



1133 SW Topeka Boulevard
Topeka, Kansas 66629-0001

Web site: www.bcbsks.com

In Topeka – (785) 291-7000
In Kansas - (800) 432-0216

Statement of
Sunee N. Mickle, Director of Government Relations
Blue Cross and Blue Shield of Kansas, Inc.

House Vision 2020 Committee
February 18, 2015

Good Morning Chairman Sloan and Members:

I appreciate the opportunity to speak with you this morning about telehealth services at Blue Cross and Blue Shield of Kansas (BCBSKS).

Blue Cross and Blue Shield of Kansas has 12 offices located in 11 cities across the state. We have over 1500 employees serving approximately 942,000 fellow Kansans in our 103 county service area. BCBSKS does business everywhere in the state except for Johnson and Wyandotte Counties which are part of the Kansas City Blue Plan service area.

BCBSKS is a mutual insurance company, which means the company is owned by and operated for the benefit of our policyholders. Our mission is to be the insurer Kansans trust with their health. One way we do this is by spending nearly 90 cents of every dollar we collect on our members' medical claims. In 2014, nearly \$1.7 billion was paid for over 16.4 million member claims.

We are a licensee of the Blue Cross and Blue Shield Association and we operate separately and independently from 37 other Blue Plans in the United States. However, we all cooperate with each other to provide inter-plan services for all of our customers. One example of this is demonstrated by our working relationship with other Blue Plans to administer the Federal Employees Health Benefit Program which includes federal employees, their dependents and retirees all over the country.

For 2015, BCBSKS has contracted with 99% of all medical doctors and with 100% of acute care facilities in Kansas. In total we have contracted with approximately 96% of all provider types in our service area. A large number of our members and many of our employees live in rural communities. We are well aware of the challenges that face our members, and we understand how difficult it can be for health care providers and hospitals to deliver a variety of quality health care services in a geographically large state with many rural communities. That is one reason why BCBSKS began covering telehealth, or what we consider telemedicine services for our members.



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At BCBSKS, we see telemedicine as the use of a telecommunications system that includes two-way voice and visual communication when used as a substitute for an in-person encounter between a provider and a patient for professional consultations, office visits, office psychiatry services, and a limited number of other physician services.

Since January 1993, BCBSKS has covered certain telemedicine services. These telemedicine services must involve a physician's specialty service that is not otherwise available in the community. This includes services provided not only by a physician, but also by Mid-level practitioners (i.e. Physician Assistants, Advanced Practice Registered Nurses, Clinical Nurse Specialists, Clinical Psychologists and Clinical Social Workers). This allows members in cities like Sedan to have access to quality specialty care without leaving their communities. Unlike some government funded insurance programs, BCBSKS does not cover telemedicine services for basic primary care services.

Specialty providers can bill BCBSKS for consultations, office and other outpatient visits, individual psychotherapy, pharmacologic management, psychiatric diagnostic interview examinations, neurobehavioral status exams, individual medical nutrition therapy, and end stage renal disease related services. We also allow for additional telemedicine services to be billed when they are medically necessary and a covered benefit.

In 2008, we began reimbursing for telemedicine facility fees or what is sometimes referred to as the originating site fee. The term "originating site" means the location of the patient at the time the service is provided via a telecommunications system. Acute care hospitals including those that are defined as critical access hospitals are considered to be eligible "originating sites" for purposes of reimbursement. We also recognize physician or practitioner offices, Rural Health Clinics, Federally Qualified Health Centers, Skilled Nursing Facilities and Community Mental Health Centers as originating sites.

Rural health care facilities - not just patients - benefit from our commitment to reimburse for telemedicine services. Patients who live near these rural facilities can stay and receive specialty health care services at their local facilities rather than traveling to and from care in the Kansas City metro area, Denver, Oklahoma or Nebraska. As a result, telehealth services help our local providers maintain their patients' medical homes and include those local providers in their patients' specialty care.



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Our members' needs drive our coverage and reimbursement decisions. BCBSKS monitors our members' requests for services each year, but the demand for telemedicine services is low. Most of our major medical health insurance population is under the age of 65, so they do not require the same types of services as Kansans who are covered by Medicare. BCBSKS field representatives frequently visit providers and hospitals to educate them on our claims submission requirements for covered services such as telemedicine. Our provider representatives have explained a telemedicine service must involve a physician's specialty service that is not otherwise available in the community in order for it to be covered under one of our plans. This meets the needs of our members who do not always have access to treatment for illnesses such as depression and congestive heart failure or for services such as chemotherapy in their rural communities.

Along with my testimony, you have received a handout that shows Blue Cross and Blue Shield of Kansas' service area and the locations that served as originating sites for telemedicine services in 2014. This data includes claims history from January 1, 2014 through the end of December, and only looks at claims with a GT modifier. We believe there are many more telemedicine claims from providers, but those services may not have been billed correctly. They are likely appearing as traditional services in our system. In 2014, we had 17 originating sites that allowed patients to connect with specialists in other parts of Kansas or other states. This is an improvement in the access and availability of telemedicine services compared to the last time I spoke to this committee in 2011, when there were only 10 originating sites offering telemedicine for our members.

Many of the specialists who provided care for our members in 2014 were located at the University of Kansas Medical Center in Wyandotte County and several other locations in the Kansas City metro area. The majority of diagnosis codes were related to psychiatric consultations. We have noticed a significant increase in telemedicine psychiatric services in SE Kansas and Western Kansas. The SE and Western parts of our state do not have as many mental health providers in the community, and telemedicine has allowed our members to receive medically necessary services more frequently. With the exception of Hays Medical Center, the hospitals and facilities that billed for telemedicine services are located in very small towns. For example, Ashland Health Center, a critical access hospital in Clark County served as one originating site for telemedicine services. The facility has 45 beds and the city of Ashland has less than 900 residents.

As with all commercial insurers, BCBSKS is evaluating the telemedicine services we cover today and monitoring market trends for new services that may increase access to care for our members. However, we are careful not to adopt new services or methods too quickly in an effort to make sure our members' health information is kept private and secure. We have seen a push for the use of smartphones and



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other types of internet based two-way communication. But all BCBSKS telemedicine-related systems and activities must comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements and all other applicable state and federal laws. While we evaluate telehealth and technological advances, we are committed to covering telemedicine reimbursement for our members' medically necessary specialty care.

BCBSKS looks forward to educating Kansas legislators and our provider community when we modify our telehealth services in the future.

Thank you for time today.

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Based on claim

BCBSKS