

Fact Sheet

Telehealth and Medicare: What Is Covered

Winifred V. Quinn
AARP Public Policy Institute

Medicare's coverage for telehealth for home- and community-based care, the product of the 1997 Budget Balanced Act,¹ was first implemented via the 2001 Physician Fee Schedule.² It has incrementally expanded since its inception, in traditional Medicare, in Medicare private health plans serving beneficiaries (Medicare Advantage), and through value-based models such as Accountable Care Organizations (ACOs). ACOs are health care organizations that are held responsible by insurers (private or public) to improve health outcomes and reduce or contain costs.³ The traditional program, its ACO models, and Medicare Advantage vary in the telehealth services they cover, but overall telehealth accounts for a modest fraction of Medicare's overall expenditures.⁴

While Medicare's coverage of telehealth historically has been limited, recent policy changes have begun to broaden its use. This fact sheet describes the telehealth-provided services available to Medicare beneficiaries. These include current as well as new services resulting from recent policy changes.

Telehealth and Medicare's Traditional Program

Types of Telehealth Technology and Locations of Care

Prior to the Bipartisan Budget Act of 2018⁵ and Center for Medicare and Medicaid Services' (CMS) 2019 Physician Fee Schedule,⁶ Medicare limited coverage of telehealth to only certain modalities and geographic locations. Before 2019, the traditional program covered live video, or real-time, visits, and only for rural-based beneficiaries at limited types of locations (called *originating sites*).⁷ Medicare would not consider a person's home to be an originating site. The Bipartisan Budget Act of 2018 and the 2018 Substance Abuse-Disorder Prevention that Promotes Opioid Recovery and the Treatment for Patients and Communities Act⁸ waived this limitation under certain conditions (see table 1 for changes in originating sites).

As a result of the 2019 Physician Fee Schedule, Medicare now covers brief virtual check-ins as well as "store-and-forward" patient-transmitted information, meaning that the information is prerecorded and stored before the patient or a clinician sends it.⁹ Examples of such information include transmitting remote patient monitoring data from a person's home to a provider's office or primary care clinicians

Telehealth Defined in Law

Social Security Act, section 1834(m)(F)(i), defines Medicare telehealth services to include

- Professional consultations,
- Office visits,
- Office psychiatry services, and
- Other services as identified by the Secretary of Health and Human Services.

The act defines telehealth as a service provided through interactive telecommunications that includes, at a minimum, audio and video equipment that permits live two-way interaction between the patient and distant-site clinician.

TABLE 1
Originating Sites for Telehealth Services as Defined by Medicare

| | Prior to 2019 | As of 2019 |
|---|---------------|------------|
| The office of a physician or practitioner | X | X |
| Critical access hospital | X | X |
| Rural health clinic | X | X |
| Federally qualified health center | X | X |
| Hospital | X | X |
| Hospital-based or critical access hospital-based renal dialysis center | X | X |
| Skilled nursing facility | X | X |
| Community mental health center | X | X |
| End-stage renal disease patient's home* | | X |
| Renal dialysis facility** | | X |
| Any hospital, critical access hospital, or mobile stroke unit in any geographic location (not only rural) for acute stroke services | | X |
| Home of a patient with co-occurring substance abuse and mental health disorders | | X |

*For the dialysis assessment, the patient is required to have at least one in-person visit in the first month and one for every subsequent three months. This is for every geographic location, not only rural locations.

**For the same purpose and includes the same requirements as end-stage renal disease.

sending x-rays or lab results to a specialist. These data that are obtained in one moment of time and location, stored, forwarded, and analyzed by a clinician at a future time and a different location are also known as *asynchronous*. Until the 2019 Physician Fee Schedule's new rule, traditional Medicare covered asynchronous data transmission only in Hawaii and Alaska, as state-specific demonstration projects.¹⁰

Traditional Telehealth Coverage for Services

Medicare limits the medical conditions for which it reimburses clinicians using telehealth services. Medicare reimburses for general care (evaluation and management visits or annual wellness visits), kidney disease, behavioral health, substance abuse, smoking cessation, nutrition therapy, pharmacological management, cardiovascular disease, and tele-stroke services.¹¹

Over the past several years, Medicare has begun to cover more telehealth services through changes to chronic care policies.¹² While the changes do not fall under the official Medicare telehealth definition, CMS is nevertheless reimbursing for remote

services. Notably, since the changes fall outside of Medicare's statutory telehealth definition, the geographic and originating site limitations do not apply. Clinicians, therefore, can bill for telehealth-supported chronic care in any location as well as in a person's home—using chronic care reimburse codes rather than telehealth codes. The specific changes are the following:

- As of 2013, clinicians can bill for telehealth-related transitional care management using transitional care management (not telehealth) codes.
- As of 2015, clinicians can bill for telehealth-related chronic care management codes using chronic care management (not telehealth) codes.

