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MEMORANDUM

To: Senate Special Committee on Aging
[REDACTED]

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Subject: Selected Telehealth and Telemedicine Activities and Their Funding 2012-2014

This memorandum presents federal funding and expenditures for telehealth and telemedicine activities for FY2012 through FY2014. It does not include a comprehensive list of all activities. Rather, it identifies federal agencies that have either responded to our requests for information or have published information on telehealth appropriations, payments, and obligations. It will be updated as information becomes available. Information in this memorandum is of general interest to Congress. As such, this information may be, or may have been, provided to other congressional requesters, and may be published by CRS in products for general distribution to Congress at a later date. Your confidentiality as a requester will be preserved in any case.

During August 2014, CRS, by email or phone, requested information from the Federal Telemedicine Working Group (FedTel). FedTel is a cross-agency workgroup established under the leadership of the Health Resources and Services Administration (HRSA),¹ an agency within the Department of Health and Human Services (HHS). FedTel consists of voluntary representatives from federal agencies and offices with an interest or investments in telehealth. HRSA'S role in FedTel is to lead in coordinating funding opportunities and announcements for telehealth activities within the federal government. In addition to information provided by FedTel members, this memorandum includes funding data as identified through published documents, such as annual budget justifications. To meet the Committee's deadline this memorandum includes information that agencies provided, as well as publicly available information collected through September 9.

¹ HRSA is an agency that aims to improve access to health care by "strengthening the health care workforce, building healthy communities and achieving health equity. HRSA's programs provide health care to people who are geographically isolated, economically or medically vulnerable." See, HRSA, *About HRSA*, <http://www.hrsa.gov/about/index.html>.

In response to your request, this memorandum compiles federal funding for telehealth activities at selected agencies, mostly for FY2012 through FY2014. In general, the phrase “federal funding” includes the dollar amounts that went to telehealth and telehealth-related activities. Specific terms, such as a/an “appropriation,” “obligation,” or “payment,” reflect terms that a department or agency might use to report funding activity.

This memorandum identifies and organizes telehealth funding within three major sections. These sections identify federal departments, agencies, and independent agencies that:

- have provided CRS with information for, or have published documents on, telehealth funding;
- have administered or coordinated telehealth-related activities, but provide no explicit appropriation or funding authority; and
- have participated in a voluntary federal working group on telehealth.

The first section organizes telehealth funding in the following order: Health Information Technology (health IT); public health; and clinical consultation, and subsections list agencies alphabetically. Each subsection identifies funding and department/agency and, where applicable, statutory and/or regulatory authority and related web links. All dollar amounts are estimates, rounded up to the nearest million dollars. The second section summarizes telehealth-related activities. The third section lists departments/agencies in alphabetical order. The following is a list of abbreviations used throughout this document.

Abbreviation	Full Name or Title
ACO	Accountable Care Organization
AHRQ	Agency for Healthcare Research and Quality
ARC	Appalachian Regional Commission
BPCI	Bundled Payment for Care Improvement Initiative
CHIP	State Children's Health Insurance Program
CMMI	Center for Medicare and Medicaid Innovation
CMS	Centers for Medicare and Medicaid Services
Commerce	Department of Commerce
DLT	Distance Learning and Telemedicine
DOD	Department of Defense
FedTel	Federal Telemedicine Working Group
FCC	Federal Communications Commission
HCCF	Healthcare Connect Fund
Health IT	Health Information Technology
HHS	Department of Health and Human Services
HRSA	Health Resources and Services Administration
IHS	Indian Health Service
LPGP	Licensure Portability Grant Program

Abbreviation	Full Name or Title
MA	Medicare Advantage
NIST	National Institute of Standards and Technology
RUS	Rural Utilities Service
SAMHSA	Substance Abuse and Mental Health Services Administration
SSA	Social Security Act
TNGP	Telehealth Network Grant Program
USDA	United States Department of Agriculture
USF	Universal Service Fund
VA	Department of Veterans Affairs
VHA	Veterans Health Administration

