

# Impact of Telemedicine on Apple Health

Substitute Senate Bill 5175; Chapter 23; Laws of 2015; RCW 74.09.325  
December 31, 2018



# Impact of Telemedicine on Apple Health

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# Executive Summary

Substitute Senate Bill (SSB) 5175, Chapter 23, Laws of 2015, codified in the Revised Code of Washington (RCW) 74.09.325, provides the following direction to the Health Care Authority (HCA):

“To measure the impact on access to care for underserved communities and costs to the state and the medicaid managed health care system for reimbursement of telemedicine services, the Washington state health care authority, using existing data and resources, shall provide a report to the appropriate policy and fiscal committees of the legislature no later than December 31, 2018.”

Telemedicine is an emerging health care delivery method that enables patients at one location (i.e., an originating site) to receive health care services from a health care provider at another location (i.e., a distant site). In this report, we address the following questions:

- Has telemedicine use increased access to care for Apple Health (Medicaid) clients in underserved communities?
- Has telemedicine use resulted in increased Apple Health expenditures?

We do not address HCA’s implementation of SSB 5175 in this report.

Based on telemedicine reimbursement data, health care services delivered via telemedicine:

- Increased access to care for Apple Health clients living in underserved communities, growing from 712 telemedicine procedures in state fiscal year (SFY) 2015 to 8,636 telemedicine procedures in SFY 2017; and
- Increased statewide Apple Health expenditures, growing from \$638 in additional expenditures in SFY 2015 to \$259,595 in SFY 2017.<sup>1</sup>

However, telemedicine procedures and their expenditures represent a small proportion of total Apple Health activities.<sup>2</sup>

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<sup>1</sup> The scope of this report does not include any potential impact that Apple Health telemedicine utilization might have on increasing or decreasing other health care services for Apple Health clients.

<sup>2</sup> Apple Health annual expenditures during SFY 2017 were about \$7.25 billion (according to the *February 2018 HCA Per Capita Expenditure Forecast*). Between July 2017 and July 2018, Apple Health enrollment exceeded 1.8 million people; see “Apple Health Enrollment July 2017 through July 2018.” <<https://www.hca.wa.gov/assets/free-or-low-cost/Apple-Health-enrollment-totals.pdf>>, accessed October 10, 2018.



# Background

Under current Apple Health coverage, telemedicine:

- Uses interactive audio and video technology, permitting real-time communication between the patient and the provider, for the purpose of diagnosis, consultation, or treatment; and
- Does not include the use of audio-only telephone, fax, or email.<sup>3</sup>

Apple Health reimbursement policies for telemedicine services have broadened over time to promote the use of telemedicine services. When Apple Health policies and rules change, providers receive HCA's notification via formal communication channels, such as our email subscription management service, GovDelivery. Prior to the Legislature passing SSB 5175 in 2015, Apple Health policies limited telemedicine reimbursement by provider type, provider location, Apple Health client location, and type of visit. Per SSB 5175, current reimbursement policy states that HCA "reimburses medically necessary covered services through telemedicine when the service is provided by a Washington Apple Health provider and is within their scope of practice."<sup>4</sup>

To examine the impact of Apple Health telemedicine reimbursement policies before and after HCA implemented SSB 5175, we analyzed relevant managed care and fee-for-service telemedicine reimbursement data from SFY 2015 through SFY 2017. Data from SFY 2018 was not complete in time for us to include it in this report.<sup>5</sup> Other noteworthy data exclusions include:

1. Behavioral Health Organizations' (BHOs') health care services, because their reimbursement policies did not change to reflect SSB 5175 until SFY 2018;<sup>6</sup> and
2. Dental services, because HCA did not include dental services in telemedicine reimbursement policies until April 2018.<sup>7</sup>

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<sup>3</sup> See RCW 74.09.325, *Reimbursement of a health care service provided through telemedicine or store and forward technology—Report to the legislature*. <<http://app.leg.wa.gov/RCW/default.aspx?cite=74.09.325>>, accessed on October 10, 2018.

