Memorandum
Date: April 25, 2014
Re: Government support for telemedicine and healthcare competition

**I am a student at Columbia University. However, this comment to the Federal Trade Commission reflects my own personal opinions. This is not representative of the views of Columbia University or the Trustees of Columbia University.

Executive summary

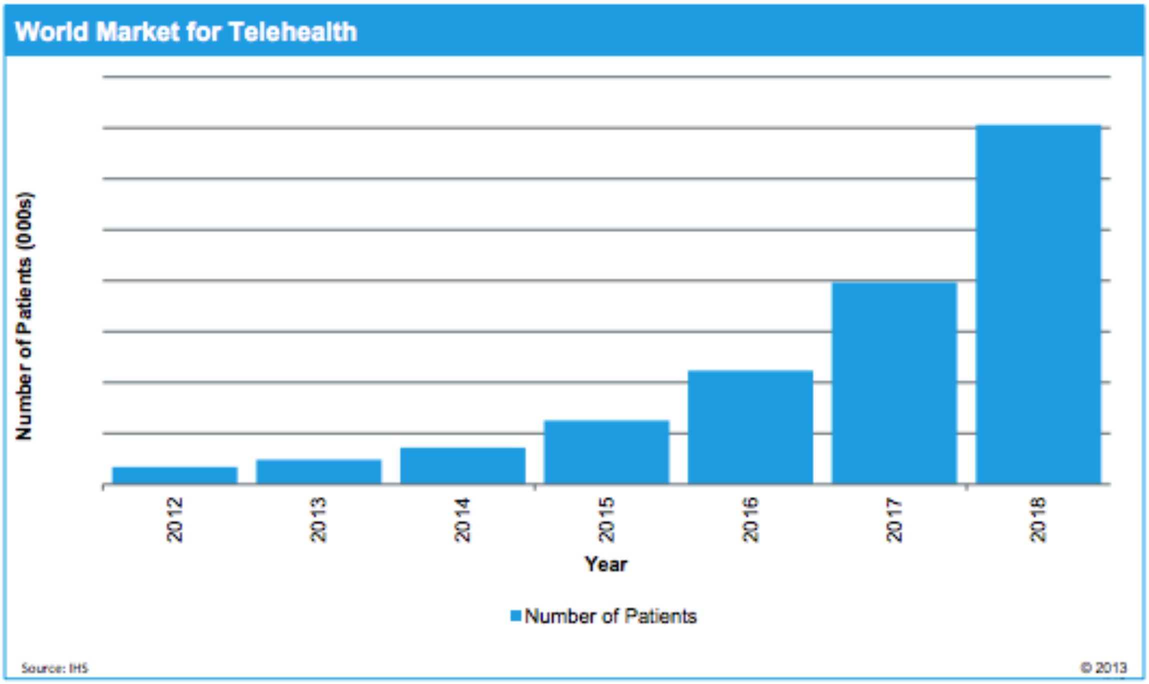
Telemedicine is changing the landscape of healthcare delivery in the United States. Young, old, urban, and rural Americans are increasingly utilizing technological platforms to remotely access preventative and curative care. Despite a wealth of evidence about telemedicine's cost-effectiveness, efficiency, feasibility, and ability to improve health outcomes, federal and state governments have been slow to provide a comprehensive regulatory framework to support and incentivize telemedicine. As health professionals and patients continue to connect remotely and across state lines, policy makers must respond with sound, viable, and innovative legislation. Policy options include modifying the state-based professional licensure system to incorporate interstate reciprocity agreements, the development of a national licensing program for health professionals, and changes to Medicare's restrictive telemedicine coverage policies.

This comment is a call to action. In order to protect our country's healthcare consumers, and to provide them with a fair and competitive supply of healthcare delivery options, the Commission needs to support the reform of the state-based professional licensure system.

Background

Telemedicine is a rapidly growing platform for integrated health care delivery in the United States. At the most basic level, the model involves patients engaging with technology to access health care services. More specifically, people access health and medical information for preventative and curative care through—but not limited to—video conferencing, email, SMS messaging, and wireless data storage.[1] Among others, the American Telemedicine Association, the Centers for Medicare & Medicaid, and the Government's HealthIT partnership have differing definitions for telemedicine and other closely related terms like telehealth and connected care.[2] All of the terms can be used interchangeably, although telehealth and connected care both imply slightly broader platforms that offer educational materials, health promotion activities, and wearable technologies, in addition to clinical services.[3]

Given the ambiguity with the telemedicine nomenclature, there is not sufficient trend data on the US market. Nevertheless, it is certain that telemedicine is on track to significantly alter health care delivery in our country. IHS analysts predict that there will be almost seven million global users in 2018, up from less than half a million in 2013. Estimated to be $2 billion dollars in 2018, and contributing to an annual growth rate of almost 60% over the next five years, the US market will constitute the lion's share of the global telemedicine market[4][5].



