

## 2014 Medicare Changes Expand Coverage for Telemedicine

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The Centers for Medicare & Medicaid Services (CMS) released the 2014 Medicare Physician Fee Schedule (PFS) final rule, which expands coverage for telemedicine services effective January 1, 2014.<sup>1</sup> The new rules are intended to accelerate the use of telecommunications technology in health care delivery among the Medicare patient population. In general, the 2014 PFS includes several additions of approved telemedicine services and extends service regions eligible for Medicare telemedicine reimbursement. Key highlights of these new policies include:

- Broadened geographic areas where telemedicine services can be provided, including the outskirts of metropolitan areas;
- Added coverage for complex chronic care services (CPT codes 99487-99489) for patients with multiple chronic conditions under certain conditions;
- Added coverage for transitional care management services (CPT codes 99495 and 99496) including the evaluation and management (E/M) portion of such services;
- Slight increase in reimbursement for originating sites,<sup>2</sup> from \$24.43 to \$24.63.

These changes are expected to increase the use of telemedicine for Medicare beneficiaries. Modifications to the definition of an eligible originating site will expand reimbursable telemedicine services to nearly one million rural Medicare beneficiaries nationally. This new rule replaces Medicare's existing strict county-based classification guidelines for telemedicine coverage, and redefines rural health professional shortage areas<sup>3</sup> to incorporate additional regions located in rural census tracts as determined by the Office of Rural Health Policy.

The new rules are expected to advance primary care delivery through providing reimbursement for care management with the goal of improving population health and reducing expenditure growth. In particular, health care providers can now bill for non-face-to-face complex chronic care services for Medicare beneficiaries with two or more chronic conditions expected to last at least 12 months or until death. Reimbursement will be made through two new G-codes for establishing a care plan that includes an annual wellness visit, and for providing care management over a 90-day period. Establishing a separate payment structure for chronic conditions has the potential to improve quality of care and reduce cost through reductions in hospitalizations, use of post-acute care services, and emergency department visits. Telemedicine reimbursement for transitional care management services (TCM)<sup>4</sup> involving post-discharge communications with patients and/or caregivers can help health care providers improve care to at-risk patients discharged from the hospital, which may also help reduce hospital readmissions.

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<sup>1</sup> CMS published the 2014 Medicare PFS Final Rule on December 10, 2013, available at: [http://www.ofr.gov/OFRUpload/OFRData/2013-28696\\_PI.pdf](http://www.ofr.gov/OFRUpload/OFRData/2013-28696_PI.pdf). For additional information, please refer to: <https://www.federalregister.gov/articles/2013/07/19/2013-16547/medicare-program-revisions-to-payment-policies-under-the-physician-fee-schedule-clinical-laboratory>.

<sup>2</sup> An originating site is the main site from which audio or video conferencing is initiated and transmitted to other sites.

<sup>3</sup> To determine if your practice is located in a rural HPSA, please visit: <http://hpsfind.hrsa.gov>

<sup>4</sup> TCM is comprised of one face-to-face visit within a specified time frame following discharge, in combination with non-face-to-face services. TCM services are for patients whose medical and/or psychosocial problems require moderate to high complexity decision making during transitions in care.