CMS Finalizes Rule on Telemedicine

On May 5, 2011, the Centers for Medicare and Medicaid Services (CMS) issued a final rule on telemedicine credentialing and privileging which may help facilitate the implementation of innovative medicine at rural hospitals. This rule allows privileges and credentialing reciprocity between an institution where a physician seeks to provide telemedicine services to Medicare and Medicaid patients and the hospital where a physician is already privileged.1 By easing the credentialing process, CMS aims to increase the quantity and quality of care received at remote healthcare facilities by making available the state-of-the-art medical care seen at large urban hospitals.2

Telemedicine refers to the use of technology by physicians to provide professional health care services via electronic communications to remote-site hospitals.3 By utilizing this growing technology, medical services access can be expanded into remote areas, a main objective of healthcare reform. Prior to the final rule, Medicare’s Conditions of Participation (CoP) required that physicians seeking to provide telemedicine services be privileged at their primary hospital as well as the remote-site hospital.4 Generally, the privileging process relies on recommendations from hospital staff who thoroughly review the credentials of a physician according to hospital specific criteria.5 These criteria usually involve evaluation of a physician’s state medical license, training, skills and experience, and possibly any special certifications from medical specialty boards.6 Accordingly, the CoP process presented challenges for smaller, rural hospitals that lacked necessary administrative staff and resources to credential numerous telemedicine providers.7

Under the newly established rule, effective July 5, 2011, CMS will now permit hospitals to simply rely on the privileges and credentials of the home hospital that grants privileges to a physician seeking to provide telemedicine services.8 To circumvent the more cumbersome CoPs previously required, hospitals seeking to provide telemedicine to their patients may simply form an agreement with the remote-site hospital.9 This streamlined process may potentially lessen the challenges faced by rural hospitals’ in physician credentialing and enable quicker and better access to care.

Many professional associations have expressed approval of the new regulations. The Joint Commission, which controls much of telemedicine accreditation and has been heavily involved with CMS policy surrounding this topic, applauded the new legislation as a positive step for improving access to care for rural patients.10 The American Hospital Association specifically commended the rule’s flexibility and the inclusion of non-hospital entities such as independent physicians and radiology groups within the scope of the law.11 While the burden on remote hospitals has been lessened and providers support the movement towards expanded access to telemedicine, regulatory hurdles remain despite the new rule.

Physicians still face restrictions by state licensure laws in areas that do not extend reciprocity to physicians looking to provide telemedicine services to hospitals in another state. Although a majority of states have some legislation addressing licensure for telemedicine services, laws vary widely in flexibility and allowances, with many only permitting consultations.12 Telemedicine still faces many hurdles, but CMS’s new law suggests that legislation is finally starting to advance along with expanding technology.

6 “Medicare Finalizes a New Rule for Telemedicine Services to Keep Beneficiaries in Rural” Senior Medical Care, Health
Connection (May 2, 2011),

“New Telemedicine Physician Credentialing Rules Released” Provider Enrollment Digest (May 5, 2011),


“The Joint Commission Applauds CMS’ Revised Telemedicine Requirements” By Elizabeth E. Zhani, The Joint Commission, May 6, 2011,

“CMS Issues Final Rule on Telemedicine Credentialing Privileging” American Hospital Association, AHA News Now, May 2, 2011,

“Interstate Licensure of Telemedicine Practitioners” By Glenn W. Wachter, Telemedicine Information Exchange, November 15, 2006

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Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: “The U.S. Healthcare Certificate of Need Sourcebook” [2005 – Beard Books], “An Exciting Insight into the Healthcare Industry and Medical Practice Valuation” [2002 – AICPA], and “A Guide to Consulting Services for Emerging Healthcare Organizations” [1999 John Wiley and Sons].

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious “Shannon Pratt Award in Business Valuation” conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows.

Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of HEALTH CAPITAL CONSULTANTS (HCC), where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing. Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored “Research and Financial Benchmarking in the Healthcare Industry” (STP Financial Management) and “Healthcare Industry Research and its Application in Financial Consulting” (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser’s Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.

Anne P. Sharamitaro, Esq., is the Vice President of HEALTH CAPITAL CONSULTANTS (HCC), where she focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro is a member of the Missouri Bar and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as an editor for the Journal of Health Law, published by the American Health Lawyers Association. She has presented healthcare industry related research papers before Physician Hospitals of America and the National Association of Certified Valuation Analysts and co-authored chapters in “Healthcare Organizations: Financial Management Strategies,” published in 2008.

Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President of HEALTH CAPITAL CONSULTANTS (HCC), a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of HEALTH CAPITAL CONSULTANTS (HCC), where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing. Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored “Research and Financial Benchmarking in the Healthcare Industry” (STP Financial Management) and “Healthcare Industry Research and its Application in Financial Consulting” (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser’s Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.

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