

Telehealth Rising?

Increased telehealth adoption by large employers, reimbursement by several large payers and the US Department of Veteran's Affairs (VA) proposal (and unanimous bipartisan legislation) to permit providers to practice across state lines are heating the telehealth software and services market. Still, reimbursement, licensure, and other hurdles remain depressing telehealth investment.

Employers and health plans are adopting telehealth to enable their beneficiaries to access more convenient care. The ACA's Essential Services behavioral health mandate has driven demand for services that the current provider system cannot fulfill without using telehealth tools.

Telemedicine has increased access but not decreased costs. Telehealth reimbursement remains far lower than for clinic visits. Yet, telehealth dramatically increases access; patients who would not otherwise access services use telehealth and many schedule clinic visits following a telehealth encounter. Telehealth increases utilization and costs, according to two recent studies.

[http://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2016.1130?journalCode=hlthaff;](http://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2016.1130?journalCode=hlthaff)
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2363705

The VA proposal to permit physicians to provide telemedicine services across state line illuminates a primary barrier to telehealth adoption: state licensure laws. Physicians are required to be licensed in states in which they practice. The patient's location is considered the location of the care. Providers who provide telehealth services need to be licensed in the states in which the patients are located, hindering telemedicine growth. State medical boards were reluctant to cede oversight of out of state physicians and physicians were concerned about the liability implications of practicing virtually across state lines. In 2016, the Federation of State Boards of Medicine established, and 22 states signed, the Interstate Medical Licensure Compact, a "voluntary expedited pathway to licensure for qualified physicians... to practice in multiple states." The Compact enables multi-state practice, and "strengthens public protection by enhancing the ability of states to share investigative and disciplinary information." (www.imlcc.org) However, only 11 IMLC member states currently process licenses. But, after decades of wrangling, at least there is a vehicle to permit cross-state practice, at least in some states.

The rapid adoption of telehealth has attracted many innovators, despite the problems with licensure and reimbursement. As employers, payers and the VA expand telehealth use and as states implement the Compact, these solutions will compete for opportunities. Given the competition, low reimbursement and slow licensure, the wariness of investors is understandable.

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