

Telehealth Coverage Expands under Next Generation ACO Model

In 2015, approximately 20 percent of all *accountable care organizations* (ACOs) utilized telehealth as a means of providing greater access to healthcare services and improving care management.¹ Proponents expect telehealth to become increasingly popular among ACOs because such care delivery methods may allow healthcare providers to offer improved quality of care to a greater number of patients in a cost-efficient manner – a major goal of the ACO program.² Previous Medicare ACO models have already incorporated telehealth services into their coverage; however, early models limited reimbursement for telehealth services based on the site of service, as well as its rural classification.³ In a policy shift, the more recent *Next Generation ACO Model* expands coverage of telehealth services by eliminating the site of service and rural classification requirements.⁴ This *Health Capital Topics* article will discuss how federal ACOs provide coverage for telehealth services, and how the Next Generation ACO Model expands telehealth coverage for Medicare patients.

Early ACO Models under the *Centers for Medicare and Medicaid Services* (CMS) provided limited coverage for telehealth services to beneficiaries of participating ACOs.⁵ Among other services, both the Pioneer ACO Model and the *Medicare Shared Services Program* (MSSP) cover telehealth services only for Medicare beneficiaries located in rural *Health Professional Shortage Areas* (HPSA),⁶ which account for approximately 29 percent of the Medicare population.⁷ In addition to the rural location requirement, beneficiaries of telehealth services must be physically present inside an established healthcare facility, which includes:

- (1) Physician or practitioner offices (e.g., physician assistant, nurse practitioner);⁸
- (2) Hospitals;
- (3) *Critical access hospitals* (CAH);
- (4) Rural health clinics;
- (5) Federally qualified health centers;
- (6) Hospital-based or CAH-based renal dialysis centers;
- (7) *Skilled nursing facilities* (SNF); and,
- (8) *Community mental health centers* (CMHC).⁹

Although the site of service requirements have not changed,¹⁰ the number of reimbursable telehealth services under CMS guidelines for Medicare claims

processing has increased each year since 2012,¹¹ with eight new services to be covered in 2017.¹²

Created as an improvement upon the Pioneer ACO Model and MSSP,¹³ the Next Generation ACO Model features several enhancements to its parent models, including expanded coverage of telehealth services.¹⁴ Instead of receiving telehealth services exclusively at established health facilities, Next Generation ACO Model beneficiaries are able to receive these services in their homes.¹⁵ However, CMS outlines several restrictions to the types of telehealth services that can be performed within a patient's home; specifically, reimbursable telehealth services under the Next Generation ACO Model does *not* include care for: (1) follow-up consultations for beneficiaries in hospitals or SNFs; (2) "*subsequent hospital care services*;" or, (3) "*subsequent nursing facility care services*."¹⁶ Additionally, CMS removed the limitation on the provision of telehealth services to rural HPSAs in the Next Generation ACO Model, allowing beneficiaries to receive telehealth services in both metropolitan and rural areas.¹⁷ Although CMS relaxed restrictions on the location of service provision in this newer model, the specific telehealth services reimbursed under the Next Generation ACO Model remain subject to overall coverage determinations by CMS.¹⁸

Despite the increased number of telehealth services covered by federal ACOs, CMS continues to limit coverage for certain telehealth services under federal ACOs, including the Next Generation ACO Model. For instance, CMS only reimburses face-to-face interactions,¹⁹ leaving other types of telehealth technologies, such as remote monitoring, excluded from Medicare coverage.²⁰ Additionally, only specific types of clinicians (e.g., physicians and nurse practitioners) are allowed to receive reimbursement for telehealth services under the Next Generation ACO Model.²¹ Other healthcare providers, such as certified diabetes educators and therapists, are excluded from coverage.²²

When the Next Generation ACO Model closes its first performance year in 2016, CMS will evaluate the program based "*on its ability to deliver better care for individuals, better health for populations, and lower growth expenditures*."²³ Continuing to expand Medicare coverage of telehealth services may be compatible with this goal,²⁴ especially considering the generally positive reviews beneficiaries have given to telehealth services.²⁵

Although the Next Generation ACO Model is still in its nascent stages, if the 18 ACOs currently participating in the program achieve the benchmark goals stated above, the earliest date CMS could decide to expand it nationally

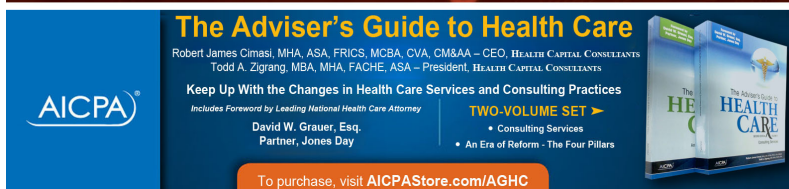
would be 2020.²⁶ As federal ACOs transition from fee-for-service to value-based care, expanding telehealth services could be a way for CMS to achieve this objective.

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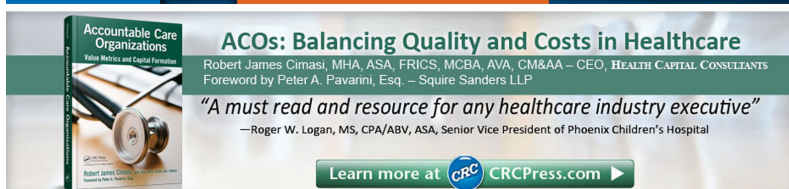


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