

## South Carolina Department of Health and Human Services

### FY22-23 Proviso 117.116 (C) – Telehealth Report

*This report is issued pursuant to Section 117.116 (C) of Act 94 of 2022.*

*“The Department of Health and Human Services shall continue to identify and implement telehealth benefits and policies that are evidence-based, cost efficient, and aligned with the needs of the Medicaid population. The department must also continue to review the temporary telephonic and telehealth flexibilities it has adopted to address the COVID-19 public health emergency and make permanent those that are suitable for inclusion in the Medicaid benefit. No later than October 1, the department shall submit a report to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee on policy and benefit changes it has introduced in the furtherance of this goal and as part of its ongoing effort to improve the sustainability of telehealth services.”*

## I. Introduction

As outlined in the [FY21-22 Proviso 117.119 \(C\) Telehealth Report](#), during the current coronavirus disease 2019 (COVID-19) federal public health emergency (PHE), the department modified its existing telehealth program to provide needed flexibilities in the delivery of care as the pandemic continued to bring drastic change to healthcare delivery systems across South Carolina. This report will provide an overview of the department's current telehealth program, discuss the flexibilities that were put in place to ensure access to care during the pandemic and the expected life cycle of those flexibilities, outline current SCDHHS telehealth initiatives, highlight current utilization data, and provide an outlook for the future direction of SCDHHS' telehealth program.

## II. SCDHHS Initiatives

### COVID-19 Telehealth Flexibilities

In March 2020, a national emergency was declared due to COVID-19 and Governor Henry McMaster subsequently declared a state of emergency for the state of South Carolina. As a part of the state's preparation and response to COVID-19, SCDHHS released a series of bulletins outlining policy modifications related to telehealth services to protect South Carolina Healthy Connections Medicaid members by ensuring ongoing access to care. These temporary policy changes have afforded providers the flexibility to ensure members continued to have access to care while supporting important social distancing measures. Most of these policy changes were issued using emergency authorities derived from the federal PHE and were issued for the duration of the federal PHE. These policy changes included a heavy emphasis on building upon SCDHHS' existing telehealth benefit. New telehealth flexibilities were extended for a wide variety of services where early evidence demonstrated a service may be able to be performed with an efficacy and quality of care comparable to the service provided in a face-to-face format.

In April 2022, SCDHHS issued [Medicaid Bulletin 22-005](#) to announce updates related to the temporary telehealth flexibilities that are to take effect once the current federal PHE has expired. Flexibilities were grouped into three categories:

- Flexibilities that will be made permanent,
- Flexibilities that will be extended for further evaluation for one year after the expiration of the current federal PHE; and
- Flexibilities that will expire at the end of the current federal PHE.

### **Flexibilities That Will be Made Permanent**

- *Patient Home as Referring Site*

SCDHHS will waive referring site restrictions that existed prior to the COVID-19 PHE, which will allow physicians, nurse practitioners, or physician assistants to be reimbursed for some evaluation and management services delivered via telehealth to Healthy Connections Medicaid members regardless of the members' location as described in Medicaid bulletin [20-005](#).

Evaluation of utilization data, clinical evidence and input from providers and other stakeholders have clearly demonstrated value in making this flexibility a permanent addition to policy in South Carolina's Medicaid program.

### **Flexibilities That Will be Extended for Further Evaluation**

Evaluation of utilization data, clinical evidence and input from providers and other stakeholders have demonstrated potential value in continuing many other flexibilities that were created during the COVID-19 pandemic. The following temporary flexibilities will be extended for one year beyond the end date of the current federal PHE for further evaluation. This extended period will allow SCDHHS to continue to evaluate data, study national payor trends, receive additional feedback from stakeholders and develop a telehealth monitoring plan. As such, providers will not experience a lapse in their ability to continue to provide these services via telehealth at the end of the current federal PHE.

- *Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs)*

SCDHHS will continue to reimburse FQHCs and RHCs for services rendered through telehealth. This extension applies to the flexibilities announced in Medicaid bulletin [20-007](#) and Medicaid Bulletin 22-005.