Definitions

Telehealth is the use of electronic information and telecommunications technologies to support remote clinical health care, patient and professional health-related education, public health activities, and health administration.² In contrast, “telemedicine uses similar technology to provide or support clinical care at a distance, when counseling, case management, and the education of medical residents and other health professions students involve direct patient care.”³ The telehealth community has yet to reach a consensus on a definition for either term⁴ and there are some who raise the question of whether the evolving field of telemedicine is a subset of telehealth or vice versa.⁵ Although there is some overlap between these terms, the distinctions are important for legal, regulatory, and administrative purposes. Therefore, this memorandum maintains these distinctions when appropriate, but otherwise uses the term, “telehealth” in a very broad context where telemedicine generally refers to clinical care or related activities.

Telehealth Funding

This section describes “funding” for telehealth in broad terms, which includes but is not limited to appropriations, obligations, and payments. For example, federal health IT and public health programs often identify telehealth funds as appropriations or obligations, which are often awarded to entities in the form of grants. However, federal health insurance programs typically identify telehealth spending as payments (for clinical consultations) or grants (for demonstration activities). In other situations, agencies

² HHS, HRSA, *Telehealth*, <http://www.hrsa.gov/ruralhealth/about/telehealth/>.

³ According to HRSA: “Telemedicine technically refers only to clinical applications of technology, so it excludes applications like patient and physician education, but some sources may use the two terms interchangeably.” See, “*Telehealth, How does telehealth differ from telemedicine?*” <http://www.hrsa.gov/healthit/toolbox/ruralhealthittoolbox/telehealth/howdoestelehealthdiffer.html>.

⁴ Charles R. Doarn, Sherilyn Pruitt, and Jessica Jacobs, et al., “Federal Efforts to Define and Advance Telehealth—A Work in Progress,” *Telemedicine and e-Health*, v. 20, no. 5, (May 2014), p. 409-418.

⁵ Telemedicine researcher Bashshur, and colleagues posit: “Some may argue that an all-inclusive definition of telehealth would incorporate telemedicine as one of its constituent parts. On the other hand, it may also be argued that telehealth is a component of telemedicine, simply more broadly defined.” See, Rashid Bashshur, Elizabeth Krupinski, and Jim Grigsby, Policy: The Taxonomy of Telemedicine, *Telemedicine and e-Health*, July/August 2011, p. 488.

did not identify the source of funding (where funds were obligated over a period of time). This section categorizes telehealth funding as it relates to:

- health information technology (health IT),
- public health, and
- clinical consultation.

Health Information Technology (Health IT)

This subsection identifies funding for health IT, and this includes the telehealth infrastructure. The telehealth infrastructure consists of broadband equipment; broadband service; imaging technologies or peripherals⁶ as well as technical support staff.⁷ Funding is directly related to the material and human resources required to sustain the telehealth infrastructure. Examples of programs in this category include those that receive funds to develop or sustain telehealth networks to provide telehealth services and health connections to patients in rural or remote locations.

United States Department of Agriculture (USDA)

Agency: Rural Utilities Service (RUS)

Program: The Distance Learning and Telemedicine (DLT) program assists rural communities with utilizing telecommunications technologies in efforts to facilitate the exchange of, and access to, health resources and services.

Authority: Federal Agriculture Improvement and Reform Act of 1996, Title VII (P.L. 104-127; 7 U.S.C. § 950).

Related Internet Link: http://www.rurdev.usda.gov/utp_dlt.html.

Funding: \$21 million (FY2012)⁸; \$23 million (FY2013)⁹; \$24 million (FY2014).¹⁰

Agency: Rural Utilities Service (RUS)

Program: The Community Connect Grant Program provides financial assistance in the form of grants to incorporated organizations, Indian Tribes or Tribal Organizations, state or local units of government, or profit/nonprofit organizations that provide currently underserved areas with broadband service that fosters economic growth and delivers enhanced health care and other services to the public.

⁶ For example, digital stethoscopes that can transmit heart and lung sounds to remote providers are peripherals.

⁷ HHS, “What are the technical infrastructure requirements of telehealth?” <http://www.healthit.gov/providers-professionals/faqs/what-are-technical-infrastructure-requirements-telehealth>.

