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.

To: Federal Trade Commission

From: Josh Ostapchuk, *MPH Student, Columbia University, Mailman School of Public Health*

Re: Comment to Federal Trade Commission (FTC) regarding the policy implications of recent developments in Telemedicine.

Date: April 25, 2014

Executive Summary:

Recent healthcare reform and associated technological advancements have led to an increase in the demand and utilization of telemedicine services. As a result, more Americans are not only beginning to access the healthcare system, but also demanding an array of conveniences associated with the widespread uptake of virtual technology. The adoption and use of telemedicine is projected to increase dramatically in the near future to ensure that healthcare remains cost-effective and widely available (Kvedar et al., 2014). As such, the FTC has requested comments regarding the regulatory or commercial barriers that may restrict the use of telemedicine in the future. Upon examination of the existing literature, several related policy problems have been identified. Firstly, current insurance regulations do not provide adequate economic incentives for healthcare providers to use telemedicine services (OTP, 2014; Grabowski and O'Malley, 2014). Secondly, there is a need for a centralized physician licensure system to address inter-state regulatory discrepancies (OAT, 2003; DHHS, 2001). Lastly, there is a need for an expansion of rural broadband infrastructure to support the increasing demand and need for telemedicine services (NYLS, 2009). Given these areas for potential policy intervention, I would like to

encourage the FTC to consider implementing regulations to ensure that insurance reimbursement policies reflect the growing need and demand for telemedicine services nationwide. The current payment and reimbursement model must be redesigned to ensure that providers are given parity reimbursements for providing telemedicine services. This policy recommendation is feasible for the FTC, and could foster new grants from the FTC related to telemedicine policy.

Background:

Recent healthcare reform and associated technological advancements have led to an increase in the demand and use of telemedicine services. As defined by the American Telemedicine Association, Telemedicine is the "use of medical information exchanged from one site to another via electronic communications to improve a patient's clinical health status" (ATA, 2012). Telemedicine is being rapidly implemented in many provider settings nationwide, and is being used today to provide primary care and specialist referrals, remote patient monitoring, consumer health information, and medical education (ATA, 2012). As more Americans begin to access the healthcare system as a result of recent healthcare reform, and as consumers begin to demand the conveniences associated with virtual technology, the adoption and use of Telemedicine is projected to increase dramatically in the near future to ensure that healthcare is cost-effective and widely available (Kvedar et al., 2014). In response to these recent innovations in healthcare delivery, the FTC has requested comments regarding the regulatory or commercial barriers that may restrict the use of telemedicine, or other new models of health care delivery. Upon examination of the existing literature, several policy problems have been identified surrounding the implementation and expansion of telemedicine. Firstly, outdated insurance laws do not provide adequate economic incentives for healthcare providers to implement and use telemedicine services (OTP, 2014; Grabowski and O'Malley, 2014). Secondly, there is a need for a centralized physician licensure system to allow and encourage physicians to utilize telemedicine services to treat patients in varied geographic locations, since the current policy framework contains many inter-state regulatory discrepancies (OAT, 2003; DHHS, 2001). Lastly, what makes this issue particularly important is that telemedicine has the potential to be used to assist with the treatment of remote populations. However, due to a lack of necessary infrastructure, policy must be enacted to incentivize public-private partnerships that would result in the required infrastructure expansion to support telemedicine (NYLS, 2009).

Evidence:

Evidence to identify this opportunity for policy intervention, and to develop alternative recommendations, was compiled from recently published academic literature by entering the following key words into PubMed: Telemedicine, Telehealth, Healthcare Reform, Policy, Demand, Broadband, and Licensure.

Problem:

Upon examination and review of the existing literature surrounding telemedicine, it is evident that several policy problems are emerging and should be addressed. Systematic indicators, focussing events, and feedback are all contemporarily converging to identify and define the problems surrounding the implementation and utilization of telemedicine (Kingdon, 2010). Firstly, outdated insurance laws do not provide adequate economic incentives for healthcare providers to implement and use telemedicine services (OTP, 2014; Grabowski and O'Malley, 2014). Currently, many public and private health plans do not reimburse providers for utilizing telemedicine services. As such, unless related policy is enacted, doctors will continue to solely provide treatment in-person. It is important that this be addressed if consumers are to benefit from the technological advances of telemedicine. Additionally, different payment models must be implemented to encourage telemedicine in nursing homes to ensure that the cost-savings achieved as a result of reduced hospitalization reach the providers (Grabowski and O'Malley, 2014).

