

### Additional \$20 Million Directed to Rural Telehealth Expansion

It has been well documented that the COVID-19 pandemic resulted in unprecedented increases in telemedicine utilization across the U.S.<sup>1</sup> However, rural providers and patients, as evidenced by their lower rates of telemedicine usage during this time, have not been able to take advantage of the opportunities provided by telemedicine to the same extent as urban providers.<sup>2</sup> On August 18, 2021, the Health Resources and Services Administration (HRSA) of the Department of Health and Human Services (HHS) announced the latest attempt to ameliorate this issue – the distribution of nearly \$20 million to 36 recipients for the purpose of strengthening telehealth services in rural and underserved communities and expanding innovation and quality.<sup>3</sup>

The \$20 million will be distributed as follows:

- (1) Approximately \$4.28 million will be allocated to nine healthcare organizations and used to build “tele-mentoring” programs and networks, which will help specialists at academic medical centers train and support primary care providers in rural and underserved areas that are treating patients with conditions such as long COVID and substance use disorders;
- (2) Approximately \$4.55 million will be allocated to 12 regional and two national Telehealth Resource Centers (TRCs), which “provide information, assistance, and education on telehealth to organizations and individuals who are actively providing or want to provide telehealth services to patients.”
- (3) Approximately \$3.85 million will be allocated to expanding primary, acute, and behavioral telehealth services in 11 states by way of “updat[ing] technology in rural health clinics, train[ing] doctors and nurses how to conduct telehealth appointments and teach[ing] patients how to take advantage of virtual appointments when they cannot see a doctor in person;” and,
- (4) \$6.5 million will be granted to the University of Mississippi Medical Center and the Medical University of South Carolina to improve healthcare in the rural and underserved areas of their states that have high rates of both chronic disease and poverty. Toward that end, these universities will establish Telehealth Centers of Excellence that will “serve as telehealth

incubators to pilot new telehealth services, track outcomes, and publish telehealth research.” The universities will also “establish an evidence base for telehealth programs and a framework for future telehealth programs.”<sup>4</sup>

This announcement is just the latest installment in efforts to expand telehealth to rural areas since the start of the COVID-19 pandemic. Over the past 18 months, a number of federal spending bills have included money directed to rural providers generally, and rural telehealth programs specifically. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March 2020, appropriated nearly \$500 million for various endeavors related to rural telehealth expansion. Approximately \$165 million was distributed by HRSA to rural hospitals and TRCs to “provide technical assistance on telehealth to help rural and underserved areas combat COVID-19.”<sup>5</sup> Additionally, the Federal Communications Commission (FCC) received \$200 million for the purpose of expanding telemedicine services and infrastructure and \$100 million to finance a three-year Connected Care Pilot program, which will subsidize internet connectivity for healthcare providers.<sup>6</sup>

The more recent American Rescue Plan, signed into law in March 2021, also included funds for rural telehealth expansion. Approximately \$500 million was allocated to the U.S. Department of Agriculture to create the Emergency Rural Health Care Grant Program.<sup>7</sup> This program “will provide at least \$350 million to help rural hospitals and local communities increase access to...telehealth,” among other items.<sup>8</sup> Another \$52 million was allocated to HHS to create “rural health networks,” which will focus in part on “expanding the workforce to support virtual and telehealth systems.”<sup>9</sup> Additionally, approximately \$14.2 million was allocated to HRSA to expand Pediatric Mental Health Care Access projects, which will provide (among other things) teleconsultations by pediatric mental health teams to pediatric primary care providers in the diagnosis, treatment, and referral of pediatric patients with mental health conditions and substance use disorders.<sup>10</sup>

In addition to the allocation of financial resources, federal agencies are working to expand rural telehealth knowledge, access, and coverage. For example, the National Institutes of Health will be holding public workshops in October 2021 to “identify ways to improve

rural health through telehealth-guided provider-to-provider communication.”<sup>11</sup> Additionally, the Centers for Medicare & Medicaid Services (CMS) is proposing to expand access to telehealth mental health services for rural and underserved Americans by expanding coverage under the 2022 Medicare Physician Fee Schedule (MPFS).<sup>12</sup> If finalized, CMS will allow patients to access telehealth mental services from their home, rather than traveling to a rural health clinic or federally-qualified health center to access the telehealth platform.

HHS hopes that this latest \$20 million investment will help increase access for the approximately 15% of Americans who live in rural areas and are some of the oldest and sickest in the U.S.<sup>13</sup> Rural patients, who have the greatest need for telehealth services, still struggle to access telemedicine due to limited broadband availability. On the supply side, the up-front costs of the hardware, software, and human resources needed to offer telehealth services may also be a steep barrier for providers, and particularly for those in rural areas. Whether these funding initiatives will serve as a panacea for rural healthcare access, especially given the uncertainty of expanded coverage and reimbursement post-COVID-19,<sup>14</sup> remains to be seen.