⁸ USDA, RUS, *2014 Explanatory Notes*, p. 29-52, http://www.obpa.usda.gov/FY14explan_notes.html.

⁹ USDA, *FY2015 Budget Summary and Annual Performance Plan*, <http://www.obpa.usda.gov/budsum/FY15budsum.pdf>.

¹⁰ Ibid.

Authority: The Consolidated Appropriations Act, 2004, Title III, Rural Development Programs (P.L. 108-199; 7 CFR Part 1739).

Related Internet Link: http://www.rurdev.usda.gov/utp_commconnect.html.

Funding: \$5 million (FY2012);¹¹ \$20 million (FY2013);¹² \$13 million (FY2014).¹³

Independent Agency

Federal Communications Commission (FCC)

Program: The Healthcare Connect Fund (HCF) provides funding to health care providers to (1) expand high-capacity broadband connectivity and (2) support the formation of state and regional broadband health care provider networks (this program replaces the Internet Access and Rural Health Care Pilot Programs).

Authority: FCC Releases Health Connect Order, Adopted Dec. 12, 2012; Released Dec. 21, 2012¹⁴, Telecommunications Act of 1996, Section 254(h) (P.L. 104-104; 47 U.S.C. § 254).

Related Internet Link: <http://www.fcc.gov/document/fcc-releases-healthcare-connect-order>.

Funding: The FCC provides an annual cap of \$400 million¹⁵ for all rural health care programs, including the Telecommunications Program, Internet Access Program (until June 30, 2014), and the HCF. However, the total amount spent on telehealth is unknown. Note that these funds are not appropriated, but are transferred from the Universal Service Fund (USF). The FCC created the USF to increase equal access to telecommunications in rural and underserved communities. Telecommunications carriers, including wireline and wireless companies, and interconnected Voice over Internet Protocol (VoIP) providers, including cable companies that provide voice service, contribute to this fund through various assessments and revenues.¹⁶ USF funds are used to support telehealth and other public programs.

Public Health

This section identifies telehealth funding which populations, communities, and regions receive in efforts to increase access to various health resources and services. For example, it includes funding for grants to institutions to establish or utilize telehealth networks to address concerns such as AIDS education, mental health, and maternal and child health.

¹¹ For FY2012 and FY2013 funding, see, USDA, *Community Connect Award Summaries (By Year)*, http://www.rurdev.usda.gov/UTP_CCsummaries.html.

¹² Ibid.

¹³ For 2014 funding, see, USDA, RUS, "Announcement of Grant Application Deadlines," 79 Federal Register 29405, May 22, 2014. The USDA announces \$13 million for grants from FY 2014 and prior year appropriations..

¹⁴ FCC, *FCC Releases Healthcare Connect Order*, <http://www.fcc.gov/document/fcc-releases-healthcare-connect-order>.

¹⁵ 47 CFR 54.623. "The annual cap on federal universal service support for health care providers shall be \$400 million per funding year, with exceptions...." These exceptions pertain to funding year, requests made on a first-come-first-served basis, annual filing requirements, and other conditions. See, FCC, Health Care Connect, Frequently Asked Questions, "Funding Commitments and Caps," <http://www.fcc.gov/encyclopedia/healthcare-connect-fund-frequently-asked-questions#Q41>.

¹⁶ For more information, see FCC, *Universal Service*, <http://www.fcc.gov/encyclopedia/universal-service>.

Department of Health and Human Services (HHS)

Agency: Health Resources and Services Administration (HRSA), Office of Rural Health Policy (ORHP)

Program: The Telehealth Network Grant Program (TNGP) provides grants to institutions to demonstrate how telehealth systems and networks improve healthcare in rural and underserved communities.

Authority: Public Health Service Act, Section 330I(d)(1); 42 U.S.C. § 254c-14(d)(1), as amended.

Funding: \$6 million (FY2012); \$5 million (FY2013); \$7 million (FY2014).¹⁷

Related Internet Link: <http://www.hrsa.gov/ruralhealth/about/telehealth/telehealthnetworkgp.pdf>.

