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## Buying Into Telemedicine Payments to Doctors

**TELEMEDICINE HAS BEEN MOVING SLOWLY TOWARD ACCEPTANCE, BUT A NEW STUDY SHOWS THIS CONCEPT IS ON THE VERGE OF TAKING ALL OFF AS INSURES AND EMPLOYERS BEGIN TO TAKE NOTICE.**

Welcome to the clinicians roundtable on ReachMD XM 157, the channel for medical professionals. I am Bruce Japsen, the healthcare reporter of the Chicago tribune and with me today is Dr. Devon Herrick, senior fellow at the National Center for Policy Analysis. Dr. Herrick is a healthcare economist specializing in such issues as empowering patients, smart shopping for prescriptions, Internet-based medicine, consumer-driven healthcare, and innovative medical care providers. He has been quoted widely in the media. He does also contribute his own articles as contributing editor of healthcare news and his work has also appeared in Business Economics, Health Insurance Underwriter, Washington Times, and the Journal Of American Physicians And Surgeons and he joins us today from National Center for Policy Analysis offices in Dallas, Texas.

**BRUCE JAPSEN:**

Dr. Devone Herrick, welcome to ReachMD XM 157.

**Dr. DEVON HERRICK:**

Well Bruce, thanks for having me.

**BRUCE JAPSEN:**

Well, it is great to have you here and I know that from time to time this issue comes up in my reporting and I am sure in your analysis relative to Telemedicine, so tell us where we are at and tell us about this analysis that you all did and where we are headed and how this is becoming more legitimate.

**Dr. DEVON HERRICK:**

Well, just think about it. I mean it seems like medicine is the only area where we are not wired and connected as we are in all other areas of our work life and home life. But, yet, a doctor does not really like to talk to you on the phone because if you have insurance, often times your insurance company may not want to reimburse for that. So, you can just think what that means, that means I have to take time off from work, drive across town, make an appointment well in advance, wait in a crowding waiting room, just get the simplest question answered. So, this is a what is just moving into the information age.

**BRUCE JAPSEN:**

And so tell us where a lot of physicians generally want to know and certainly consumers would have a better understanding, where are we with reimbursement. I mean, is it still kind of in the pilot stages or are we seeing more commercial insurance, Medicaid and Medicare doing this.

**Dr. DEVON HERRICK:**

Well, it is a nearly stage just like in fact we began outside of the third party payment system. But as insurance companies began to see, well this actually was a very efficient way to provide care and the patients like it and they were not actually increasing the cost by calling for trivial reasons or substituting costlier office visits. I am beginning to see quite a few insurance companies now at least to have pilot projects to try this, I mean of course Kaiser Permanente, this is one was the first, now we have various Blue Cross plans, I think Signa in some areas, I think Aetna some areas have at least some plans to reimburse with this.

**BRUCE JAPSEN:**

And some of the good news there would be for consumers and providers is that some of the folks that the insurance companies that you write it off there are providing coverage. What kind of coverage are they providing and you know how are they paying for this?

**Dr. DEVON HERRICK:**

See, it is typically a reimbursement that is between 25 to 35 dollars per a phone consult or an electronic consultation. I think really a better idea will be if may be your physician, your personal and family physician, would give you the choice that you can have an in-office visit or you can have an e-visit for this things and they do not need to be in the office to see the doctor in person.

**BRUCE JAPSEN:**

What would the phone consultation involve and would there be a difference in cost? Because it would seem that perhaps the physician might not have to take as much time and the patient would be able to

save a lot of money by not having to drive into the office and wait and all sorts of other things.

**Dr. DEVON HERRICK:**

Well, absolutely, you know certain conditions are if you just made followup care, maybe you want to get a couple prescriptions renewed or a new prescription for something even on for a while or maybe you actually have a chronic condition, but you could get lab test, have those send to your physician and maybe talk to the physician on the phone and you know why do you need to be there for every single visit and it is more efficient, for example I can say a lot of places will reimburse 25 to 35 dollars which is far less than the average in-person visit.

**BRUCE JAPSEN:**

That is real cost savings and would the Telemedicine could be as simple as an Internet connection between a patient and a doctor, could be something that they could do after hours or could you walk me through a scenario here that would be pretty common for a physician and the patient.

**Dr. DEVON HERRICK:**

Well, if you are at Kaiser Permanente where they have electronic visits, they would have a secure web server as part of their system, but if it is say a phone consultation, then it might be a simple. For example TelaDoc, I actually have access to TelaDoc through my health plan. Members have to find it in advance so your medical history can be online so that whatever doctor takes that call can actually review your medical history online and you would call them and request a consultation easily within say 25-30, typically less than an hour a physician calls you back and they can pull a few medical records online, look at the medications you are on and then you can discuss what your problem is, what your question is, and of course they would never prescribe narcotics, but if you are out of town, maybe you had a start getting a scratchy throat on the plane or you coming down with a flu, they might be able to give you the Tamiflu or whatever. Would not replace your primary care doctor, but it is a great avenue if

you need access to a doctor quickly when you are away from home.

**BRUCE JAPSEN:**

And tell me about the setup, I mean are physicians doing this also outside of the insurance arena, are they setting things up and saying "hey if you are insured or if you have extra money sort of the kind concierge-type situation, is that going on and can doctors do that? I mean can they just say "hey you know what; I am going to set up a telephone consultation practice."

