



June 22, 2015

The Honorable Orrin Hatch
Chairman
Senate Finance Committee
219 Dirksen Senate Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Senate Finance Committee
221 Dirksen Senate Building
Washington, D.C. 20510

The Honorable Johnny Isakson
United States Senate
131 Russell Senate Building
Washington, D.C. 20510

The Honorable Mark Warner
United States Senate
475 Russell Senate Building
Washington, D.C. 20510

Dear Chairman Hatch, Ranking Member Wyden, Senator Isakson and Senator Warner,

We are writing in response to the Committee's request for recommendations from health care stakeholders based on real world experience and data-driven evidence that will improve care for vulnerable populations. Teladoc, a private company providing 24/7 access to affordable, high quality medical care via interactive audio using asynchronous store and forward technology or audio video has been successfully and efficiently providing care for over 11 million members and deploys its network of over 1100 board-certified physicians and behavioral health professionals to address non-life threatening conditions. With experience in all fifty states, Teladoc urges the committee to provide Medicare reimbursement for remote care/the type of high-quality primary care (and mental health care services) provided by Teladoc so seniors can benefit from getting the right care at the right time in the most appropriate setting.

The use of telehealth services is growing rapidly in the commercial health insurance market. However, Medicare beneficiaries have had much more limited access to this type of care because federal telemedicine policies are so out of date. Reimbursement is only available for a limited range of Medicare Part B services. Reimbursement also is available only when live video is substituting for an in-person visit, and does not extend to asynchronous store and forward technology except in a limited number of federal telemedicine demonstration projects. Moreover, telemedicine is covered in Medicare only when originating in a limited setting when a site is operating in a health professional shortage area, a demonstration program in Alaska and Hawaii, or a country outside a metropolitan statistical area.

Allowing individuals to access health care from the convenience of their home or in the work setting with access to high quality medical professionals would achieve the Committee's goal of implementing policies to deliver high quality care, improve care transitions, produce stronger patient outcomes, increase program efficiency, and contribute to an overall effort that will reduce the growth in Medicare spending. In particular, the Committee indicated a desire to find



solutions addressing eight (8) core areas. Teladoc services reimbursed in the Medicare setting could address three of these including 1) the effective use of telehealth and remote monitoring technology, 2) strategies to increase chronic care coordination in rural or frontier areas, and 3) ways to effectively utilize primary care providers and care coordination teams in order to meet the goal of maximizing health care outcomes for Medicare patients living with chronic conditions.

We strongly believe that acute care telehealth services should be billable under the Healthcare Common Procedure Coding System where such services would have been reimbursed as medically necessary care in an in-office setting or other physical setting under Medicare. We also believe that barriers to telehealth services should be removed so that Medicare beneficiaries with chronic conditions can have expanded access to remote monitoring services, especially if they are part of a care network within a Medicare Advantage plan setting, Accountable Care Organization, Patient-Centered Medical Home or other form of coordinated system within the program.

Specifically, Teladoc would request that policy changes be made to: 1) Medicare restrictions be changed so that physicians need not be required to be physically present for telemedicine services to be reimbursed under Medicare; 2) allow reimbursement under Medicare for telehealth services without requiring that such services originate from a statutorily or regulatorily defined specific site of care; and 3) waive Medicare origination site fees for providers of telehealth services. These changes would go a long way to expanding access to care, helping reduce Medicare costs, and improving services for beneficiaries with chronic conditions.

Teladoc was founded in 2002 with the goal of improving and broadening access to health care professionals while enhancing quality and decreasing costs. We apply and achieve our mission every day and have conducted more than 289,000 visits in 2014 alone, and will reach 1 million visits in 2015. Our ability to implement our vision is what has made us the first and largest provider of telehealth medical consultations in the United States. Not only do we have the most experience, but we have the results to prove it.

In recent years, the use of telehealth and telemedicine entered the mainstream of health care delivery, expanded in the private market and, increasingly, has become viewed by policymakers and a broad range of stakeholders as a vital component to improving the nation's health care system. Telemedicine is responsible for curbing health care costs and increasing positive patient outcomes and satisfaction with the health care system. New data released by the University of Rochester Medical Center found that telemedicine eliminated nearly one in five emergency room visits¹.