Program: The Telehealth Resource Centers Grant Program makes grants to institutions to expand the technical assistance available for developing telehealth services for rural and medically underserved populations.

Authority: Public Health Service Act, Section 330I (d)(2); 42 U.S.C. § 254c-14(d)(2), as amended.

Funding: \$4 million (FY2012); \$4 million (FY2013); \$5 million (FY2014).¹⁸

Related Internet Link: <http://www.telehealthresourcecenter.org/>.

Program: The Licensure Portability Grant Program (LPGP) supports state professional licensing boards in carrying out activities to develop and implement state policies that will reduce or remove statutory and regulatory barriers to telemedicine.

Authority: Public Health Service Act, Section 330L; 42 U.S.C. § 254c-18, as amended.

Funding: \$350,000 (FY2012); \$700,000 (FY2013); \$700,000 (FY2014).¹⁹

Related Internet Link: <http://www.hrsa.gov/ruralhealth/about/telehealth/directory1213.pdf>.

Agency: Substance Abuse and Mental Health Services Administration (SAMHSA)

Program: SAMHSA awards telehealth grants to 48 grantees through various institutions and programs throughout the United States. Between 2011 and 2014, each grant award averaged \$280,000 per year or

¹⁷ For FY2012, see, HHS, HRSA, *FY2014 Congressional Budget Justification*, p. 363, <http://hrsa.gov/about/budget/index.html> (go to “Previous Years”). For FY2013 and FY2014, see HHS, HRSA, *FY2015 Congressional Budget Justification*, p. 393, <http://hrsa.gov/about/budget/index.html>.

¹⁸ Ibid.

¹⁹ Ibid.

\$840,000 over a three year period. Grant supported activities related to the use of telehealth in psychiatry or medicine.

Funding: From FY2011 through FY2014, SAMHSA awarded approximately \$40 million in grants to various institutions for telehealth-related activities.²⁰

Related Internet Link: Telemedicine-Based Collaborative Care,
<http://www.nrepp.samhsa.gov/ViewIntervention.aspx?id=127>

Clinical Consultation

This section focuses on telehealth funding for clinical services provided through programs such as Medicare where funding is reflected in payments to providers; budget allocations (such as through the Veterans Health Administration); and other types of spending that supports clinical consultations and ancillary activities.

Agency: Centers for Medicare and Medicaid Services (CMS)

CMS administers the Medicare program,²¹ and provides funding and oversight for Medicaid²² and the Children's Health Insurance Program (CHIP).²³ CMS develops telehealth payment policy for the Medicare program. Under the Medicare program, health providers may receive payments for providing health services (or clinical consultations) via telehealth, and researchers may receive demonstration grants to study telehealth and its impact on Medicare beneficiaries. The Medicare program reimburses providers for consultations to beneficiaries via telehealth. Medicare payments for consultations (or telehealth services)²⁴ include, but are not limited to, outpatient office visits, psychotherapy evaluations, telehealth facility fees, and end-stage renal disease (ESRD) services.²⁵

²⁰ Email communication to CRS from SAMHSA, Center for Substance Abuse Treatment (CSAT), Performance Measurements Branch (PMB), Sept. 9, 2014.

²¹ Medicare is a federal program that pays for covered health care services of qualified beneficiaries. It was established to provide health insurance to individuals 65 and older, and permanently disabled individuals under 65. Medicare, which consists of four parts (A–D), covers hospitalizations, physician services, prescription drugs, skilled nursing facility care, home health visits, and hospice care, among other services. In FY2014, the program will cover approximately 54 million persons (45 million aged and 9 million disabled) at a total cost of about \$603 billion. This excerpt is from CRS Report R40425, *Medicare Primer*, coordinated by Patricia A. Davis and Scott R. Talaga.

²² Medicaid is a joint federal-state program that finances the delivery of primary and acute medical services, as well as long-term services and supports, for a diverse low-income population, including children, pregnant women, adults, individuals with chronic disabling conditions, and people age 65 and older. In FY2012, Medicaid provided health care services to approximately 57 million individuals at a total cost of \$431 billion (including federal and state expenditures). This excerpt is from CRS Report R42640, *Medicaid Financing and Expenditures*, by Alison Mitchell.