- *Audio-only Telephonic Services*

When audio/visual telehealth is not available, SCDHHS will continue to reimburse providers for one year beyond the end date of the current federal PHE for the audio-only CPT codes included in this section. Reimbursement for the CPT codes included below will continue to be limited to encounters with established patients as described in Medicaid bulletin [20-004](#) when rendered by a physician, nurse practitioner, physician assistant or licensed independent practitioner (LIP). Services rendered through an FQHC or RHC for the CPT codes listed below will be reimbursed.

- *Behavioral Health*

Prior to the COVID-19 PHE, SCDHHS' Medicaid program covered a broad array of behavioral health services that were eligible for reimbursement when delivered using audio and visual interactions to ensure access to services in a variety of settings. SCDHHS will continue to augment the state's existing behavioral health telehealth benefit and extend the flexibilities included below for one year beyond the end date of the current federal PHE. Services described below are eligible for reimbursement when delivered by LIPs and associate-level licensed practitioners as described in Medicaid bulletins [20-009](#), [20-014](#) and [20-016](#). Services rendered through an FQHC or RHC for the CPT codes listed below will be reimbursed. Services described below will also be continued for this period for mental health professional master's level personnel employed by other state agencies.

The continued flexibilities described in this section are in addition to the extension of audio-only telephonic flexibilities described in the Audio-only Telephonic Services section above.

- *Applied Behavior Analysis (ABA)*

SCDHHS will continue to reimburse providers for the ABA services described below when rendered through telehealth for one year beyond the end date of the current federal PHE. These flexibilities will be extended for remote supervision of registered behavior technicians (RBTs) who provide service in a face-to-face setting and consultation of parent-directed activities via telehealth for the CPT codes listed below as described in Medicaid bulletin [20-011](#). These flexibilities will be extended for encounters that include both audio and visual components.

- *Developmental Evaluation Center (DEC) Screenings*

SCDHHS will continue to reimburse DECs for services rendered through telehealth for one year beyond the end date of the current federal PHE. These flexibilities will be extended for encounters that include both audio and visual components. As specified in the [SCDHHS memo issued April 16, 2020](#), services rendered by a physician, NP, PA or psychologist for the below Healthcare Common Procedure Coding System (HCPCS) codes will be reimbursed subject to the same duration requirements and service limits as services delivered face-to-face.

- *Addiction and Recovery-related Services*

SCDHHS will continue to reimburse for management of medication-assisted treatment (MAT) services and services rendered by Act 301 local alcohol and drug abuse authorities (local authorities) delivered through telehealth for one year beyond the end date of the current federal PHE. These continued flexibilities apply to the procedure codes listed below for the services and provider types described in the [memo SCDHHS issued April 17, 2020](#), and Medicaid bulletin [20-017](#) with the exception of audio-only telephonic coverage of MAT services, which will sunset with the end of the current federal PHE.

- *Physical, Occupational and Speech Therapy Services*

SCDHHS will continue to reimburse for physical, occupational and speech therapy services that include both audio and visual components for one year beyond the end date of the current federal PHE. These continued flexibilities apply to physical and speech therapy services rendered by the provider types and procedure codes listed below for services described in Medicaid bulletins [20-008](#) and [20-016](#), with the exception of services provided as audio-only telephonic services, which will no longer be reimbursable upon expiration of the current federal PHE.

- *Telehealth Services for BabyNet-enrolled Children*

SCDHHS will continue to reimburse providers for early intervention services and development of individualized family service plans (IFSPs) rendered through telehealth. These flexibilities will be extended for one year beyond the end date of the current federal PHE. Services for the procedure codes listed below will continue to be reimbursed when rendered as described in Medicaid bulletin [20-010](#) and the [Medicaid alert dated July 9, 2020](#). Interpretation services as described in Medicaid bulletin [20-010](#) will also continue for one year beyond the end date of the current federal PHE. Additional billing guidance for these services is available in the [memo issued by SCDHHS on April 30, 2020](#).

- *Child Well-care and Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Visits*

SCDHHS will continue to reimburse providers for child well-care and EPSDT visits rendered through telehealth. These continued flexibilities apply to the policy changes described in Medicaid bulletin [20-015](#) for encounters that include both audio and visual components. Families and beneficiaries should continue to be given every opportunity to make informed decisions about the receipt of services via telemedicine, including the clinical appropriateness of the intervention, its limitations, and privacy and confidentiality expectations.

