

SPECIAL COMMITTEE ON HEALTH
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Testimony
Coni Fries
VP of Governmental Relations
Blue Cross and Blue Shield of Kansas City

Chairman Hawkins and Members of the Committee, my name is Coni Fries and I am here today on behalf of Blue Cross and Blue Shield of Kansas City to provide information about our current telemedicine practices.

Blue Cross and Blue Shield of Kansas City (Blue KC) is a not-for-profit health plan serving residents in the greater Kansas City area, including Johnson and Wyandotte counties in Kansas and 30 counties in Northwest Missouri. Our mission is to use our role as the area's leading health insurer to provide affordable access to healthcare and improve the health and wellness of our members.

One way Blue KC is able to provide access to healthcare for our members is to cover telemedicine. However, any new payment parity requirements like those imposed in last year's House bill 2206 will challenge our ability to provide affordable coverage as consumers absorb the higher payment rates to telemedicine providers in their premiums. While we recognize that telemedicine has the potential to resolve access issues facing rural Kansans, a mandate on all insurers, even those operating outside of the under-served areas, will eliminate the intended savings to the system and to Kansans' premiums. Telemedicine is supposed to be the new innovative way to deliver care and save the health system and patient money. Mandating payment parity for any type of healthcare service will lead to other providers to request the government to engage in setting the payment rate for their services rather than the private market.

There isn't much that Blue KC doesn't cover when it comes to telemedicine. Therefore, it would be more productive to focus on what is not covered today. Originating site fees are not covered, including costs associated for provisions of the telemedicine service (e.g. internet service, physicians' telemedicine equipment, etc.). Consistent with many states that mandate telemedicine coverage, we do not pay for the use of email or fax. However, Blue KC does pay for the professional component of any telemedicine encounter. When our contracted providers submits a telemedicine claim they use a specific modifier on a standard evaluation and management (E&M) code that alerts us this was a telemedicine encounter. Without the specific modifier the claim would deny as 'not covered'. Blue KC also does not pay for consultations between physicians that do not involve direct patient contact which is consistent with how non-telemedicine services are adjudicated.

Many states are enacting laws requiring commercial health plans to cover medical services provided via telehealth to the same extent they cover medical services provided in-person.



These laws are intended to promote innovation and care delivery in the private sector by catalyzing healthcare providers and plans to invest in and use the powerful telehealth technologies available in the marketplace. When considering these types of health care policies it is important to note the distinctions between the fixed cost components that are taken into consideration when developing rates for in-person care versus care provided via telemedicine. CMS has set precedent in this regard; physicians are paid more for office visits than for in-patient visits in a hospital setting primarily because the brick and mortar component exists for the office visit. Several components exist for in-person physician care that are absent from the telehealth model, such as: overhead, front office staff, nursing staff who spend time getting vitals, and the physician's physical examination. These components are not included in the telehealth model, nor should they be.

Telemedicine services are not equivalent to in-person services and therefore should not receive parity to in-person services in reimbursements. Primary care physicians (PCPs) are paid at a higher rate because we expect them to manage our members' care throughout the year (i.e. referrals to in-network specialists, encourage wellness activities, and perform yearly exams). On the contrary, telemedicine appointments might be one-time engagements. If telemedicine services save money and are more efficient then the reimbursement for services should mirror those savings.

Blue KC is committed to implementing innovative programs for our members in order to keep the cost of care down while at the same time ensuring members have access to the care they need. Telemedicine is one approach in accomplishing this goal and we look forward to working with the legislature to help address this issue.