²³ The State Children's Health Insurance Program (CHIP) is a means-tested program that provides health coverage to targeted low-income children and pregnant women in families that have annual income above Medicaid eligibility levels but have no health insurance. CHIP is jointly financed by the federal government and states, and the states are responsible for administering CHIP. In FY2013, CHIP enrollment totaled 8.4 million individuals and CHIP expenditures totaled \$13.2 billion. This is an excerpt from CRS Report R43627, *State Children's Health Insurance Program: An Overview*, by Evelyne P. Baumrucker and Alison Mitchell.

²⁴ This benefit is authorized (as telehealth service) in the SSA, Section 1834(m).

²⁵ These benefits are authorized under Medicare Part B. For more information on Medicare Part B, see CRS Report R40425, *Medicare Primer*, coordinated by Patricia A. Davis and Scott R. Talaga

Under the Medicaid program, each state establishes different state laws, state regulations, and Medicaid program policies that apply to telemedicine. For example, some states reimburse providers who provide consultations via live video, but not for consultations provided via recorded technologies (such as radiology slides).^{26,27}

Authority: Social Security Act, Section 1834(m), as amended.

Payments to Providers: \$12 million, in FY2013 and the beginning of FY2014, for a total of 182,576 Medicare reimbursements to physicians and other health professionals. This total includes payments to providers in distant locations who consulted with patients, as well as providers located at the facilities where patients received telehealth services.²⁸

Related Internet Links: <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/downloads/telehealthsrvcfsht.pdf>; <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Delivery-Systems/Telemedicine.html>.

Department of Veterans Affairs (VA)

Agency: Veterans Health Administration (VHA)

Program: The VHA's Telehealth Services, within the Office of Patient Care Services, is responsible for providing telehealth services to the VHA's eligible veteran population. The VA provides telehealth services through three modalities: Clinical Video Telehealth (CVT), Home Telehealth (HT) and Store and Forward Telehealth (SFT). New telehealth program developments in 2015 will focus on priority areas that include, but are not limited to: TeleMental Health (providing mental health services to veterans via telehealth technologies); Home Telehealth (serving veterans with low-complexity healthcare needs); and telehealth expansion to non-VA sites. The VHA's budget includes amounts related to the veterans' telehealth programs and activities and telehealth budget amounts are represented as obligations that are expended through the VA's Medical Program.²⁹

Authority: 38 U.S.C. § 7301(b).

Funding: \$471 million (FY2013); \$544 million (FY2014 (est.)); \$567 million (FY2015 est.). The VHA did not break-out telehealth service prior to FY2013. In 2013, VHA Telehealth Services provided 1.8 million consultations to 608,900 veterans. In 2015, VHA Telehealth Services expect to deliver services to 1.1 million veterans.

²⁶ Currently, a total of 46 state Medicaid programs reimburse providers for consultations to patients via live video. For additional information, see Center for Connected Health Policy, "State Telehealth Policies and Reimbursement Schedules: A Comprehensive Plan of the 50 States and District of Columbia," September 2014, p. 2, <http://cchpca.org/sites/default/files/uploader/50%20STATE%20MEDICAID%20REPORT%20SEPT%202014.pdf>.

²⁷ CRS requested information from CMS on Medicaid telehealth funding but no information was provided. CRS will provide an update if this information becomes available.

²⁸ This total reflects Medicare data for 2013 through the first quarter of 2014. Some 2013 data claims are outstanding. Email communication to CRS from CMS, Office of Legislation, May 20, 2014.

²⁹ VA, *Volume II Medical Programs and Information Technology Programs Congressional Submission FY 2015 Funding and FY 2016 Advance Appropriations*, p. VHA A-254-256, <http://www.va.gov/budget/products.asp>. Go to "Current Fiscal Year Budget Submission."

