



February 10, 2012

The Honorable Thomas McLain Middleton, Chairman  
Senate Finance Committee  
Miller Senate Office Building, 3 East Wing  
11 Bladen Street  
Annapolis, MD 21401

The Honorable Peter A. Hammen, Chairman  
House Health and Government Operations Committee  
Taylor House Office Building, Room 241  
6 Bladen Street  
Annapolis, MD 21401-1912

**Re: A Plan for Advancing Telemedicine**

Dear Chairman Middleton and Chairman Hammen:

We wish to provide you and your committee members with an update on efforts to promote the use of telemedicine in Maryland. Maryland, like several other states, is exploring opportunities to expand health care access and reduce costs by advancing telemedicine use.

This past summer, the Maryland Health Care Commission (MHCC) and the Maryland Institute of Emergency Medicine Services Systems (MIEMSS) convened a Telemedicine Task Force (Task Force) to address challenges of widespread adoption for a comprehensive statewide telemedicine system of care. A wide range of stakeholders from organizations such as MedChi, the Maryland State Medical Society, the Maryland Hospital Association, the American Telemedicine Association, the University of Maryland Shock Trauma Center, the Maryland Rural Health Association, and Federally Qualified Health Centers, as well as payers, technology vendors and providers, came to consensus around recommendations to advance telemedicine in Maryland. The work of the Task Force and the recommendations are outlined in a report, which is included as an attachment, and is available online at the following link:  
<http://mhcc.maryland.gov/electronichealth/telemedicine/index.html>

We believe that the recommendation from the Task Force regarding the need to move forward in designating a state agency to serve as lead for telemedicine development is an important first step. The MHCC is ideally situated to coordinate the launch of the State's telemedicine initiative as it has been heavily involved to this point. MHCC has experience using regulatory tools in closely related areas and their approach has been balanced, emphasizing voluntary initiatives of providers and payers. In addition, as MHCC is funded through a user fee assessment, it has more flexibility to fund telemedicine efforts. Finally, MHCC is already working with MIEMSS and other stakeholders in the current telemedicine collaborative.

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Should the MHCC be designated to coordinate the launch of telemedicine, we expect that the Commission could begin action quickly. Over the next six months, the MHCC could convene stakeholders to identify medical services, an appropriate reimbursement model, and address the challenges of incorporating telemedicine technology into an HIE to support a voluntary telemedicine demonstration project. The demonstration project will provide learning lessons for widespread adoption of telemedicine that allows local health systems and providers to connect with remote providers throughout the state using technology to deliver health care services.

The Task Force concluded that telemedicine enables health care providers to diagnose, consult, treat, educate, and manage patients at a different location. Use of telemedicine offers an efficient and potentially cost effective alternative method of care delivery, particularly when access to specialty consultation is limited. Some research has found that telemedicine reduces health costs by deferring use of hospital emergency departments and ambulance services. In Maryland, use of tele-ICU has been received positively by commercial carriers. CareFirst has provided grant funding to expand that effort.

The Task Force identified the lack of a consistent technology backbone and uncertainty about reimbursement as key obstacles in the widespread adoption of telemedicine. The current telemedicine networks in Maryland generally support a few clinical services and reimbursement is not consistently available from all of the private payers. Identifying a consistent infrastructure that can support a wide spectrum of services is a key requirement. Uncertainty around reimbursement is a significant barrier to widespread telemedicine adoption. To support adoption of telemedicine, effectiveness of these health care services must be proven to payers and patients, and payments should accurately reflect the cost of delivery for providers.

We should also recognize that telemedicine services could be financed through evolving payment approaches such as bundled payments, tied to a shared savings payment tier, or linked with another value-based methodology that is particularly appropriate for telemedicine. As we consider new modes of services, we should not be tied to fee-for-service payment, which we know is not suitable for the broader objectives of reducing costs and improving quality.

Establishing a technology infrastructure that can connect disparate telemedicine networks is essential for expanding telemedicine. For example, a physician at a hospital in Baltimore could connect with a rural health facility to provide consultative services, allowing the distant provider to treat the patient closer to home, eliminating the costs associated with transferring care. The value of telemedicine increases when coupled with electronic access to patient records and provider availability. The technology infrastructure envisioned for Maryland would be supported by a health information exchange (HIE) and would enable access to a provider directory, which is a listing of providers on the telemedicine network available to provide health care, and facilitate access to patients' electronic medical records. Some states have required payers to pay for telemedicine services with little consideration of the infrastructure that is needed.

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We are requesting that the General Assembly support this approach for implementing telemedicine in Maryland. We believe the General Assembly should designate the MHCC with responsibility to launch a demonstration project and to report to the General Assembly on the public funding, if any, that is required to build out the technology and staff the program.

Additionally, should this approach be undertaken, we would recommend that the MHCC provide your committees with an update in July 2013 on the progress regarding the telemedicine demonstration project.

We hope that this information is helpful to you. If you have any questions, please do not hesitate to contact Ben Steffen at the MHCC at 410-764-3565.

Respectfully,



Ben Steffen  
Acting Executive Director  
Maryland Health Care Commission



Robert R. Bass, M.D.  
Executive Director  
Maryland Institute for EMS Systems



Joshua M. Sharfstein, M.D.  
Secretary, Department of Health and Mental Hygiene

cc: Linda Stahr  
Policy Analyst, Maryland General Assembly

Attachment: Telemedicine Recommendations