### **Flexibilities That Will Expire at the end of the Current PHE**

Evaluation of utilization data, clinical evidence and input from providers and other stakeholders have not demonstrated potential value in making the temporary flexibilities created during the COVID-19 pandemic described in this section permanent policies in South Carolina’s Medicaid program. As such, the temporary telehealth flexibilities described in this section will sunset upon the expiration of the current federal PHE.

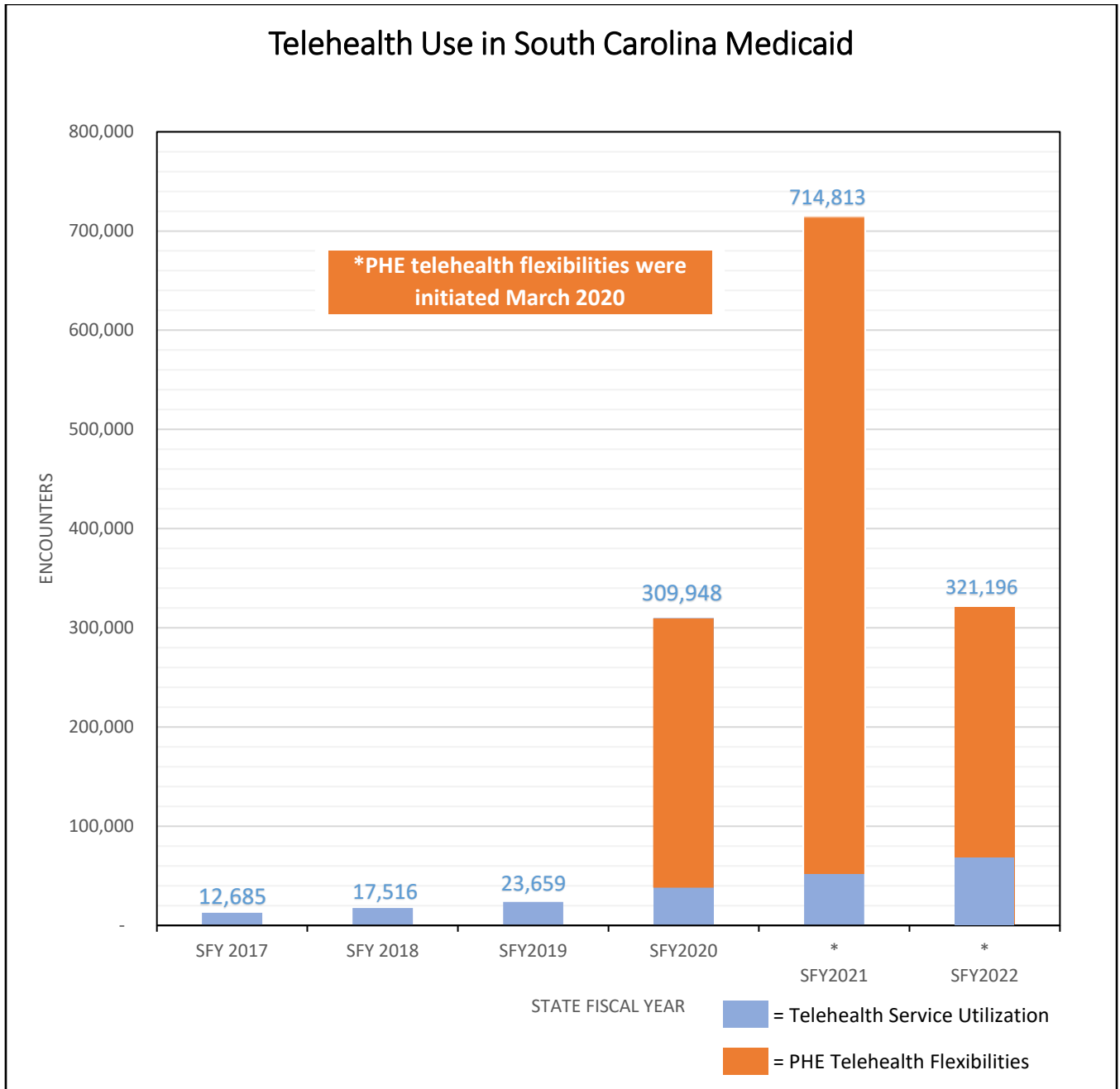
- *Behavior Modification*
- *Psychosocial rehabilitation service (individual)*
- *Family Support*
- *Audio-only services for MAT, occupational, physical, and speech therapy providers*