Another change, which occurred on January 1, 2019, was that CMS "unbundled" a payment code to reimburse for time spent collecting and interpreting health data generated by a patient remotely, digitally stored, and transmitted to the provider.¹³ In other words, Medicare now reimburses for asynchronous services as a clinical activity unrelated to the Medicare telehealth definition. CMS has acknowledged that this is a first step toward recognizing remote patient monitoring services.¹⁴

Below is a list of the telehealth services that *are* covered specifically under Medicare chronic conditions:

- General services (evaluation and management visits, subsequent hospital or skilled nursing facility care, annual wellness visits, and general consultations)
- Kidney disease (education, self-management training, and end-stage renal disease–related services)
- Mental health (assessment and interventions, psychotherapy, psychoanalysis, psychiatric diagnostic interviews, depression screening, neurobehavioral status exams, and behavioral counseling to prevent sexually transmitted infection)
- Psychotherapy for crisis
- Substance abuse (assessments and interventions, alcohol misuse screening and counseling, smoking cessation)
- Nutrition therapy
- Pharmacological management
- Cardiovascular disease behavior therapy
- Obesity counseling
- Counseling for lung cancer screening using low-dose CT scan
- Acute stroke services
- Brief check-ins
- Store-and-forward imaging (could be used to determine if in-person visit is necessary; if so, this action is bundled into the face-to-face visit)
- Federally qualified health centers and rural health centers for remote monitoring or five minutes of technology-mediated communication (does not include interprofessional services)
- Interprofessional consultation services

Telehealth and Medicare Advantage

Currently, telehealth services under Medicare Advantage follow traditional Medicare’s rules concerning types of conditions, geographic boundaries, and locations of care. However, Medicare Advantage plans have some flexibility. For any condition, or geographic or patient

setting, Medicare Advantage programs can pay for telehealth services from their rebate funds rather than with Medicare dollars. Another option is that Medicare Advantage can charge its beneficiaries for the services.^{15,16}

Through the Bipartisan Budget Act of 2018 and its subsequent rulemaking, beginning in 2020 Medicare Advantage programs will allow more telehealth options to be available to chronically ill beneficiaries for Part B–related services.¹⁷

Telehealth and Traditional Medicare’s Innovation Demonstrations

Because of the Balanced Budget Act of 2018, Medicare’s coverage of telehealth will soon be more flexible in another part of the traditional program—its ACO demonstrations.¹⁸ The legislation waives Medicare’s geographic and originating site limitations. The waiver allows beneficiaries aligned with these ACOs (in both rural and urban areas) to receive telehealth services in their homes.¹⁹ These changes will be implemented no later than January 1, 2020.

A Topic with Growing Relevance

Research shows that older adults prefer to remain in their homes for as long as they are able to do so.²⁰ Wherever people live, they need access to health care and support services—telehealth can play a part in enabling people to age in place.

Medicare covers a range of services, mostly provided at clinical offices, hospitals, or rehabilitation centers. Medicare also covers some home-based services and, as more people grow older and need services, the demand for home-based care and services will significantly increase. In this evolving landscape, the individual confronts the challenge of finding that kind of care while, if possible, remaining at home. The family caregiver, meanwhile, wants to help ensure that a spouse, parent, friend, or neighbor is safe and getting the care he or she needs.

Finally, as policy makers weigh the cost of delivery and quality of care, telehealth provides more options. Those options, however, are relatively new and therefore require ongoing assessment to ensure that people obtain high-quality and affordable care.

