



California's Medi-Cal program expands Telehealth Reimbursement

By Harsh P. Parikh

The Department of Health Care Services (DHCS), the agency that administers Medi-Cal benefits for over 13.5 million California residents, finalized guidelines that significantly expand telehealth reimbursement in the Golden State. Touted by the nonprofit Center for Connected Health Policy (CCHP) as “a remarkable step forward,” the new policy encourages Medi-Cal providers to use telehealth as a modality to serve the state’s Medicaid beneficiaries.

The DHCS announced the new telehealth approach by finalizing updates to the Medi-Cal Provider Manual (Manual) sections.¹ At the same time, on August 5, DHCS issued an All-Plan Letter (APL) 19-009² requiring Medi-Cal managed care plans (MCPs) to communicate DHCS’s updated policy to contracted and delegated entities. Below are some of the key takeaway from the revised telehealth policy:

- **Definitions.** The Medicaid agency broadly defines telehealth to mean “the mode of delivering health care services and public health via information and communication technologies to facilitate the diagnosis, consultation, treatment, education, care management, and self-management of a patient’s health care while the patient is at the originating site, and the health care provider is at a distant site.” Importantly, the definition includes: (1) certain asynchronous store and forward interactions (i.e., medical information transmitted from originating site to the distant site health care provider without patient’s presence), and (2) synchronous interactions (i.e., real-time interactions between a patient and a health care provider that is located at a distant site).
- **Setting type.** In a major departure from existing Medicare policy, there are no limitations on originating or distant sites for telehealth services to Medi-Cal beneficiaries. Importantly, providers are no longer required to document a barrier to an in-person visit on the claim when they use telehealth. Distant site health care providers are also not required to document cost

¹ http://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/mednetele_m01o03.doc

² <https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2019/APL19-009.pdf>

effectiveness of telehealth modality. These changes permit telehealth usage to flourish in a dense urban setting.

- **Provider flexibility.** DHCS did not specify services that may be provided via telehealth. Rather Medi-Cal providers now have flexibility to determine if a particular service or benefit is clinically appropriate for telehealth. The new approach allows a treating provider at a distant site to decide when it is appropriate to use information and communication technologies. All services would still need to be Medi-Cal reimbursable and the corresponding CPT or HCPCS code definition should permit the use of technology.
- **Asynchronous store and forward.** The policy opens the door for innovative “store and forward” technologies that gather and transmit patient data to distant providers for analysis, diagnosis, and treatment planning. Specifically, under the auspice of store and forward, Medi-Cal permits e-consults between health care providers. The revised policy also encourages teledermatology, teleophthalmology, and teleradiology, including interpretation and report of X-rays, electrocardiograms, and echocardiograms. But patient-initiated consultations via asynchronous transmission (such as through phone applications or mobile health platforms) are not covered.
- **Consent.** Medi-Cal telehealth providers must maintain documentation showing that the patient consented to the use of telehealth to receive health care services. The patient needs to provide either verbal or written consent to the provider prior to the initial use of telehealth. Consent must be documented in the patient’s medical record. Documentation demonstrating consent can be maintained by either the originating or distant site provider. DHCS specifically states that a general consent agreement that specifically mentions telehealth usage is sufficient. For benefits delivered using store and forward, or for teledermatology or teledentistry, patients must be notified of their right to receive interactive communication with the distant provider.
- **California licensure and Medi-Cal enrollment.** To be reimbursed for providing telehealth services to Medi-Cal patients, the provider must be licensed under California law. For example, physicians who use telehealth technologies to serve Californians must be licensed in California. The provider must also enroll with DHCS as a Medi-Cal provider.
- **Billing and reimbursement.** Health care providers are required to use Place of Service Code 02 on claims to indicate that services were rendered through a telecommunications system. The new policy instructs providers to bill claims with Modifier 95 (for synchronous, interactive audio and telecommunications) or Modifier GQ (for asynchronous store and forward telecommunications). Medi-Cal reimburses professional services provided in-person or via telehealth at the same rate.

While the updated policy embraces real-time (synchronous interactions) and store and forward (asynchronous) telemedicine technologies, it stops short of embracing all modalities of telemedicine. Most notably, DHCS does not address remote patient monitoring (RPM) programs that focus on collecting patient-generated health data from the patient’s home, through devices and mobile health platforms. The agency also will not pay for telehealth equipment purchases, or pay providers for phone calls, or e-mails. Despite these shortcomings, the DHCS’s revised Medi-Cal telehealth approach promises to make California a leader in bringing innovative health care technologies to serve the state’s vulnerable Medicaid population.

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