[6]

The growing role of telemedicine in the US health care system can be explained by the many benefits that it offers: increased access to providers, cost reductions, successful patient engagement and tracking, convenience, reduced hospitalizations, and increased utilization of care.[7][8][9] In addition, demand for telemedicine will increase as health reform continues to roll out. Under the ACA, millions of the newly insured are in need of easy access to quality, cost-effective care. If patients can get full coverage through public and private insurance programs, telemedicine has the potential to help to alleviate the 45,000 doctor shortage that the US is predicted to face in 2020.[10]

Despite the many benefits and the great demand for telemedicine, there are major barriers to its proliferation. In particular, state licensing laws make it extremely difficult and expensive for providers to practice across state lines.[11] In addition, inflexible Medicare reimbursement policies for telemedicine have constrained the growth of this emerging and innovative delivery platform.[12] State and federal regulations around telemedicine have failed to keep pace with the available technologies and market demands.

Evidence

A multi-phase research process was conducted to develop the conclusions of this memorandum. The literature review was completed using peer-reviewed scientific and social scientific journals including T*he New England Journal of Medicine* and *Health Affairs.* Data and technical reports on telemedicine trends and market information were collected by searching Government websites (HealthIT.gov, CMS.gov,) private websites (The Commonwealth Fund, The American Telemedicine Association, CTel) and Google. Statistics were also pulled from a few elite newspapers and popular press sources such as *The New York Times* and *Forbes Magazine*, respectively. Finally, the conclusions relied upon the work of two academic and technical experts in the field of policy analysis, John Kingdon and Eugene Bardach. In every step of this process there were common search terms including “telemedicine,” “trends in telemedicine,” “telemedicine reimbursement,” “telehealth,” “telemedicine regulation,” “scope of telemedicine,” and “telemedicine policy.”[23]

Problem

The problem with telemedicine is one of Government failure to provide comprehensive and flexible legislation for emerging health care delivery platforms. Rather than embrace and encourage the use of cost-saving mechanisms of delivery, the Government has created barriers to access, and responded too slowly to a growing body of evidence on the effectiveness and efficiency of telemedicine.

In terms of federal policy, Medicare patients face punitive and narrow reimbursement policies for telemedicine services. Coverage is limited to certain rural areas and designated centers.[13] The problems with these patient-location restrictions are ethical in nature; it is inequitable to deny the aging and disabled the right to access quality care that will save costs, improve their health and decrease hospital readmissions.[14][15] Telemedicine programs for chronically ill Medicare patients can save up to 13% of a patient's costs over a two-year period.[16]

Through the enactment of state parity laws that increase public (Medicaid) and private insurance coverage for telemedicine services, a majority of states have set an innovative tone for policy regulations around telemedicine.[17] While state governments have in some ways acted swiftly to promote telemedicine, they have also upheld strict state-based physician licensure laws, hampering the growth of the market.[18] Because healthcare providers cannot be recognized across state lines through an efficient, low-cost reciprocity system, thousands of qualified providers are shut out of the telemedicine market. As of 2010, only 17% of the 850,085 licensed physicians were legally allowed to practice in two jurisdictions, and only 6% were licensed to practice in three or more jurisdictions.[19] Until state-based licensure laws are modified, patients will be denied the right to access a sufficient supply of quality providers. Given that health professionals are trained to adhere to national standards of treatment, and given the existence of new technologies, state-based licensing laws are self-serving and antiquated. [20]

Policy Options

To encourage the growth of telemedicine as a new model of health care delivery, and to provide American citizens with convenient access to high quality health care, one policy recommendation is the enactment of the Telehealth Enhancement Act, H.R. 3306. The bill, which was referred to the Subcommittee on Health in October 2013, aims to save funding, and to improve access to healthcare services through increased Medicare coverage for telehealth services.[21]

A second policy option is for the Federal government to mandate provider licensing at the regional or national level. While this intervention would dramatically increase the supply of telemedicine providers, and lower the costs of telehealth services, it is not a feasible option politically or practically. State licensing boards have a long history, and states benefit financially from their accreditation and licensing processes. Moreover, this option would be extremely costly for the entire system.

The third policy option is to amend state-based legislation for licensure so that physicians have greater ease to practice remotely and across state lines. Without duplicating the work of state licensing boards or overhauling the entire state-based system, a modified registry or reciprocity system could license providers to work remotely.[22]

Recommendation

In considering policy changes that will impact the growth of telemedicine, quality of care and patient safety is paramount.

Given the Commission's interest in interstate commerce and competitive markets, it is in their best interest to support legislation for increased provider reciprocity. While this option will encounter resistance from state medical boards and some providers, it is the most efficient (cost-effective,) practical (technically feasible) and fair recommendation. As more physicians are granted interstate reciprocity, more will enter the telemedicine market, leading to a greater supply of qualified providers. As a result of a larger and more competitive market, patients will have increased access to quality health care, and system costs will decrease.

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