**Dr. DEVON HERRICK:**

I think that it actually began outside of the third party payment system simply because, you know, an insurance company does not really look for new ways of spending plenty of their money, but yeah there are doctors doing that. For example Dr. Allen Depen that is in Virginia area. Few years back, he changed his practice over to where, you know, of course you can still go into the office to see him, but he realized a lot of times he did not need to see you in the office and so it was the case that you expected to pay for time and service, but it was much cheaper than say a traditional office visit. In fact all you need is a prescription renewed, you can get somewhat like up to 5 prescriptions renewed for around 18 to 20 dollars.

**BRUCE JAPSEN:**

And he can do that all by an Internet connection or does he do it over the phone.

**Dr. DEVON HERRICK:**

I think it is mainly over the phone, but he also has e-mail. Of course the limitation is, you know, I am in Texas and I could never call him because he is licensed in Virginia and of course we have all these

state laws where you cannot call across state lines and treat a patient.

**BRUCE JAPSEN:**

And so, do you see this elsewhere where some entrepreneurial doctors may be doing this or is there even something legislatively that would sort of allow this to be done a lot easier so you would have more of these types of physicians outside of Virginia and elsewhere doing this.

**Dr. DEVON HERRICK:**

Well, I think there are physicians who are becoming very interested in this and sometimes it is on a case-by-case basis where they have a long-time patient and they just agree as you think, you can call up and you know, I will charge for my time. Often times, it is as simple as that it is not a reimbursement code, I am charging for my time even how much as you are, but you pay proportionally for that time, and I really do think it is a great idea and I have heard that some doctors are a little bit leery though because there is always the concern about privacy and HIPPA and so on.

**BRUCE JAPSEN:**

Tell us kind of where this might be going. How do you look at this in the future? When will all patients have access to this? Will all doctors be interested in this?

**Dr. DEVON HERRICK:**

Well, I sure hope so. What I am seeing is that the younger patients especially are demanding accessed to their physicians electronically simply because they are used to texting their friend, so used to e-mailing their friends and of course everyone has a cellphone now. Many doctors are looking for ways of integrating this into their practice. You know of course there are some that are a little bit worried, like I

said earlier, about the potential for privacy violations and things like that and of course there are the factors of state borders limit the ability to call patients that are in one state with the doctor's license to another state, but I think it will vastly increase access to physicians, simply because we, you know, sometimes you get sick after hours or on weekends, and there are physicians out there who would be willing to talk to you on the phone on weekends, but they really do not want to be in the office on the weekends.

**BRUCE JAPSEN:**

And some of these folks when they do do these Telemedicine consultations or an Internet consultation, the cost could may be what, 25 dollars, something like that?

**Dr. DEVON HERRICK:**

For example, I have access to TelaDoc, it is a 35-dollar fee each time I call and if you think about your physician would not need to have a waiting room nearly as large or an office nearly as large, so they save on the overhead, they could actually be at home doing this from the privacy of their home office. So, I think it is appealing to a lot of doctors.

**BRUCE JAPSEN:**

Can you figure the cost of gas getting to the office, waiting in line, and I suppose if the physician knows the patient well enough, they can figure out whether indeed they need to come into the office, just based on the symptoms that they are being told.

**Dr. DEVON HERRICK:**

Well, I think it is especially important if you have a family doctor that would offer this type of benefit. Of

course sometimes you need to be in the office, present to the office, be in front of the doctor, but there are a lot of times that really just an inconvenient the doctor does not need to physically have you in the office and could just talk to you on the phone. They say that abruptly 55% of emergency room visits are for conditions that really were not urgent or at least emergency. In many cases what happens is someone, maybe their child get sick after hours on weekends and they really just need information if this is serious enough to go to the emergency room. If they could reach a doctor, the doctor could probably tell them whether this is serious or may be this is not serious. So, I really think we could reduce some of the unnecessary ER visits if people had access to a doctor by phone.

**BRUCE JAPSEN:**

You have mentioned Teladoc and you had said that I believe they are one of the first providers online to do phone medical consultations and their subscriber base has apparently taken off since January. Where are they and what other companies are we hearing about this if physicians are listening and consumers listening and they want to be a part of this?

**Dr. DEVON HERRICK:**

Well, I first talked with Teladoc about a year ago and they were anticipating at that time reaching their millionth member sometime in the fall, you know, of 2007.

**BRUCE JAPSEN:**

That is a lot of people.

**Dr. DEVON HERRICK:**

Yeah that is a lot of people with access to a doctor by phone. When I talked to him, I guess it was in



July or August to see if they have increased that. They had increased by about 60% in about 8 or 9 months and really now you know initially it was people who did not have the coverage or the insurance company would not pay for it. Now, they are working with a lot of health plans simply because health plans are beginning to see this is something that might save an unnecessary ER visit or this is a benefit we can give to patients and might be only slightly more than the regular cost sharing and it might actually save a lot of money in terms of you get a quick answer to your question as opposed to I got to drive across town, go see my physician, spend maybe 100 dollars on various tests or what you have when really just a simple discussion that last 10 to 15 minutes, the cost 35 will be more efficient.

**Well, this has been very interesting, so physicians and consumers listening, this Telemedicine is certainly something that could very well be a part of your health plan and your health coverage and something that your doctor may soon be enrolled in. With that, I would like to thank Dr. Devon Herrick who has been our guest. He is with the National Center for Policy Analysis in Dallas, Texas. I am Bruce Japsen of the Chicago Tribune. I have been your host and you have been listening to ReachMD XM 157, the channel for medical professionals. If you have comments or suggestions, please call us at 888MD XM 157 and I would like to thank you today for listening.**