- 1 Balanced Budget Act of 1997, Pub. L. No. 105-33, 111 Stat. 251. 1997.
- 2 CMS. 2001 Physician Fee Schedule List of Telehealth Codes. Available as of July 17, 2019 at <https://www.govinfo.gov/content/pkg/FR-2001-11-01/html/01-27275.htm>.
- 3 Mark McClellan et al., “A National Strategy to Put Accountable Care into Practice,” *Health Affairs* 29, no. 5 (2010): 982–90, <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2010.0194>.
- 4 Tahir, D. 2017. Telemedicine Money Jumping. In 2016, Medicare paid \$30 million for telehealth services, a tiny fraction of the program’s \$672 billion total spending. See <https://www.politico.com/tipsheets/morning-ehealth/2017/08/10/telemedicine-money-jumping-221812>.
- 5 Bipartisan Budget Act of 2018, HR 1892, 115th Cong., §§ 50323–50325 (2018).
- 6 CMS. “2019 Physician Fee Schedule List of Telehealth Codes,” CMS. Available as of July 17, 2019 at <https://www.cms.gov/Medicare/Medicare-General-Information/Telehealth/Telehealth-Codes.html>.
- 7 42 USC. § 1395(m) (2003).
- 8 Substance Abuse-Disorder Prevention that Promotes Opioid Recovery and the Treatment for Patients and Communities Act, Pub. L. No. 155-271 (2018), <https://www.congress.gov/115/bills/hr6/BILLS-115hr6enr.pdf>.
- 9 “2019 Physician Fee Schedule,” CMS.
- 10 “2019 Physician Fee Schedule,” CMS.
- 11 MedPAC, *Mandated Report: Telehealth Services and the Medicare Program* ([location:] MedPAC, 2018), http://www.medpac.gov/docs/default-source/reports/mar18_medpac_ch16_sec.pdf?sfvrsn=0.
- 12 Ibid.
- 13 Centers for Medicare & Medicaid Services, “2018 Physician Fee Schedule,” *Federal Register*, 82 (2017): 52976, <https://www.federalregister.gov/documents/2017/11/15/2017-23953/medicare-program-revisions-to-payment-policies-under-the-physician-fee-schedule-and-other-revisions>.
- 14 Jodi G. Daniel and Maya Uppaluru, “New Reimbursement for Remote Patient Monitoring and Telemedicine,” *CMHealthLaw* (blog), November 3, 2017, <https://www.cmhealthlaw.com/2017/11/new-reimbursement-for-remote-patient-monitoring-and-telemedicine/>.
- 15 “Medicare Advantage,” Kaiser Family Foundation, Last modified on June 6, 2019. <https://www.kff.org/medicare/fact-sheet/medicare-advantage/>.
- 16 “Telemedicine in Medicare Advantage,” Better Medicare Alliance, Last modified in November, 2017, https://www.bettermedicarealliance.org/sites/default/files/2018-02/BMA_OnePager_Telemedicine%20in%20Medicare%20Advantage_2018_01_26_v2a.pdf.
- 17 Bipartisan Budget Act of 2018, HR 1892, 115th Cong., § 50323 (2018).
- 18 Note: This is how the Medicare Payment Advisory Commission (MedPAC) characterizes the flexibility of reimbursement for telehealth services. See Transcript of MedPAC meeting, (Washington, DC, November 2–3, 2017), <http://www.medpac.gov/docs/default-source/default-document-library/november-2017-transcripts/f1b311adfa9c665e80adff00009edf9c.pdf?sfvrsn=0>.
- 19 Bipartisan Budget Act of 2018. Section 50324, P.L. 115-123. Available as of November 8, 2018 at <https://www.gpo.gov/fdsys/pkg/BILLS-115hr1892enr/html/BILLS-115hr1892enr.htm>.
- 20 Joanne Binette and Kerri Vasold, *2018 Home & Community-Based Preferences: A National Survey of Adults Age 18 Plus*. Washington, DC. AARP Research, August, 2018. Available as of July 17, 2019 at, <https://www.aarp.org/research/topics/community/info-2018/2018-home-community-preference.html>.

Fact Sheet 649, August 2019

© AARP PUBLIC POLICY INSTITUTE
601 E Street, NW
Washington DC 20049

Follow us on Twitter @AARPolicy
on facebook.com/AARPolicy
www.aarp.org/ppi

For more reports from the Public Policy
Institute, visit <http://www.aarp.org/ppi/>.

<https://doi.org/10.26419/ppi.00080.001>