Related Internet Link: <http://www.va.gov/budget/products.asp>

Telehealth-Related Activities

This section identifies funding for telehealth activities where there is no specific statutory authority or appropriation for such activity. Also, this section describes activities that may fit into each of the three categories noted above. Programs and activities below may include telehealth, but may not be explicitly focused on telehealth.

Department of Commerce (Commerce)

Agency: National Institute of Standards and Technology (NIST)

NIST aims to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology as a means of fostering economic security and improving quality of life.³⁰ NIST includes telehealth as a subset of health IT, and as an area of interest on the list of FY2015 budget priorities. Telehealth is listed as an application of NIST's work in promoting interoperability and adoption of Health IT through standards development, harmonization, and testing; security; usability; and certification processes.³¹

Funding: NIST has awarded telemedicine funding for projects and/or grants as follows: \$300,000 (FY2012); \$300,000 (FY2013); and \$250,000 (FY2014). Funding for telemedicine is allocated through NIST programs for Health Information Technology, and Measurement Science and Engineering-Information Technology Grant Program. Eligible organizations have included: institutions of higher education; hospitals; non-profit organizations; commercial organizations; state, local, and Indian tribal governments; foreign governments; organizations under the jurisdiction of foreign governments; and international organizations.³²

Related Internet Link: <http://www.osec.doc.gov/bmi/budget/FY15CJ.html>. [The document, National Institutes for Standards and Technology, *National Institute of Standards and Technology National Technical Information Service Fiscal Year 2015 Budget Submission to Congress*, mentions telehealth on page 112.]

Department of Health and Human Services (HHS)

Agency for Healthcare Research and Quality (AHRQ)

The AHRQ Budget Justification does not have a line item for “telehealth” or “telemedicine.” Funding for “Health Information Technology (Health IT),” was: \$26 million (FY2012); \$26 million (FY2013); and, \$30 million (FY2014).³³ AHRQ funded one telemedicine study in 2013, which received funding through

³⁰ NIST, *NIST: General Information*, http://www.nist.gov/public_affairs/mission.cfm.

³¹ NIST, *National Institute of Standards And Technology National Technical Information Service Fiscal Year 2015 Budget Submission To Congress*, p. 112, www.osec.doc.gov/bmi/budget/FY15CJ/NIST_Budget_to_Congress.pdf

³² Email communication to CRS from NIST, Office of Congressional and Legislative Affairs Staff, Aug. 27, 2014.

³³ HHS, *Agency for Healthcare Research and Quality (AHRQ), FY2015, Justification of Estimates*, pp. 36-39, (continued...)

the agency's health IT budget and it showed that "telemedicine improved the cure rate for hepatitis C and reduced disparities."³⁴

Agency: Centers for Medicare & Medicaid Services (CMS)

This section summarizes the status of telehealth payments for services provided under Medicare Part C and two Medicare demonstration projects administered by the Center for Medicare and Medicaid Innovation (CMMI). It does not report dollar amounts for payments or funding, but it identifies current mechanisms where the Medicare program may permit telehealth to be used to deliver services to Medicare beneficiaries. This differs from the payment information that is available for the Medicare telehealth payments authorized in Section 1834(m) of the Social Security Act.³⁵

*Medicare Advantage (MA) Plans (Part C).*³⁶ Under Medicare Advantage (MA)(Part C)³⁷ plans must provide the Original Medicare³⁸ telehealth benefit as part their standard benefit. MA plans may also provide telehealth services as supplemental benefits that are paid for with rebate dollars and/or beneficiary premiums. The supplemental telehealth benefits available vary considerably across plans. The range of activities and services provided can range from very simple to very complex depending upon the plan's capabilities. Claims data for encounters or consultations, however, are currently unavailable. Some of the MA plans' telehealth services and/or activities include a nursing hotline, telemonitoring, and Internet- and phone-based technologies. Recent CMS data from non-employer MA Plans showed that of 2,576 Medicare Part C plans, representing about 12.5 million Medicare Part C enrollees, approximately 70% (or 1,799) used a nursing hotline to provide health care to 78% of the beneficiaries enrolled in the plan. Telemonitoring and web-based phone technology were used by 9% and 4% of the plans, respectively.³⁹ Table 1 below shows the number of additional "telehealth" type benefits that are included in MA plans in CY2014.