### School-based Behavioral Health

SCDHHS is working to expand access to mental health services in school settings with the goal of having at least one dedicated mental health counselor in each school. SCDHHS has increased the reimbursement rates of six core Rehabilitative Behavioral Health Services when they are offered in a school setting. These six services include Assessments, Service Plan and Development, Crisis Intervention, Individual Psychotherapy, Group Psychotherapy, and Family Psychotherapy. School districts can hire staff to provide these services, or they can subcontract out with private entities or the Department of Mental Health. Telehealth is also available as a service option to allow easier access to providers of these targeted mental health services.

### III. Current Utilization

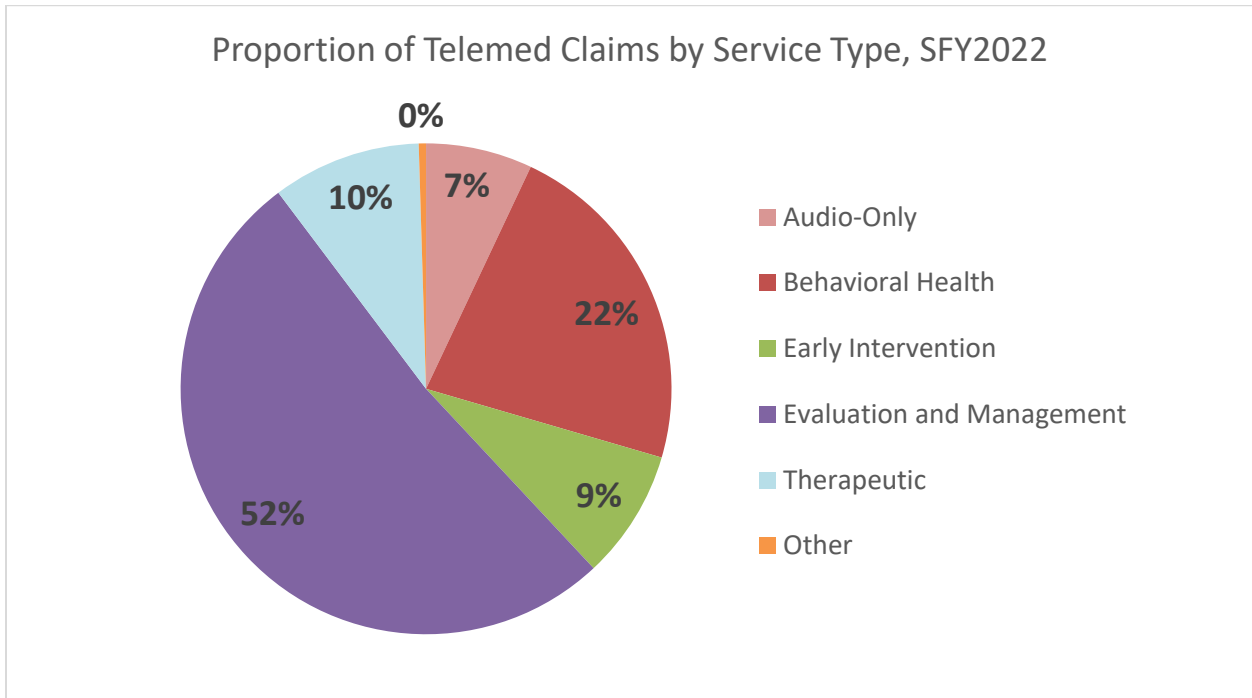
Telehealth utilization within the Medicaid program showed steady increase in the years leading up to the COVID-19 PHE. Utilization grew exponentially during the first 18 months of the COVID-19 PHE, totaling more than 700,000 encounters in SFY 2021. FY2022 shows the leveling of telehealth utilization, thanks in large part to the ability to reconvene in-person care more readily, reducing the urgent need for remote care to the extent it was required during the initial stages of the COVID-19 PHE.



