TELEMEDICINE PARITY MANDATE

BACKGROUND

House Bill 4579 amends Section 3476 (MCL 500.3476) of the Insurance Code to require private insurers to provide coverage parity for telemedicine services the same as if the service were provided in-person.

For example, if an individual's cost-sharing requirement for an in-person office visit is $30, this bill would require the same out-of-pocket costs for a telehealth visit. It couldn't be less or more. Health plans would be prohibited from designing different cost-sharing benefit designs for in-person versus telehealth regardless of the total cost differential between services.

Providers and health plans alike recognize that telemedicine offers certain potential benefits and convenience to patients and enhance access to care. For years, Michigan health insurers have offered telehealth as an effective and efficient way to receive care. During the COVID-19 pandemic, health plans supported state and federal policy changes to encourage telehealth use and speed its adoption.

Current law allows health plans the flexibility to determine which telemedicine services may appropriately be covered for clinical effectiveness and design benefit plans for their customers accordingly.

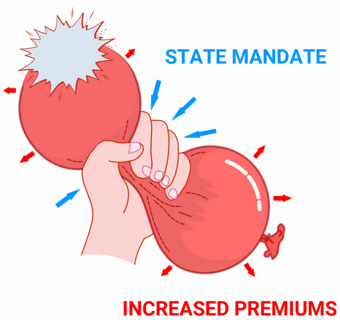
House Bill 4579 removes this flexibility and instead mandates health plans to provide coverage for all telemedicine services the same as if the service involved face-to-face contact, regardless of cost and clinical effectiveness.

Further, while HB 4579 does not currently include language requiring health plans to reimburse providers for telehealth services at in-person rates, the sponsor of the bill has indicated that the legislation is intended to require reimbursement parity, even though the cost is less.

ARGUMENTS

MANDATES INCREASE THE COST OF CARE

- Telemedicine enables providers to treat patients more efficiently, with less overhead cost, less staff, and fewer expenses associated with operating brick-and-mortar health care settings. This allows telehealth providers to offer more competitive rates than in-person visits.
- Requiring health plans to reimburse providers for telehealth services at the same rate as in-person services will increase health care premium costs. A recent June 2023 report issued by the Medicare Payment Advisory Commission called for CMS to lower its payment rates for telemedicine services, stating they do not cost practices as much as in-person services.[1]
- Telehealth parity mandates eliminate a health plan's ability to incentivize telehealth use through lower cost-sharing benefit designs when clinically effective and appropriate.
- A parity mandate creates higher reimbursement rates for telemedicine than would be negotiated without the mandate and prevent any cost savings from being passed along to patients in the form of lower premiums, deductibles, copayments, or coinsurance.



TELEHEALTH IS A SUBSTITUTE FOR IN-PERSON CARE

- An analysis of Medicare data from 2019 and 2020 published by the University of Michigan Institute for Healthcare Policy & Innovation found that telehealth visits only served as a substitute for in-person care.
- The analysis found that the overall number of evaluation and management appointments didn't rise past the median number of such visits in 2019 – and in fact, overall, older adults had fewer such appointments for all of 2020. This suggests that telehealth visits are being used as a substitute for in-person care, not an add-on, and that some adults are avoiding care.[2]
- Policymakers must protect the ability for health plans to design benefit packages that maximize the benefits of telemedicine while minimizing excessive and duplicative care at higher rates.

TELEHEALTH MAY NOT BE AS CLINICALLY EFFECTIVE AS IN-PERSON CARE

Recent studies illustrate that telemedicine may not be as effective as in-person health care services and is more likely to generate a subsequent in-person visit:

- A 2021 study found patients with initial visits for acute respiratory infection were more likely to obtain follow-up care within seven days after telemedicine visits (10.3%) than after in-person visits (5.9%).[3]
- A 2021 study found initial telemedicine visits for patients with symptoms consistent with COVID-19 were more likely to result in a 14-day related health care follow-up visit (25.9%) compared to in-person visits (21.7%).[4]
- Analysis of ambulatory pediatric encounters from the first quarter of 2021 in a nationwide insurance claims database found telemedicine comprised 9.5% (138,346) of ambulatory encounters. Among telemedicine visits, 7.5% (10,304) yielded in-person follow-up within three days.[5]

A UNIFIED APPROACH TO TELEMEDICINE IS NEEDED

- State and federal policymakers must compare notes and collectively consider the implications of mandated coverage of telemedicine services before enacting new public policies on telehealth. A patchwork of policies that differ by state and by health care market will create uncertainty for customers.
- The Centers for Medicare and Medicaid Services (CMS) issued a rule making temporary telemedicine services for the PHE available only through the 2023 calendar year and specifically citing the need for additional time to collect data on telehealth services before setting new policies.[6]

1 - https://www.medpac.gov/wp-content/uploads/2023/06/Jun23_MedPAC_Report_To_Congress_SEC.pdf
2 - https://ihpi.umich.edu/news/telehealth-continues-substitute-person-care-among-older-adults-rural-use-lags
3 - https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.01741
4 - https://pubmed.ncbi.nlm.nih.gov/33525950/
5 - https://pubmed.ncbi.nlm.nih.gov/35544068/
6 - https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2023-medicare-physician-fee-schedule-final-rule