

Is Now the Time to Pursue a Rural Telehealth Strategy?

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The COVID-19 pandemic has thrust telehealth into the national spotlight. Telehealth has been around for some time, but its growth has been stymied by lower payment rates and a patchwork of state and federal regulations. Many of these limitations were swept away, at least for the duration of the COVID-19 public health emergency, by a waiver from the Centers for Medicare & Medicaid Services (CMS).¹ This waiver broadens the number of telehealth services that can be offered, sets payment at the same rate as in-person services, and allows patients to receive services in their own homes. At the state level, requirements regarding licensure and the need for patients and clinicians to first establish face-to-face contact before initiating a telehealth visit have been waived temporarily in many jurisdictions.²

The Value of Telehealth

If these waivers become permanent, they will provide a boost to

1 CMS, "[Medicare Telehealth Healthcare Provider Fact Sheet](#)," March 17, 2020.

2 Federation of State Medical Boards, "[U.S. States and Territories Modifying Requirements for Telehealth in Response to COVID-19](#)," Last Updated May 26, 2020.

Key Board Takeaways

The COVID-19 crisis may prove to be an inflection point for telehealth, creating momentum for payment parity and relaxation of other restrictions that have hindered telehealth's growth. As boards and senior leaders think through pursuing a rural telehealth strategy, they should consider the following:

- Financial viability of a telehealth strategy is an important consideration, but there may be other strategic reasons to pursue a rural telehealth strategy. Therefore, the board and management will need to weigh the strategic significance of the initiative against its costs.
- Health systems should work collaboratively with rural partners to determine the appropriate service mix and the extent to which providing that mix will require additional clinicians and specialists or partnership with a telehealth vendor.
- Develop the telehealth strategy with an eye toward future scalability to strengthen the health system's network and spread fixed costs over a broader patient population.
- Assess local broadband access and other technological capabilities. This is an important factor in determining the services offered and where and how they will be delivered.

telehealth partnerships between health systems and rural hospitals. Telehealth's value to rural healthcare has been established already. It offers rural residents access to services that would otherwise be unavailable in their communities. It helps local clinicians stabilize patients in emergency situations, saving lives and allowing patients to recover in their local communities, when possible.

Health systems that offer telehealth services have seen value as well. By broadening their network to

rural communities, health systems can gain referrals for their tertiary and quaternary services. A broader network can also support a health system's population health strategy, or help it gain economies of scale by spreading fixed costs over a broader population.

To the extent the current crisis leads to permanent solutions to payment issues and restrictions on where and by whom telehealth services can be offered, the value of telehealth will be enhanced.

Considerations in Developing a Rural Telehealth Strategy

Although the loosening of restrictions on telehealth is a promising development, health systems that are considering a rural telehealth strategy should think carefully through issues that could affect the strategy's success.

Modeling Financial Viability of the Initiative

Launching a telehealth initiative will involve significant upfront costs, including infrastructure and staffing needs. These costs can be offset both by payments for services offered and by increased referrals for tertiary and quaternary care needs that cannot be delivered at the rural facility. There is no guarantee that CMS's temporary payment parity policy will become permanent, and commercial insurers may have different payment policies. Financial modeling thus should include a worst-case scenario, with payments at a pre-COVID level. Models should also include the estimated number of services that will be delivered and the number of additional referrals that the health system anticipates will result from the initiative.

Staffing costs are another significant component of the financial model. Can the initiative be supported with existing staff or will additional FTEs need to be added? If the telehealth strategy includes emergency and ICU support—services of significant importance to many rural facilities—specialists in such areas as emergency medicine, cardiology, obstetrics, and neurology will need to be available on a 24/7 basis. Additional clinical and IT staffing support will likely be required.

Both infrastructure and staffing needs may be addressed, at least in part, through partnership with one of the many companies now offering

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telehealth platform technology, medical services support, or both.³ Some of these vendors provide white-labeled services, which enable health systems to offer services under their own brand. Health systems wishing to expand into rural telehealth may already have a telehealth partner that serves their existing patient population.

Finally, the health system should consider scalability of its rural telehealth strategy. Understanding the potential market for telehealth services will enable financial leaders to model the health system's ability to spread fixed costs across a broader population base.

Determining the Appropriate Service Mix

For a telehealth strategy to be beneficial to rural providers, the services offered should complement but not compete with services already available locally. As noted above, specialist services for emergency and ICU patients will likely be attractive to rural facilities seeking to stabilize and treat patients at the local facility. Other services in areas such as behavioral health, dermatology, and endocrinology may be in demand. This element of the telehealth strategy should be developed in close collaboration with potential rural healthcare partners. Service mix also may affect a health system's choice of telehealth partner if the health system pursues that option.

³ Bill Siwicki, "[Updated: A Guide to Telehealth Vendors in the Age of COVID-19](#)," *Healthcare IT News*, March 30, 2020.

Health systems also should consider developing or partnering with a telehealth platform that rural partners can use to deliver primary and chronic care management services to patients who cannot easily travel to local facilities. This will enhance access and increase the volume of services rural providers can offer locally.

Addressing Technological Limitations

Access to broadband is still a significant issue in many rural areas, and even if broadband is available, residents may not subscribe to an Internet service. Certain services, such as behavioral health,⁴ can be delivered by telephone or text if a video connection cannot be supported. Alternatively, the telehealth provider can work with rural partners to set up designated telehealth access points in local facilities for patients who can travel locally. In any event, technological limitations should be part of the analysis in determining which services will be made available and how they will be delivered.

Other Considerations

There may be other reasons for pursuing a rural telehealth strategy. A health system may want to strengthen relationships with rural partners in response to competitive dynamics in the marketplace.

⁴ Rural Health Information Hub, "[Direct to Patient Tele-Behavioral Health Services](#)."

Similarly, the health system may want to offer financial support for rural facilities through a telehealth strategy as an alternative to full integration.

A Lifeline for Rural Healthcare

The COVID-19 crisis has had significant impacts on many hospitals and health systems, but rural facilities have suffered a particularly hard blow as statewide bans on elective procedures have diminished already low volumes at many facilities.⁵ Strengthening networks with rural providers is key to securing their future viability. A rural telehealth strategy, executed thoughtfully and collaboratively with rural partners, can provide benefits to both the sponsoring health system and the rural provider. To the extent the current crisis represents an inflection point for telehealth, this may well be the time to consider a rural telehealth strategy.

5 Adrian Diaz, Karan Chhabra, and John Scott, "[The COVID-19 Pandemic and Rural Hospitals—Adding Insult to Injury](#)," *Health Affairs*, May 3, 2020.

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