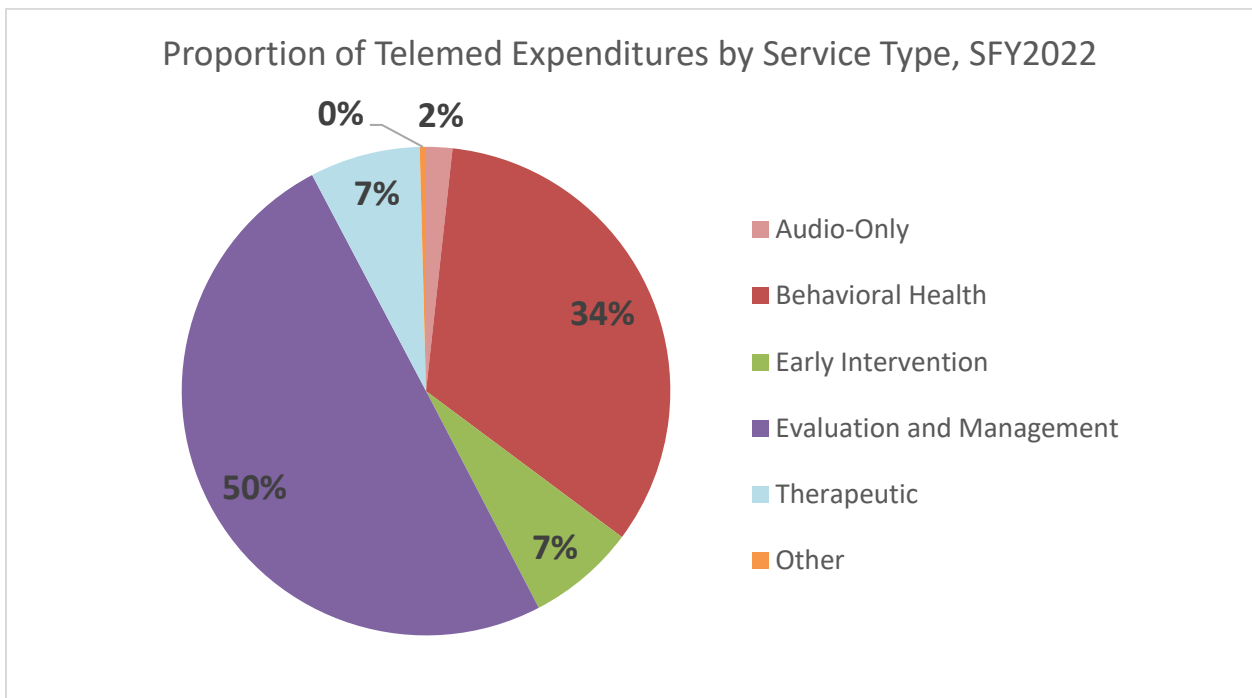
**Figure 1** Telehealth utilization, SFY 2017- SFY 2022 (claims)

\*Projected claims for codes in place prior to PHE flexibilities (shaded blue) based on 37% annual increase seen from FY2017-FY2020

Figure 2 and Figure 3 summarize utilization percentage and proportion of telehealth expenditures by service type in SFY 2022.