<sup>4</sup> See *Washington Apple Health (Medicaid) Physician-Related Services/Health Care Professional Services Billing Guide*. August 25, 2018 (page 90). <<https://www.hca.wa.gov/assets/billers-and-providers/physician-related-serv-bi-20180825.pdf>>; and WAC 182-531-1730, *Telemedicine*. <<http://app.leg.wa.gov/wac/default.aspx?cite=182-531-1730>>, both accessed on October 10, 2018.

<sup>5</sup> Washington Administrative Code (WAC) states that Apple Health providers have up to 365 days to submit their claims to the HCA. See WAC 182-502-0150, *Time limits for providers to bill the agency*. <<http://app.leg.wa.gov/WAC/default.aspx?cite=182-502-0150>>, accessed on October 10, 2018.

<sup>6</sup> See *Department of Social and Health Services Division of Behavioral Health and Recovery Service Encounter Reporting Instructions for BHOs (SERI v.201705.01)*. (page 105), <[https://www.hca.wa.gov/assets/billers-and-providers/SERI\\_v201705-01EffectiveOctober1\\_2017.pdf](https://www.hca.wa.gov/assets/billers-and-providers/SERI_v201705-01EffectiveOctober1_2017.pdf)>, accessed on October 10, 2018.

<sup>7</sup> See *Washington Apple Health (Medicaid) Dental-Related Services Program Billing Guide*. April 1, 2018, (page 3), <<https://www.hca.wa.gov/assets/billers-and-providers/Dental-related-serv-bi-20180401.pdf>>, accessed on October 10, 2018.

# Access to Care for Underserved Communities

## Health Professional Shortage Areas

HCA consulted with the Washington State Department of Health (DOH) to identify and define “underserved communities” for this report as the 2017 primary care Health Professional Shortage Areas (HPSAs) in Washington State. Besides some urban areas along the Interstate 5 corridor and around Spokane, most geographical areas of Washington State are primary care HPSAs. DOH works with the federal Health Resources and Services Administration (HRSA) to designate which geographical areas within Washington State have:

- Insufficient numbers of primary care health care providers for the entire population (i.e., geographic); or
- Populations that have difficulty accessing primary health care services, such as low-income populations and migrant-seasonal farm workers.

For the primary care HPSA designation, HRSA includes both medical doctors and doctors of osteopathic medicine in the following disciplines: primary or general practice, general obstetrics and gynecology, general pediatrics, general internal medicine, and general geriatrics.<sup>8, 9, 10</sup> Figure 1 shows a map of Washington State’s 2017 primary care HPSAs.

