

## **Medicaid State Plan Fee-for-Service Payments for Services Delivered Via Telehealth**

This document is intended to assist states in understanding policy options for paying Medicaid providers that use telehealth technology to deliver services. The overview and sample state plan language apply to Medicaid fee-for-service payments and additional considerations may be warranted for states interested in offering telehealth within other delivery systems. CMS encourages states to consider telehealth options as a flexibility in combating the COVID-19 pandemic and increasing access to care.

### **Overview of Fee-for-Service Telehealth**

- ✓ States are encouraged to facilitate clinically appropriate care within the Medicaid program using telehealth technology to deliver services covered under the State plan.
- ✓ States have a great deal of flexibility with respect to covering Medicaid services provided via telehealth.
- ✓ States are not required to submit a State plan amendment (SPA) to pay for telehealth services if payments for services furnished via telehealth are made in the same manner as when the service is furnished in a face-to-face setting.
- ✓ A state would need an approved State plan payment methodology (and thus, might need to submit a SPA) to establish rates or payment methodologies for telehealth services that differ from those applicable for the same services furnished in a face-to-face setting.
- ✓ States may pay a qualified physician or other licensed practitioner at the distant site (the billing provider) and the state's payment methodology may include costs associated with the time and resources spent facilitating care at the originating site. The billing provider may distribute the payment to the distant and originating sites.
- ✓ Medicaid guidelines require all providers to practice within the scope of their State Practice Act. States should follow their state plan regarding payment to qualified Medicaid providers for telehealth services.
- ✓ States may also pay for appropriate ancillary costs, such as technical support, transmission charges, and equipment necessary for the delivery of telehealth services. A state would need an approved State plan payment methodology that specifies the ancillary costs and circumstances when those costs are payable.
- ✓ Ancillary costs associated with the originating site for telehealth may be incorporated into the fee-for-service rates or separately reimbursed as an administrative cost by the state when a Medicaid service is delivered. The ancillary costs must be directly related to a covered Medicaid service provided via telehealth and properly allocated to the Medicaid program.

- ✓ States are encouraged to reach out to their state lead as soon as possible if they are interested in submitting a state plan amendment.

### **Sample State Plan Fee-for-Service Payment Methodologies for Telehealth**

Below are examples of language states have used, and CMS has approved, to describe telehealth payment policies within the Medicaid state plan.

#### Example 1:

For services provided via telehealth, the billing provider will code the service using modifier (x). The provider will receive an add-on fee of \$x, which is effective for services on or after xx/xx/xxxx; all rates are published at [state's website]. Payment is made at the lower of the actual charge or the Medicaid rate on file. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers.

The distant site provider will also be reimbursed in accordance with the standard Medicaid reimbursement methodology for the allowable Medicaid services performed.

#### Example 2:

Qualifying patient sites are reimbursed a facility fee. The fee is set at x% of Medicare and is effective for services on or after xx/xx/xxxx; all rates are published at [state's website]. Payment is made at the lower of the actual charge or the Medicaid rate on file. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers.

Distant site providers are reimbursed in accordance with the standard Medicaid reimbursement methodology.

Further guidance on telehealth/telemedicine may be found on Medicaid.gov:

<https://www.medicaid.gov/medicaid/benefits/telemedicine/index.html>.

On 3/12/20, CMS posted COVID-19 [frequently asked questions](#) on Medicaid.gov. Additional questions may be directly to the mailbox: [MedicaidCOVID19@cms.hhs.gov](mailto:MedicaidCOVID19@cms.hhs.gov).