

Policy Tip Sheet

POLICY ANALYSIS FROM
THE HEARTLAND INSTITUTE

Telehealth Could Bring Savings to Medicaid

Problem

Telehealth—the use of information technology to remotely diagnose, treat, or monitor patients—can transform health care by making it more affordable and available. Unfortunately, government regulations (such as strict licensing standards) and inability to properly reimburse doctors providing telehealth services are preventing telehealth from becoming widely available.

Policy Solution

States should reduce regulatory barriers to telehealth providers. Some reforms lawmakers should consider include allowing practitioner-patient relationships to be established remotely and requiring health care payers, such as insurance companies, to provide reimbursements for telehealth services at the same rates as comparable in-person services.

In Colorado, state lawmakers are considering a bill that would expand access to telemedicine through Colorado's community health centers and clinics, by affirming that telemedicine services meet face-to-face requirements under Medicaid and are fully reimbursed as such.

There are currently 208 federally qualified health centers (FQHC) in Colorado, which handle care for “a quarter of the state's children's basic health plan enrollees, 27 percent of those on Medicaid and 40 percent of the state's uninsured,” [according to mHealth Intelligence](#).

Under current law, these health centers are not reimbursed by Medicaid for remote visits. [House Bill 20-1092](#) would require the state's Medicaid program to reimburse FQHCs for telehealth at the same rate as in-person care. The bill also addresses pharmaceuticals, enabling FQHCs to be reimbursed for services provided by a clinical pharmacist, which increases the availability of care for medication management and chronic conditions.

Similar efforts in Colorado have been proposed at the federal level. In 2019, [the Creating Opportunities Now for Necessary and Effective Care Technologies for Health Act of 2019](#), commonly known as the CONNECT for Health Act, would end geographic restrictions on FQHCs and allow them to qualify as distant sites for telehealth reimbursement.

Polly Anderson, vice president for strategy and financing with the [Colorado Community Health Network](#), told the Longmont Observer that the measure will reduce

Colorado's overall Medicaid expenses by improving access to primary care.

[In a 2018 study in the American Journal of Emergency Medicine](#), a group of physicians examined if and how telemedicine generates cost savings. Their results found telemedicine reduced costs by diverting patients away from more costly care settings. “Net cost savings per telemedicine visit was calculated to range from \$19–\$121 per visit.”

Telehealth can have an especially positive effect on mental health treatment. [A study from the American Journal of Managed Care](#) found telehealth patients score lower for depression, anxiety, and stress. A 2018 study from the Agency for Healthcare Research and Quality also found telehealth is clinically effective.

Several states have passed or considered legislation unleashing the telehealth market so providers can employ this technology. In 2017, New Jersey and Vermont passed laws providing telemedicine payment parity. In Texas, rules were passed in 2017 that enable Texas practitioners to use telehealth services.

Policy Message

Point 1: Currently, 200 telemedicine networks with 3,500 service sites are in operation across the United States, and the number of telehealth providers is only expected to grow.

Point 2: Telehealth is popular with patients. For example, among telehealth patients receiving services on a mobile app, 80 percent preferred telehealth compared to a traditional in-office encounter, a [2016 study by West Monroe Partners](#) shows.

Point 3: The U.S. Department of Veterans Affairs (VA) was able to reduce “the number of bed days of care by 25% and the number of in-hospital admissions by 19% using home-based video visits,” as noted in a recent VA study.

Point 4: Over the past year, the Centers for Medicare and Medicaid Services has increased the use of telehealth for Medicaid patients.

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For more information, contact The Heartland Institute at 312/377-4000 or by email at governmentrelations@heartland.org, or you can visit our website at www.heartland.org.