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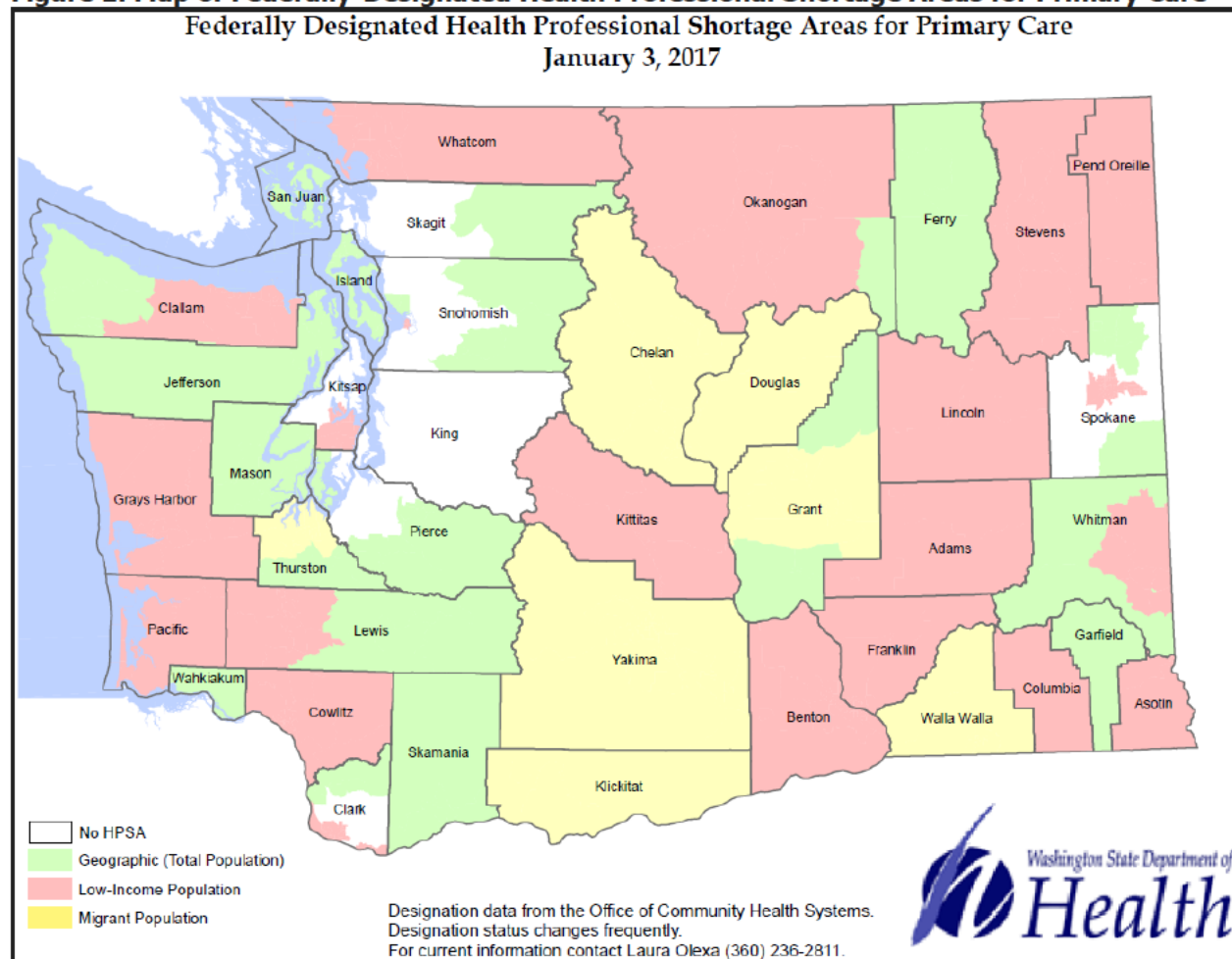
<sup>8</sup> See “Health Professional Shortage Areas (HPSAs).” <<https://bhwh.hrsa.gov/shortage-designation/hpsas>>, accessed on October 10, 2018.

<sup>9</sup> See *An Overview of Federal Health Professional Shortage Area and Medically Underserved Area/Population Designations in Washington State: Identifying needs for Washington State residents, including Medicaid and Medicaid Eligible populations.* (page 2), <<https://www.doh.wa.gov/Portals/1/Documents/2900/346032.pdf>>, accessed on October 10, 2018.

<sup>10</sup> See “Rural Health – Health Professional Shortage Areas.” <<https://www.doh.wa.gov/ForPublicHealthandHealthcareProviders/RuralHealth/DataandOtherResources/HealthProfessionalShortageAreas>>, accessed on October 10, 2018.