**Figure 2** Telehealth utilization by type of service in SFY 2022.

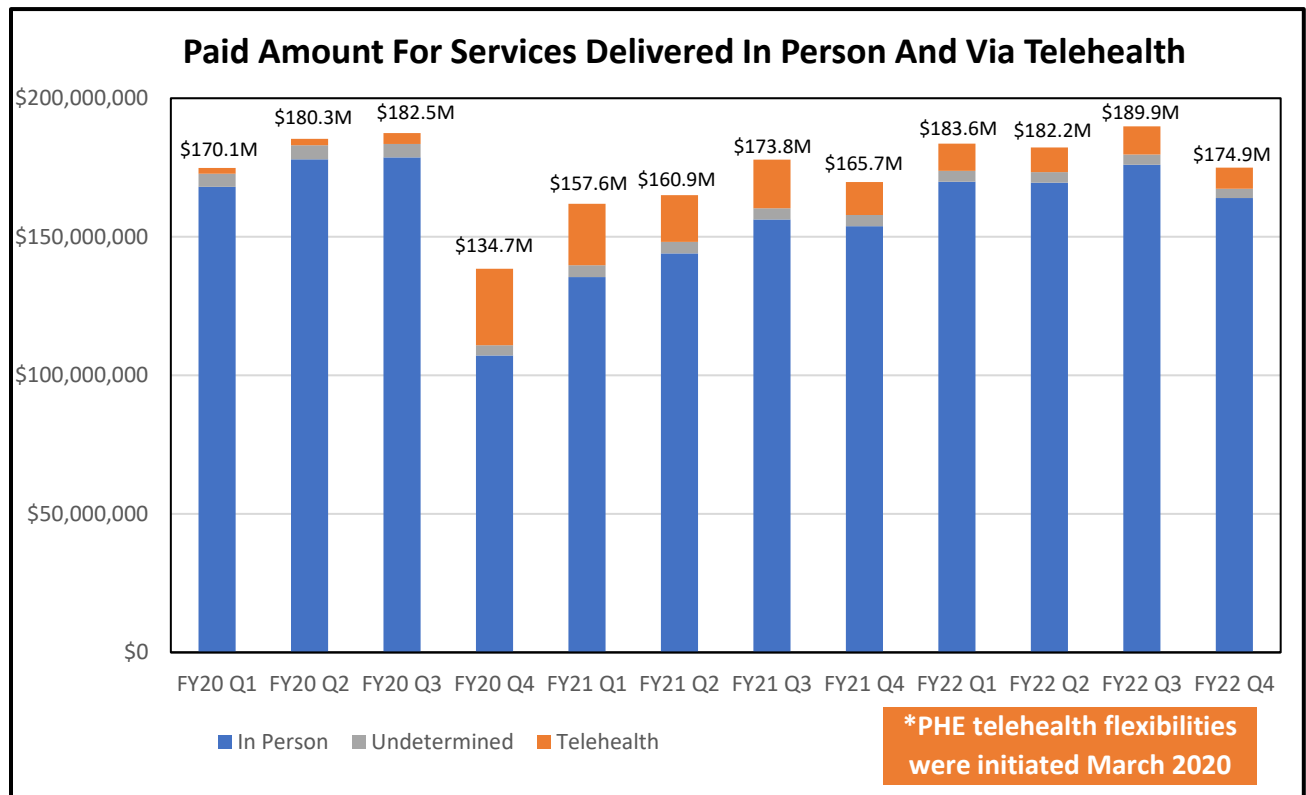


**Figure 3** Telehealth expenditures by type of service in SFY 2022.

#### IV. Cost Analysis

SCDHHS continues to evaluate the potential fiscal impact and value provided by the telehealth services expanded during the COVID-19 PHE. As such, SCDHHS will perform further cost analyses to better determine the budgetary impact brought on by a long-term increase in the number of services available through telehealth. This analysis will help the department continue to predict utilization and ensure SCDHHS is able to make data-driven decisions when developing its annual funding request.

Figure 6 below highlights telehealth costs per quarter compared to services delivered in person. It is important to note that while telehealth costs increased with the onset of the current PHE and subsequent introduction of the telehealth flexibilities outlined throughout this report, overall cost for these services has remained relatively flat after an initial decrease during the beginning of the PHE.



**Figure 6** Comparison of paid amounts by quarter for services rendered in person and via telehealth using telehealth code set in place prior to COVID-19 PHE and codes introduced as PHE flexibilities with the use of a telehealth modifier. Amounts in grey represent services that can be coded with or without presence of a telehealth modifier, so these services were delivered in person and via telehealth.



