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**TITLE 405 OFFICE OF THE SECRETARY OF
FAMILY AND SOCIAL SERVICES**

Proposed Rule
LSA Document #06-29

DIGEST

Adds 405 IAC 5-38 to define telemedicine services and describe the circumstances under which Medicaid will reimburse for such services. Effective 30 days after filing with the Secretary of State.

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

Small businesses that may be impacted directly by this rule change would consist of Medicaid providers that deliver certain covered services via a real-time communication between the patient at the host site (physician office, clinic, or hospital) and the specialist at the hub site. This delivery approach increases access to patients in areas where specialists or entities providing certain services are not available.

The agency's Management Reporting System shows that, for calendar year 2005, there were 9,479 participating physicians and 1,286 participating clinics. If one-fourth of these providers began utilizing telemedicine services, approximately 2,691 would be impacted. However, this impact would be quite small and virtually cost-free. Providers are not required to participate in telemedicine services.

Many of Indiana's large providers are recommending coverage of this service, and telemedicine is covered by the Medicaid programs in most states, as well as by Medicare and large commercial payors such as Aetna and Cigna. It is difficult to know how many providers are set up to utilize this service at this time, and the agency anticipates this will service will grow in popularity over the next few years.

The agency anticipates that this rule will save the state approximately \$23,760 annually. This is based on a hundred mile round trip to a provider for which Medicaid would be responsible at a base rate of \$20 (round trip) and mileage of \$1.25 for 80 miles (round trip – Medicaid does not pay mileage for the first 10 miles of each one-way trip). These expenses amount to \$120. Subtracting the facility fee of \$21 (currently planned to be priced at the Medicare rate of approximately \$21) would result in savings of \$99 for each instance of telemedicine. A conservative estimate of 20 patients a month utilizing this service yields a savings of \$1,980 per month. The agency would be saving \$23,760 annually and providing easier access to specialty services not available in the immediate community of the member.

The coverage for telemedicine services is an added benefit to providers and recipients. Billing would occur within existing formats. There would be a very minor administrative impact on how providers complete claims for payment. Those requirements would include a specific procedure code for the spoke site and a specific modifier to be used by the hub site along with established procedure codes, of which the provider is already aware. This is the only administrative change. Providers would receive advance notice of this change and would receive written instructions on implementing the change.

405 IAC 5-38

SECTION 1. 405 IAC 5-38 IS ADDED TO READ AS FOLLOWS:

Rule 38. Telemedicine Services

405 IAC 5-38-1 General provisions

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12-13-7-3; IC 12-15

Sec. 1. (a) Telemedicine services refer to a specific method of delivery of certain services, including medical exams and consultations, which are already reimbursed by Medicaid. Telemedicine uses videoconferencing equipment allowing a medical provider to render an exam or other service to a patient at distant location. Telemedicine services are covered by Medicaid within the parameters specified in this rule.

(b) Telemedicine is not the use of a:

(1) telephone transmitter for transtelephonic monitoring; or

(2) telephone or any other means of communication, consultation from one (1) doctor to another.

(Office of the Secretary of Family and Social Services; 405 IAC 5-38-1)

405 IAC 5-38-2 Definitions

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12-13-7-3; IC 12-15

Sec. 2. The following definitions apply throughout this rule:

(1) “Hub site” means the location of the physician or provider rendering consultation services.

(2) “Interactive television” or “IATV” means the videoconferencing equipment at the hub and spoke site that allows real time, face-to-face consultation.

(3) “Spoke site” means the location where the patient is physically located when services are provided.

(4) “Store and forward” means the electronic transmission of medical information for subsequent review by a health care provider at the hub site.

(Office of the Secretary of Family and Social Services; 405 IAC 5-38-2)

405 IAC 5-38-3 Description of service

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12-13-7-3; IC 12-15

Sec. 3. (a) In any telemedicine encounter, there will be the following:

(1) A hub site.

(2) A spoke site.

(3) An attendant to connect the patient to the specialist at the hub site.

(4) A computer or television monitor to allow the patient to have:

(A) real-time;

(B) interactive; and

(C) face-to-face;

communication with the hub specialist/consultant via IATV technology.

(b) Services may be rendered in an inpatient, outpatient, or office setting. *(Office of the Secretary of Family and Social Services; 405 IAC 5-38-3)*

405 IAC 5-38-4 Limitations

Authority: IC 12-8-6-5; IC 12-15-1-10; IC 12-15-21-2; IC 12-15-21-3

Affected: IC 12-13-7-3; IC 12-15

Sec. 4. Telemedicine shall be limited by the following conditions:

(1) The patient must:

(A) be physically present at the spoke site; and

(B) participate in the visit.

(2) The physician or practitioner who will be examining the patient from the hub site must determine if it is medically necessary for a medical professional to be at the spoke site. Separate reimbursement for a provider at the spoke site is payable only if that provider’s presence is medically necessary. Adequate documentation must be maintained in the patient’s medical record to support the need for the provider’s presence at the spoke site during the visit. Such documentation is subject to postpayment review. If a health care provider’s presence at the spoke site is medically necessary, billing of the appropriate evaluation and management code is permitted.

(3) Reimbursement for telemedicine services is available only when the hub and spoke sites are greater than fifty (50) miles apart.

(4) Store and forward technology is not reimbursable by Medicaid.

(5) The following service or provider types may not be reimbursed for telemedicine:

(A) Ambulatory surgical centers.

(B) Outpatient surgical services.

- (C) Home health agencies or services.
- (D) Radiological services.
- (E) Laboratory services.
- (F) Long term care facilities, including nursing facilities, intermediate care facilities, or community residential facilities for the developmentally disabled.
- (G) Anesthesia services or nurse anesthetist services.
- (H) Audiological services.
- (I) Chiropractic services.
- (J) Care coordination services.
- (K) DME, medical supplies, hearing aids, or oxygen.
- (L) Optical or optometric services.
- (M) Podiatric services.
- (N) Services billed by school corporations.
- (O) Physical or speech therapy services.
- (P) Transportation services.
- (Q) Services provided under a Medicaid waiver.

(Office of the Secretary of Family and Social Services; 405 IAC 5-38-4)

Notice of Public Hearing

Under IC 4-22-2-24, notice is hereby given that on June 22, 2006 at 1:30 p.m., at the Indiana Government Center-South, 402 West Washington Street, Conference Center Room 2, Indianapolis, Indiana the Office of the Secretary of Family and Social Services will hold a public hearing on proposed amendments concerning the Office Medicaid Policy and Planning's rule to define telemedicine services and describe the circumstances under which Medicaid will reimburse for such services.

This rule is being promulgated because the agency is desirous to offer this method of health care delivery under certain restrictions as outlined in the proposed rule.

Copies of these rules are now on file at the Indiana Government Center-South, 402 West Washington Street, Room W451 and Legislative Services Agency, One North Capitol, Suite 325, Indianapolis, Indiana and are open for public inspection.

E. Mitchell Roob Jr.
Secretary
Office of the Secretary of Family and Social Services