**Figure 1. Map of Federally-Designated Health Professional Shortage Areas for Primary Care**



**SOURCE:** Washington State Department of Health, October 2018

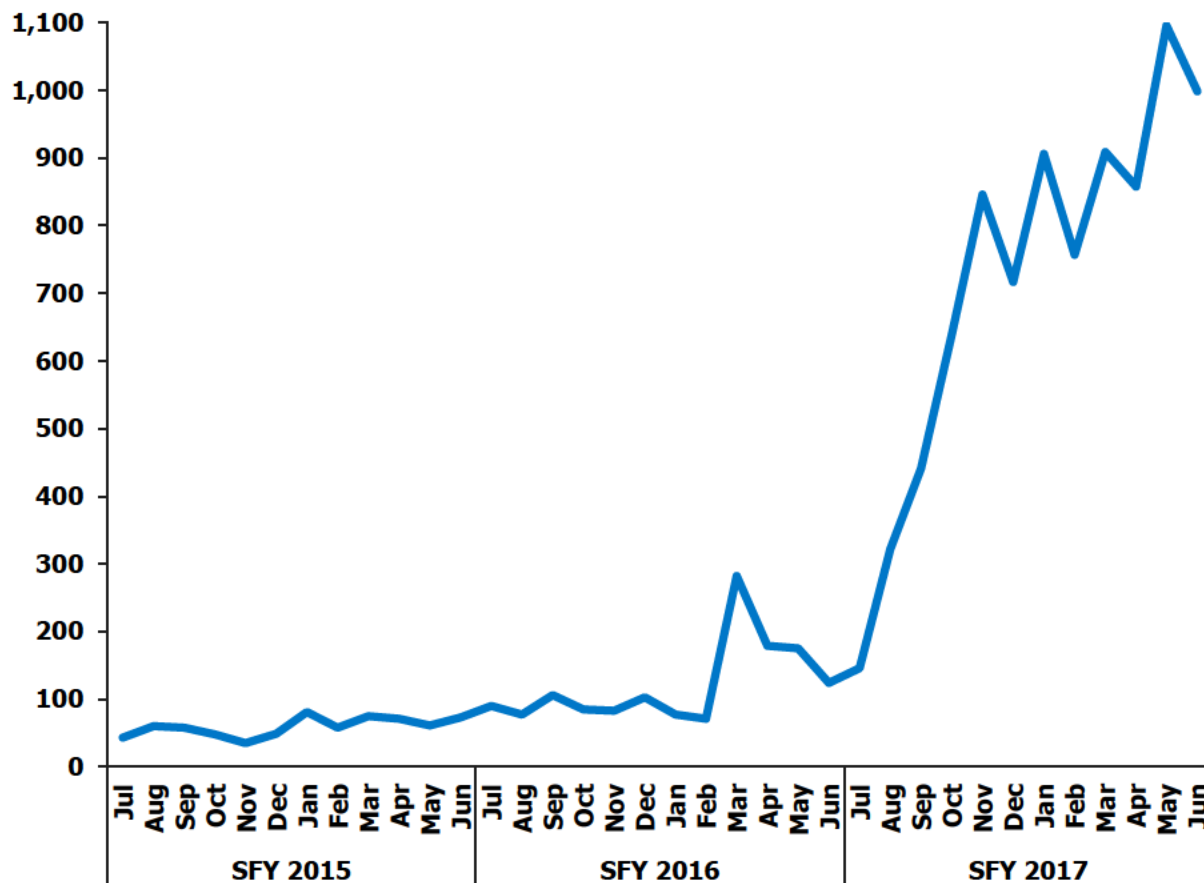
## Telemedicine's Impact on Access to Care

While telemedicine procedures represent a small proportion of all Apple Health procedures, it appears that clients' use of telemedicine has increased access to care in Washington State's primary care HPSAs. During SFY 2015, there were 712 telemedicine procedures for clients living in primary care HPSAs. Utilization more than doubled among clients living in primary care HPSAs during SFY 2016 to 1,452 procedures, and increased again almost six-fold during SFY 2017 to 8,636 procedures. We attribute the substantial increase in telemedicine use during SFY 2017 to health care providers that delivered services via telemedicine in response to the opioid crisis. See Figure 2.





