

Operational Policy Letter #41

Department of Health & Human Services

Health Care Financing Administration

Medicare Managed Care

November 4, 1996

TELEMEDICINE SERVICES

Question:

Plans have asked if they can provide telemedicine services under Medicare Health Maintenance Organization (HMO) or Competitive Medical Plan (CMP) contracts under Section 1876 of the Social Security Act. Telemedicine is most commonly used in teleradiology and telepathology but is increasingly desired for consultations and for other specialty applications such as cardiology, dermatology, pathology and psychiatry.

Answer:

Section 1876 of the Social Security Act and related regulations at 42 CFR 417.440 permit **risk contracting organizations** to make services not normally covered by Medicare available to its enrolled Medicare population. Telemedicine services may be offered by the managed care plan to its enrollees in the same manner as other services not covered by Medicare. For example, a risk contracting has the choice of offering telemedicine services as an additional service or a mandatory supplemental service as a part of the basic benefit package or as an optional supplemental service.

Telemedicine/telecommunications networks and techniques, when appropriately developed, have the potential for (1) increasing access to quality health care for rural and under served Medicare beneficiaries, (2) reducing distance and isolation as significant factors in patient/practitioner encounters, and (3) providing a baseline of information for ongoing evaluation of utilization and outcomes.

Telemedicine has also been recognized by many states as an important component in providing cost effective, quality medical care for needy individuals under the Medicaid program. Some states report that telemedicine has reduced transportation expenses, increased beneficiary access to specialists and other providers, improved quality of care and communication among providers.

Contact:
HCFA Regional Office Managed Care Staff