Secondly, there is a need for a centralized physician licensure system to allow and encourage physicians to utilize telemedicine services to treat patients in varied geographic locations, since the current policy framework contains many inter-state regulatory discrepancies (OAT, 2003; DHHS, 2001). In repeated reports to Congress (DHHS, 2001), licensure has been identified as a major barrier to the implementation of telemedicine services. The current regulatory framework is vastly fragmented from state-to-state. Sixteen states currently do not have any parity laws in place to ensure that private insurance adequately covers telemedicine services in the same ways that in-person treatments are reimbursed (ATA, 2012).

Lastly, what makes this issue particularly important is that telemedicine has the potential to be used to assist with the treatment of remote populations. However, due to a lack of necessary infrastructure, policy must be enacted to incentivize public-private partnerships that would result in the required infrastructure expansion to support telemedicine (NYLS, 2009). Easy access to quality healthcare is a paramount problem for remote and rural populations. While telemedicine provides a cost-effective solution (Kvedar et al., 2014), adequate infrastructure must be in-place to ensure that rural populations benefit from these technological advancements in healthcare delivery.

Policy Options and Selection Criteria:

Below are three policy alternatives that the FTC may wish to consider implementing to address the emerging challenges facing telemedicine utilization. Each alternative has been tested for common-sense technicality and value feasibility (Kingdon, 2010). These alternatives have been adapted from a recent communication from the New York Law School regarding appropriate policy responses to the increase in implementation and utilization of telemedicine (NYLS, 2009).

1. The FTC should consider updating insurance regulations to provide sufficient economic incentives for healthcare providers to implement and use telemedicine services. These regulations would likely involve a reorganization of the current payment and reimbursement model to ensure that providers are given parity reimbursements from payers for providing telemedicine services, as compared to traditional in-person treatment.

2. The FTC should consider implementing a centralized physician licensure system to allow and encourage physicians to utilize telemedicine services to treat patients in varied geographic locations, including across state-lines. This licensure system should be implemented in accordance with the American Medical Association to ensure national scope and impact.

3. The FTC should consider enacting policies to incentivize public-private sector partnerships that would result in the development of infrastructure designed to support the evolving national demand for telemedicine services. These incentives should focus on

ensuring that market-based solutions are implemented to address the lack of broadband infrastructure in rural areas needed to sustain lifesaving telemedicine services.

Recommendation:

Given the problem and three policy alternatives outlined above, the most effective stance for the FTC would likely be to consider implementing regulations to ensure that insurance reimbursement policies reflect the growing need and demand for telemedicine services nationwide. This position is strongest because it would be technically feasible for the FTC, wide-reaching across the nation, and because this stance could potentially lead to the creation of new grants for related policy analysis and implementation in the area of telemedicine. In terms of priority actions for the FTC, I would like to recommend the design and implementation of a series of studies to assess the effects of various economic incentives intended to encourage an increase in telemedicine utilization among healthcare providers. The FTC should then consider partnering with major insurance players in the marketplace to begin redesigning the current payment and reimbursement model to ensure that providers are given parity reimbursements for providing telemedicine services.

References:

The American Telemedicine Association (ATA). 2012. http://www.americantelemed.org/about-telemedicine/what-is-telemedicine

D. C. Grabowski and A. J. O'Malley, "Use of Telemedicine Can Reduce Hospitalizations of Nursing Home Residents and Generate Savings for Medicare," *Health Affairs*, Feb. 2014 33(2):244–50.

John W. Kingdon. 2010 Agendas, Alternatives, and Public Policies. Update Edition, with an Epilogue on Health Care (2nd Edition) New York: Longman ISBN 13: 9780205000869.

J. Kvedar, M. Coye, and W. Everett. "Connected Health: A Review Of Technologies And Strategies To Improve Patient Care With Telemedicine And Telehealth." Health Aff February 2014 vol. 33 no. 2 194-199. DOI: 10.1377/hlthaff.2013.0992.

NYLS. "Broadband & Telemedicine." Advanced Communications Law & Policy Institute, New York Law School. 2009. http://www.nyls.edu/advanced-communications-law-and-policy-institute/wp-content/uploads/sites/169/2013/08/Broadband-Telemedicine-Policy-Reccs.pdf

The Office for the Advancement of Telehealth (OAT). *Telemedicine Licensure Report*, The Center for Telemedicine Law & The Office for the Advancement of Telehealth (June 2003), *available at* ftp://ftp.hrsa.gov/telehealth/licensure.pdf

The Office of Technology Policy (OTP). *Innovation, Demand, and Investment in Telehealth*, at p. 70-71, Office of Tech. 2014. Policy, U.S. Dept. of Commerce, *available at* https://www.ncsbn.org/2004Report.pdf

U.S. Department of Health and Human Services (DHHS). *Telemedicine Report to Congress, U.S. Department of Health and Human Services*, GPO No: 619-261/65410 (2001).