(...continued)

<http://www.ahrq.gov/cpi/about/mission/budget/2015/cj2015.pdf>.

³⁴ HHS, AHRQ, FY2015, Justification of Estimates, p. 37.

³⁵ This memo provides an introduction on Medicare telehealth payments in the section on, "Telehealth Funding, Clinical Consultation, HHS, CMS." That section also summarizes information on the Medicaid program's role in telehealth. For more on Medicare, see CRS Report R40425, *Medicare Primer*, coordinated by Patricia A. Davis and Scott R. Talaga.

³⁶ CMS, Note To: Medicare Advantage Organizations, Prescription Drug Plan Sponsors, and Other Interested Parties; Subject: Advance Notice of Methodological Changes for Calendar Year (CY) 2015 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2015 Call Letter, dated February 21, 2014, p. 111. For more information on MA, see CRS Report R41436, *Medicare Financing*, by Patricia A. Davis.

³⁷ Under Part C, Medicare Advantage (MA) private health plans are paid a per-person amount to provide all Medicare covered benefits (except hospice) to beneficiaries who enroll in their plan. Medicare beneficiaries who are eligible for Part A, enrolled in Part B, and do not have ESRD are eligible to enroll in an MA plan if one is available in their area. Excerpted from: CRS Report R40425, *Medicare Primer*, coordinated by Patricia A. Davis and Scott R. Talaga.

³⁸ Original Medicare is fee-for-service coverage under which the government pays health care providers directly for Part A (i.e.,) and/or Part B (i.e.,) benefits. Source: <http://www.medicare.gov/glossary/o.html>. (explain who A and B cover)

³⁹ Email communication to CRS from CMS, Office of Legislation, May 27, 2014.

Table 1. Medicare Advantage (MA) Telehealth Activity Available in Non-Employer MA Plans, CY2014 (Excludes Part B Only and Medicare Savings Account (MSA) Plans)

	Nursing Hot line	Telemonitoring	Web/Phone-based Tech
Number of Plans	1,799	221	94
Number of Enrollees	9,785,546	753,173	227,588
Percent of Plans	70%	9%	4%
Percent of Enrollees	78%	6%	2%

Source: Email communication to CRS from CMS, Office of Legislation, May 27, 2014.

Notes: This information is from a demonstration administered by CMMI. Percentages are based on 2,576 MA plans (excluding Part B only and Medicare Savings Account (MSA) plans) representing about 12.5 million enrollees.

*Accountable Care Organizations (ACOs).*⁴⁰ Accountable Care Organizations (ACOs) “are groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated high quality care to their Medicare patients. The goal of coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors.”⁴¹ The Social Security Act encourages ACOs to coordinate care through the use of telehealth, remote patient monitoring, and other such enabling technologies.⁴² According to CMS, ACOs are eligible for shared savings if the Medicare spending for assigned beneficiaries falls below a historical benchmark. As such, ACOs may use telehealth, even without a specific Medicare payment to do so, if they find that doing so would help them achieve savings. ACOs are also eligible for Medicare telehealth payments. At present, CMS does not have data on the extent to which ACOs are providing services through telehealth.⁴³ However, telehealth researchers noted that: “It is possible that some ACOs or MA plans may start to use telehealth as a substitute for face-to-face care. Future research is needed to evaluate the extent to which ACOs are able to benefit from these models.”⁴⁴

Bundled Payments for Care Improvement Initiative (BPCI) - Under the BPCI, organizations enter into payment arrangements that include financial and performance accountability for episodes of care. Under the BPCI, awardees may expand the use of telehealth services for beneficiaries through a waiver of Medicare requirements.⁴⁵ Awardees may provide these services in any geographic area. Since Medicare does not require awardees to request the use of this waiver, CMS officials have no information on the extent to which awardees are using telehealth services.