## V. National Overview

### **Centers for Medicare & Medicaid Services (CMS):**

The 2023 Medicare Physicians Fee Schedule Proposed Rule consists of approximately 280 telehealth services. CMS is considering permanently keeping the temporary additions to the list of approved telehealth services. These temporary services have been divided into three groups:

1. Codes that will become permanent
2. Codes that will be removed when the PHE expires
3. Codes that will remain on the list through Dec. 31, 2023 for further evaluation (“Category III” codes)

The proposed rule includes a number of policy proposals related to telehealth services, including making several services that are temporarily available as telehealth services for the PHE available through CY 2023 on a Category III basis, allowing more time for collection of data that could support eventual inclusion as permanent additions to the Medicare telehealth services list. CMS is proposing to extend the duration of time that services are temporarily included on the telehealth services list during the PHE, but are not included on a Category I, II, or III basis for a period of 151 days following the end of the PHE, in alignment with the Consolidated Appropriations Act, 2022 (CAA, 2022). This extension includes allowing payment for RHCs and FQHCs for furnishing telehealth. Implementing the telehealth provisions in the CAA, 2022 via program instruction or other guidance would help to ensure a smooth transition after the end of the PHE.

CMS also proposes to discontinue reimbursement for audio-only evaluation and management (“E/M”) services, other than mental health care, following the end of the PHE and the 151-day extension period. Prior to the PHE, Medicare telehealth services required the use two-way, audio-video telecommunication technology. In early 2020, CMS instituted waivers that allowed for reimbursement of telehealth services furnished using audio-only technology (e.g., telephone), which over the past three years has become particularly prevalent, especially for beneficiaries that lack access to broad-band service or video technology.

In proposing the discontinuation of audio-only services, CMS highlights that for telehealth services, other than mental health services, two-way, audio-video communications technology is the appropriate standard. CMS further notes that telehealth services are required to be analogous to in-person care to serve as a substitute for a face-to-face encounter. If finalized, the telephonic codes will be removed from the Medicare Telehealth Services List and assigned a bundled status.

CMS proposed adding 54 codes to that Category III list, which contains services that likely have a clinical benefit when furnished via telehealth but lack sufficient evidence to justify permanent coverage.

Additional information related to the CMS Medicare Physician Fee Schedule can be found at [2023 Medicare PFS Proposed Rule Fact Sheet](#).

## VI. SCDHHS Considerations Moving Forward

As the transition out of the current PHE nears, SCDHHS will continue to work with stakeholders, monitor state and national trends, and rely on Medicaid data to develop evidence-based and data-driven coverage policy that will best serve the Medicaid members and taxpayers of South Carolina. Listed below are additional upcoming initiatives related to telehealth services:

### 1. Telehealth Quality Assurance

SCDHHS is committed to ensuring services offered via telehealth retain clinical parity to the in-person service offering. To support this effort, SCDHHS will develop a telehealth monitoring strategy and assign a unique Telehealth Analyst position to capture member experience, analyze trends, and provide recommendations and supporting data related to the flexibilities SCDHHS has elected to continue monitoring.

### 2. Palmetto Connect Digital Literacy Project

SCDHHS is partnering with Palmetto Care Connections (PCC) and the Palmetto Connect project. This initiative is aimed at the development and implementation of a project that will create a path toward permanent home internet access for Medicaid beneficiaries that do not currently have adequate internet access.

PCC and DHHS have identified the Community Choices Waiver group as a possible subset which is comprised of approximately 21,000 community long term care beneficiaries, although other beneficiaries may be identified as well. PCC will provide digital literacy training and a free digital device to a subset of these beneficiaries. PCC will also work to assist these beneficiaries with obtaining broadband subsidies for permanent internet access.

SCDHHS is committed to continually striving for the ideal benefit design for South Carolina's Medicaid population. As such, continued evaluation of services that may achieve the department's access, cost and quality goals will continue to be a priority. In the months to come, SCDHHS will continue to evaluate the telehealth flexibilities currently in place and monitor state and national trends surrounding those flexibilities.

Beyond the flexibilities described in this report, SCDHHS will continue to engage with the provider community and stakeholders to evaluate best practices and work to identify innovative solutions that will improve access to healthcare services while demonstrating clinical evidence that such services can be delivered with the safety and efficacy of in-person delivery.

SCDHHS will continue evaluating the telehealth services covered by other payers and adopt those services that are evidence-based, cost-efficient, and aligned with the needs of the Medicaid population. As was the case in 2022, SCDHHS will continue exploring those additional services and providers that are best able to enhance access to services in the areas of behavioral health, prenatal care, and services that can benefit the children of South Carolina.