who do not have a primary care physician, telemedicine may be an ideal solution.
- If the structure of employment does not provide the time needed to see a physician, telemedicine can help solve that challenge.
- Telemedicine can be valuable for those who only require a quick diagnosis or, in the age of more awareness of medical costs, those plan members who are cost conscious.
- Telemedicine may make sense if a company has employees that:
  - Travel frequently.
  - Are over-the-road truck drivers.
  - Have chronic conditions, like diabetes, that demand regular checkups.
  - Are responsible for coordinating care for their children and elderly parents in addition to themselves.

Telemedicine is a broad term and, because it's still relatively new, there is limited data related to clinical effectiveness and cost effectiveness. Some providers are concerned with potential breakdowns in the relationship between care provider and patient, lower quality of health information, and bureaucratic difficulties. Anecdotal data shows a variety of potential benefits, however, including improved convenience for employees, reduced cost of care, and even improved productivity through time savings.

The bottom line for employers who are considering adding a telemedicine option is that careful consideration of the risks and benefits is important. Lockton can help you evaluate options to determine whether telemedicine is a fit for your organization. For more information, contact your Lockton Account Team.

References

i "Why Telemedicine’s Time Has Finally Come," Skip Fleschman, Forbes.com

Our Mission

To be the worldwide value and service leader in insurance brokerage, employee benefits, and risk management

Our Goal

To be the best place to do business and to work