**Figure 2. Number of Paid or Accepted Telemedicine Claims or Encounters, Per Month, for Apple Health Clients with Residential Addresses in Primary Care Health Professional Shortage Areas, SFY 2015–SFY 2017**



**SOURCE:** ProviderOne Operational Data Store (ODS), July 2018

## Apple Health Expenditures for Reimbursement of Telemedicine Services

HCA reimburses health care providers for the use of their originating sites of telemedicine services.<sup>11</sup> The health care providers may charge an originating site facility fee per completed telemedicine service. The originating site facility fee is the only additional Apple Health expenditure for the provision of health care services via telemedicine. Total statewide telemedicine originating site facility fees represent a small proportion of all Apple Health reimbursements. Apple Health telemedicine originating site facility fees totaled only \$638 during SFY 2015 and remained low until March 2016, when some early adopters of telemedicine began billing for their services. Total originating facility fees grew to \$29,164 during SFY 2016, and increased by nearly nine-fold to

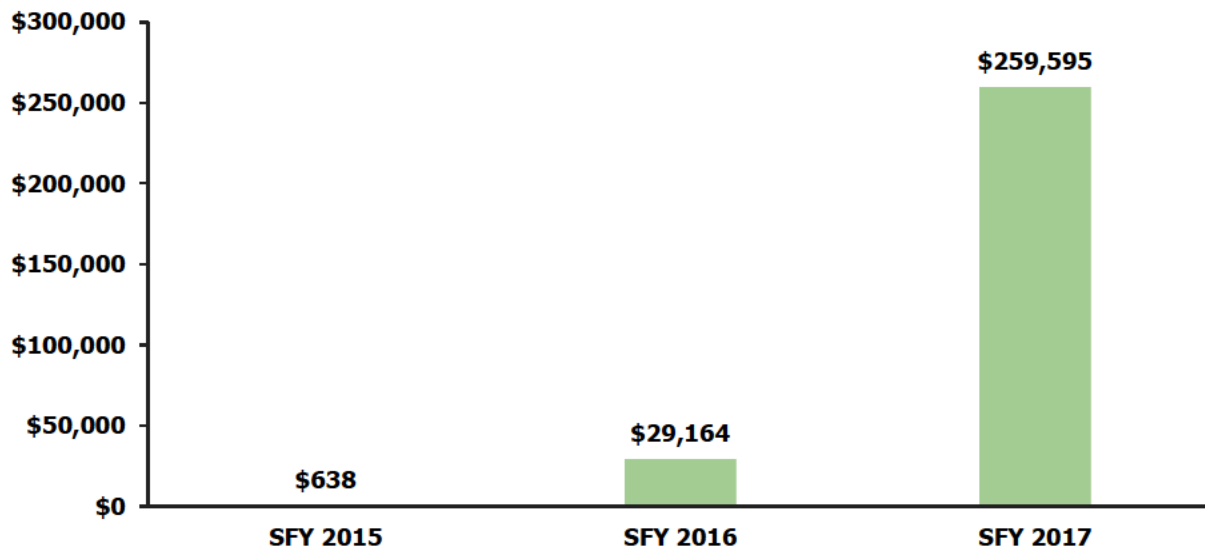
<sup>11</sup> See RCW 74.09.325, *Reimbursement of a health care service provided through telemedicine or store and forward technology—Report to the legislature.* <<http://app.leg.wa.gov/RCW/default.aspx?cite=74.09.325>>, accessed on October 10, 2018.





\$259,595 during SFY 2017. See Figure 3. The scope of this report does not include any potential impact that Apple Health telemedicine utilization might have on increasing or decreasing other health care services for Apple Health clients.

**Figure 3. Total Paid or Accepted Apple Health Telemedicine Originating Site Facility Fees, Per Year, SFY 2015–2017**



**SOURCE:** ProviderOne Operational Data Store (ODS), July 2018

## Conclusion

Since HCA implemented telemedicine reimbursement policies per SSB 5175, use of telemedicine services for Apple Health clients has increased. The expansion of telemedicine utilization appears to have improved access to care for Washington State’s underserved communities while increasing Apple Health expenditures through the reimbursement of originating site facility fees. However, the proportions of telemedicine procedures and reimbursement remain small compared to Apple Health’s total number of procedures and sum of reimbursements.