A study released in February 2015 by Veracity Healthcare Analytics, found that the use of Teladoc's services among beneficiaries of one of the nation's largest employers was associated with a significant reduction in per member per month spending, in part as a result of reduced

¹ Orr, Leslie, "Is Telemedicine a Viable Alternative to Ambulance Ride and ER Visit?," June 11, 2015.



office visits, emergency room visits and hospitalizations². A separate analysis prepared for Teladoc by Red Quill Consulting³ found that the average cost of a telehealth visit is substantially lower than a visit for in-person acute care and that, even in Medicare where telehealth visits are reimbursed at the same rate as in-person care, the Medicare program would achieve significant savings by offering telehealth services more broadly. That same analysis found that even a modest amount of increased utilization – because of the introduction of telehealth services – would not offset these Medicare savings⁴. Teladoc would be pleased to share the results of these studies in more detail and to discuss their findings with you and your colleagues.

Industry experts, payers and, most importantly, individual consumers have embraced Teladoc as a convenient, affordable way for patients to access healthcare services. Teladoc services are available to individuals who have employers, health plans, brokers and consultants, associations, managed Medicaid or physicians that participate in an agreement with Teladoc.

All of the doctors in our network are U.S. board-certified family practitioners, emergency room physician, pediatricians and internists who use electronic health records to diagnose, treat, and write prescriptions when necessary. Our quality process meets National Committee for Quality Assurance (NCQA) standards. With an average call back time of 10 minutes from when a patient seeks care, 92 percent of Teladoc members report having their medical issue resolved by the services they received. Members have no time limit on their consult and can access the service from home, work or on vacation. It is these factors that contribute to the 95 percent patient satisfaction rate Teladoc earned. The services cost far less than urgent care or an emergency room visit for non-emergency medical care. Physicians are also satisfied with their experience. Teladoc has a 96 percent physician satisfaction rate. Our telehealth physicians have technical and in-depth training that allow them to use telemedicine as a tool to treat and diagnose patients using interactive audio with store and forward technology or audio video. Teladoc believes that telemedicine policy should be technology neutral and that the guiding principal should be that the standard of care be the same for telemedicine as it is for traditional medicine. Teladoc physicians provide care while adhering to our set of 130 proprietary, evidence-based clinical practice guidelines for the telephonic and audio-video treatment of common uncomplicated medical conditions.

Available in 49 states, Teladoc currently is not available to Medicare patients through the FFS program or most Medicare Advantage plans. Providing more broad-based access to Medicare beneficiaries not only would create a better patient experience for seniors, but would reduce emergency room visits and prevent getting non-emergency care in more expensive care settings. As Baby Boomers continue to enter the Medicare system, they will already be accustomed to

² Choudhry, N., Milstein, A., Gagne, J., "Impact of Teladoc Use on Average per Beneficiary Per Month Resource Utilization and Health Spending," Veracity Healthcare Analytics, February 2015.

³ Yamamota, Dale H., "Assessment of the Feasibility and Cost of Replacing In-Person Care with Acute Care Telehealth Services," December 2014.

⁴ Yamamota, Dale H., "Assessment of the Feasibility and Cost of Replacing In-Person Care with Acute Care Telehealth Services," December 2014.



utilizing technology for their care delivery and management. Some examples of how Teladoc can alleviate cost pressures and enhance quality in the Medicare program include decreasing emergency room visits for non-emergent care, improved access to medical care and decreased costs for both the program and the patients.

For seniors with transportation or mobility challenges, the ability to access the healthcare system from home will allow this group to maintain their independence and to seek medical help without the inconvenience of arranging travel. Currently, without access to Teladoc, seniors are forced to wait for availability with their physician, physician's offices are backlogged with these visits limiting their ability to see additional patients and make up cost deficiencies with volume, and complications that might arise, might get missed or more severe between office visits.

Although we ultimately are seeking Medicare reimbursement for Teladoc services broadly and envision the ability for our services to provide appropriate care for seniors at lower costs and enhanced quality than currently experienced, we did not want to miss the opportunity to engage with leaders of the Senate Finance Committee on ways that Teladoc's experience can help vulnerable populations and play a role in managing chronic conditions. We would welcome the opportunity to sit down with your staff in-person to go through in detail how our company can be of service to individuals and companies covered by public programs and with regard to your mission at hand. We appreciate the Committee's ongoing work to find innovative delivery system reforms to address access, quality and cost and look forward to working with you in the future.

Sincerely,

Claudia D. Tucker
Vice President Government Affairs
Teladoc