⁴⁰ ACOs were established in SSA, Section Sec. 1899; 42 U.S.C. § 1395jjj (Shared Savings Program).

⁴¹ CMS, “*What is an ACO?*,” <http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ACO/index.html?redirect=/ACO>.

⁴² SSA, Section, 1899(b)(2)(G); 42 U.S.C. §1395jjj.

⁴³ Email communication to CRS from CMS, Office of Legislation, May 27, 2014.

⁴⁴ Matlin Gilman and Jeff Stensland, “Telehealth and Medicare: Payment Policy, Current Use, and Prospects for Growth,” *Medicare & Medicaid Research Review*, v. 3, no. 4, 2014, p. E11.

⁴⁵ This refers to certain awardees in BPCI Models 2 and 3. For more information on these models, see *Bundled Payments for Care Improvements (BPCI) Initiative*, <http://innovation.cms.gov/initiatives/bundled-payments/>.

Independent Agency

Agency: Appalachian Regional Commission⁴⁶ (ARC)

The Appalachian Regional Commission is a regional economic development agency, representing a partnership of federal, state, and local government. It is composed of the governors of the 13 Appalachian states and a federal co-chair, and represented through participation by multi-county local development districts.⁴⁷

Telemedicine has been included in a list of recent ARC activities that aim to provide access to health services. “In 2011, ARC invested \$1 million in a demonstration program to provide comprehensive oral health services to 25,000 public school children in grades 1 through 5 in fifteen distressed counties in Kentucky. Trained public health nurses provided a cleaning, hygiene education, and an application of anti-cavity varnish for each student enrolled. Evidence from this pilot program will guide future funding efforts.”

Federal Telemedicine (FedTel) Working Group⁴⁸

This section identifies FedTel departments and/or agencies with an interest in telehealth. FedTel is a voluntary working group on telehealth consisting of more than 20 federal entities that may invest in telehealth through appropriations, obligations, payments, or other type of funding. However, not all expenditures for telehealth can be identified for various reasons. For example, some agencies (e.g., the Indian Health Service) do not disaggregate funds that are used to support telehealth. In other cases, telehealth might be subsumed under, but not explicitly identified within “health information IT,” “telemedicine,” or another category.

Department of Agriculture

Department of Commerce

- International Trade Administration
- National Institute of Standards and Technology

Department of Defense

- Department of the Army (Telemedicine & Advanced Technology Research Center)

⁴⁶ The Appalachian Regional Development Act (P.L. 89-4) established ARC on March 9, 1965. Although ARC is not listed as a member of FedTel, it does provide funding for telemedicine. For more information, see *About ARC*, <http://www.arc.gov/about/index.asp>.

⁴⁷ All information in the section is taken from: Appalachian Regional Commission, *FY 2014 Performance Budget Justification as Submitted by the Federal Co-Chair to the Appropriations Committees of the House and Senate, April 2013*, <http://www.arc.gov/images/newsroom/publications/fy2014budget/FY2014PerformanceBudgetApr2013.pdf>.

⁴⁸ This represents federal participation in FedTel as of May 2014, and published in: Doarn Charles R., Sherilyn Pruitt, Jessica Jacobs, et.al., “Federal Efforts to Define and Advance Telehealth—A Work in Progress,” *Telemedicine and e-Health*, May 2014, v. 20, no. 5: 411-412.

- US Army Medical Department
- Department of the Navy
- National Center for Telehealth & Technology

Department of Health and Human Services

- Agency for Healthcare Research and Quality
- Centers for Disease Control and Prevention
- Centers for Medicare & Medicaid Services
- Food and Drug Administration
- Health Resources and Services Administration
- Indian Health Service
- National Institutes of Health
- Office of the Assistant Secretary for Preparedness and Response
- Office of the National Coordinator for Health Information Technology
- Substance Abuse and Mental Health Services Administration

Department of Justice

- Federal Bureau of Prisons
- National Institute of Justice

Department of Labor

Department of Transportation

Department of Veterans Affairs

- Veterans Health Administration

Independent Agencies

- Federal Communications Commission
- National Aeronautics and Space Administration
- National Science Foundation