Reimbursement for Telehealth Services

Here’s how Medicare, Medicaid and private payers now handle payment.

No universal definition exists for telehealth services, also known as telemedicine. Nor is there a universal reimbursement policy among public and private sector payers governing payment for these services.

When used broadly by regulators and others, the term telehealth services may refer to all interactions between health care professionals and their patients that do not happen in-person. By contrast, payers often use much narrower definitions of telehealth services.

Here’s a quick summary of how Medicare, Medicaid and private payers currently handle reimbursement for these services.

**Medicare**

Psychologists are included on the list of qualifying practitioners who may bill Medicare for “telemedicine” services under specified conditions. As identified by the Centers for Medicare and Medicaid Services (CMS), the billing codes available for telemedicine reimbursement include psychotherapy as well as health and behavior services.

Under Medicare, telemedicine reimbursement is on par with reimbursement for the same service when provided face-to-face.

Yet a number of limitations apply, including:

- Technology is limited to real-time, interactive audio-video telecommunications, not “store-and-forward” technology such as email (other than federal demonstration projects in Alaska and Hawaii).

- Eligibility for reimbursement is limited to services provided to a Medicare beneficiary located at an eligible site in specified geographic areas – either a “rural health professional shortage area” or a county outside a Metropolitan Statistical Area.

- CMS limits the sites where a Medicare beneficiary may be located when receiving telehealth services. Eligible sites include a provider’s office, hospitals, skilled nursing facilities, rural health clinics and federally qualified health clinics. Additional information is available online at the Medicare Learning Network® (cms.gov/MLNMattersArticles) and the CMS telehealth fact sheet (bit.ly/CMSfactsheet).

- CMS requires that claims submitted for telehealth reimbursement use the GT modifier along with the appropriate billing code.

**Medicaid**

CMS has not formally defined telemedicine for the Medicaid program. Because the federal government does not mandate reimbursement for telehealth under Medicaid, states have the option to reimburse for Medicaid services furnished through telehealth.

It’s up to each state to specify what telemedicine/telehealth services, if any, are eligible for Medicaid reimbursement.
For states that do offer telehealth reimbursement under Medicaid, relevant issues affecting reimbursement include:

- Does psychotherapy fall under the state’s Medicaid covered services (or is it an optional service)?
- Are psychologists included in the state’s Medicaid list of qualifying providers?
- Are there specific requirements that providers must follow when submitting claims for services furnished using telehealth?

As many as 35 states allow for at least some reimbursement for telehealth services. Medicaid reimbursement for telehealth services by psychologists is available in 13 states: Alaska, Arizona, California, Colorado, Hawaii, Kansas, Maine, Michigan, Nebraska, North Carolina, Oklahoma, Utah and Virginia. Coverage and billing requirements vary by state.

**Private payers**

To date, 12 states have enacted legislation requiring private sector insurance companies to pay for telehealth services. The states are: California, Colorado, Georgia, Hawaii, Kentucky, Louisiana, Maine, New Hampshire, Oklahoma, Oregon, Texas and Virginia.

While all of these states mandate coverage, not all require reimbursement rates on par with rates for face-to-face services.

A 2007 Michigan State University survey indicated that 130 private payers were reimbursing for telehealth services. Based on survey results, Blue Cross/Blue Shield has been identified as a leading payer for these services. While private payer reimbursement varies by insurer and state, there is a growing trend toward reimbursement for telehealth services, especially among the larger health care insurance companies.

**Important Caution:** Check with any applicable payers to find out their reimbursement policies before providing and billing for telehealth services. For example, a payer may cover “telemedicine” services that do not include the psychological services you may be interested in delivering via telehealth.

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