- 1 “HHS Issues New Report Highlighting Dramatic Trends in Medicare Beneficiary Telehealth Utilization amid COVID-19” Department of Health and Human Services, July 28, 2020, <https://www.hhs.gov/about/news/2020/07/28/hhs-issues-new-report-highlighting-dramatic-trends-in-medicare-beneficiary-telehealth-utilization-amid-covid-19.html> (Accessed 6/1/21).
- 2 *Ibid.*
- 3 “Biden-Harris Administration Invests over \$19 Million to Expand Telehealth Nationwide and Improve Health in Rural, Other Underserved Communities” HHS Press Office, August 18, 2021, <https://www.hhs.gov/about/news/2021/08/18/biden-harris-administration-invests-over-19-million-expand-telehealth-nationwide-improve-health-rural.html> (Accessed 9/21/21).
- 4 *Ibid.*; “FY 2021 Telehealth Awards” Health Resources & Services Administration, August 2021, <https://www.hrsa.gov/rural-health/telehealth/fy21-awards> (Accessed 9/21/21); “Biden Administration Seeks to Expand Telehealth in Rural America” By Mark Walker, New York Times, September 19, 2021, <https://www.nytimes.com/2021/09/19/us/politics/telehealth-rural-america.html> (Accessed 9/21/21).
- 5 “CARES Act Provider Relief Fund” Department of Health & Human Services, April 22, 2020, <https://www.hhs.gov/provider-relief/index.html> (Accessed 4/23/20); “HHS Awards Nearly \$165 Million to Combat the COVID-19 Pandemic in Rural Communities” Department of Health & Human Services, April 22, 2020, <https://www.hhs.gov/about/news/2020/04/22/hhs-awards-nearly-165-million-to-combat-covid-19-pandemic-in-rural-communities.html> (Accessed 4/23/20).
- 6 “Removing regulatory barriers to telehealth before and after COVID-19” By Nicol Turner Lee, Jack Karsten, and Jordan Roberts, Brookings Institute, May 6, 2020,

- <https://www.brookings.edu/research/removing-regulatory-barriers-to-telehealth-before-and-after-covid-19/> (Accessed 6/7/21), p. 14.
- 7 Fact Sheet: Biden Administration Takes Steps to Address COVID-19 in Rural America and Build Rural Health Back Better” The White House, August 13, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/13/fact-sheet-biden-administration-takes-steps-to-address-covid-19-in-rural-america-and-build-rural-health-back-better/> (Accessed 9/21/21).
- 8 *Ibid.*
- 9 *Ibid.*
- 10 “HHS announces \$14.2 million from American Rescue Plan to expand pediatric mental healthcare access” By Jeff Lagasse, Healthcare Finance News, May 20, 2021, <https://www.healthcarefinancenews.com/news/hhs-announces-142-million-american-rescue-plan-expand-pediatric-mental-healthcare-access> (Accessed 9/21/21).
- 11 The White House, August 13, 2021.
- 12 *Ibid.*
- 13 “Biden Administration Seeks to Expand Telehealth in Rural America” By Mark Walker, New York Times, September 19, 2021, <https://www.nytimes.com/2021/09/19/us/politics/telehealth-rural-america.html> (Accessed 9/21/21).
- 14 See the October 2020 Health Capital Topics article entitled, “Valuation of Telemedicine: Reimbursement” Vol. 13, Issue 10 (October 2020), [https://www.healthcapital.com/hcc/newsletter/10\\_20/HTML/TELE/convert\\_telemedicine\\_reimbursement\\_10.26.20.php](https://www.healthcapital.com/hcc/newsletter/10_20/HTML/TELE/convert_telemedicine_reimbursement_10.26.20.php) (Accessed 11/2/20).



**(800)FYI - VALU**

*Providing Solutions  
in the Era of  
Healthcare Reform*

Founded in 1993, HCC is a nationally recognized healthcare economic financial consulting firm

- [HCC Home](#)
- [Firm Profile](#)
- [HCC Services](#)
- [HCC Experts](#)
- [Clients & Projects](#)
- [HCC News](#)
- [Upcoming Events](#)
- [Contact Us](#)
- [Email Us](#)

## HCC Services

- [Valuation Consulting](#)
- [Commercial Reasonableness Opinions](#)
- [Commercial Payor Reimbursement Benchmarking](#)
- [Litigation Support & Expert Witness](#)
- [Financial Feasibility Analysis & Modeling](#)
- [Intermediary Services](#)
- [Certificate of Need](#)
- [ACO Value Metrics & Capital Formation](#)
- [Strategic Consulting](#)
- [Industry Research Services](#)



**[Todd A. Zigrang](#)**, MBA, MHA, CVA, ASA, FACHE, is the President of HEALTH CAPITAL CONSULTANTS (HCC), where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 25 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,000 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "[The Adviser's Guide to Healthcare – 2nd Edition](#)" [2015 – AICPA], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies; Business Appraisal Practice*; and, *NACVA QuickRead*. In addition to his contributions as an author, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); American Health Lawyers Associate (AHLA); the American Bar Association (ABA); the National Association of Certified Valuators and Analysts (NACVA); Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter, and is current Chair of the ASA Healthcare Special Interest Group (HSIG).



**[Jessica L. Bailey-Wheaton](#)**, Esq., is Senior Vice President and General Counsel of HCC, where she conducts project management and consulting services related to the impact of both federal and state regulations on healthcare exempt organization transactions, and provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

She serves on the editorial boards of NACVA's The Value Examiner and of the American Health Lawyers Association's (AHLA's) Journal of Health & Life Sciences Law. Additionally, she is the current Chair of the American Bar Association's (ABA) Young Lawyers Division (YLD) Health Law Committee and the YLD Liaison for the ABA Health Law Section's Membership Committee. She has previously presented before the ABA, NACVA, and the National Society of Certified Healthcare Business Consultants (NSCHBC).

Ms. Bailey-Wheaton is a member of the Missouri and Illinois Bars and holds a J.D., with a concentration in Health Law, from Saint Louis University School of Law, where she served as Fall Managing Editor for the Journal of Health Law & Policy.



**[Daniel J. Chen](#)**, MSF, CVA, focuses on developing Fair Market Value and Commercial Reasonableness opinions related to healthcare enterprises, assets, and services. In addition he prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams. Mr. Chen holds the Certified Valuation Analyst (CVA) designation from NACVA.



**[Janvi R. Shah](#)**, MSF, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition he prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.