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Telehealth in limbo: Medicare waivers expire amid government shutdown

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<https://www.chartis.com/insights/telehealth-limbo-medicare-waivers-expire-amid-government-shutdown>

The Buzz This Week

The congressional budget standoff that led to the September 30 government shutdown has focused on the Affordable Care Act (ACA) premium subsidies, but the tax credits are not the only healthcare program that faced an expiration deadline. Medicare's telehealth and hospital at home waiver programs are both caught in the wider net of congressional stalemate on ACA provisions, despite their relatively broad support across the political aisle.

Given the standoff, as of October 1, these two programs both have reverted to pre-pandemic rules, meaning many seniors no longer qualify for telehealth coverage via Medicare. Rural enrollees can still use virtual care but only through specifically approved hospitals or clinics.

Medicare hospital at home patients must either be discharged or transferred to facility-based inpatient care settings to capture reimbursement. The fallout from these recent changes has forced many provider organizations to scramble in altering their care models while they pause these two programs.

Congress previously extended the waivers for both telehealth and hospital at home numerous times with bipartisan support—including short-term extensions through March of this year and again through September 30. These waivers enabled Medicare and encouraged many private insurers to reimburse virtual visits at the same rate as in-person care, regardless of setting and (in some cases) across state lines.

The waivers began in 2020 during the pandemic as a safe and convenient alternative to in-person care. Telehealth remains a highly utilized service, with adoption hovering around 20% of all ambulatory visits and some service lines like primary care and behavioral health seeing utilization rates well above those thresholds. Over the past 2 years, one-quarter of the over 27 million eligible Medicare beneficiaries (nearly 7 million people) received care through telehealth

Among telehealth users, patient satisfaction rates are high, with “over 90% of beneficiaries saying they were very or somewhat satisfied with their telehealth visits with a healthcare provider.”

Why It Matters

Telehealth has become an indispensable component of modern care delivery. For both patients and providers, telehealth offers convenience and increased access to care.

This is especially true for rural residents, people with limited mobility or access to transportation, and people with complex conditions. It’s also particularly beneficial for certain visit types, including lab result reviews, post-surgical follow-ups, medication management, behavioral health, and chronic disease monitoring.

Virtual care can drastically reduce no-show rates, allow earlier identification of emerging health issues, and prevent avoidable emergency department visits and hospitalization. Together, these benefits help lower costs for both patients and the healthcare system.

Telehealth also helps balance capacity amid rising demand. Due to many factors (e.g., workforce shortages, an aging population with longer life expectancy, and an increase in chronic disease prevalence), both hospital occupancy and outpatient visits are on the rise. A recent JAMA article notes mean occupancy shifted from 65% in the 10 years prior to the pandemic (2009-2019) to 75% in 2023 and 2024. It is expected to reach 85% by 2032. These occupancy levels lead to long wait times, increases in adverse events, and likely otherwise preventable deaths.

Virtual care and hospital at home can channel patients to the most appropriate care setting, alleviating the strain on inefficient patient utilization of facility-based acute care and in-person demand, while also supporting continuity of care. Removing this option adds administrative burden and exacerbates burnout among already overextended physicians.

Despite its advantages, telehealth continues to operate without a stable and permanent reimbursement framework. Expiration of the latest extensions has left many physicians and health systems uncertain whether telehealth visits will be reimbursed or whether patients might face canceled appointments and unexpected bills. Likewise, ambiguity on hospital at home’s future Medicare funding leaves many emerging programs in limbo when they are trying to scale and alleviate their mounting acute care capacity challenges.

Some providers have chosen to continue delivering virtual care, hoping to receive retroactive payment if waivers are eventually extended. But many smaller practices lack the financial flexibility to do so. Similarly, some hospital at home programs are seeking to establish reimbursement agreements with commercial payers to bridge the funding gap created by the budgetary standoff in Washington, DC.

Extensions for both telehealth and hospital at home have bipartisan support and are widely expected to be passed into law. The question is less “if” than “when.” But the timing has material consequences for health systems’ ability to act. And the cycle of uncertainty is unsustainable.

Patients and their providers deserve the ability to plan their care without disruption or financial risk. Likewise, health systems need clear, lasting policy to confidently invest in technology, develop long-term virtual care strategies and sustainable care models, appropriately allocate staff and resources, and trust that their work will be fairly compensated.

While waiting for telehealth extensions, hospitals and health systems should focus on immediate financial and operational planning, advocate for telehealth and hospital at home programs, and build out telehealth strategies not dependent on federal approval.

Strategies may include proactively examining staffing and operating models to ensure telehealth and hospital at home programs are deployed as efficiently as possible; reviewing payer contracting and state telehealth parity laws to understand which patients may still have access to virtual care; engaging in lobbying efforts; and prioritizing technology infrastructure, compliance, and security for the future.

A permanent telehealth solution is essential to the stability, equity, and future of healthcare delivery.

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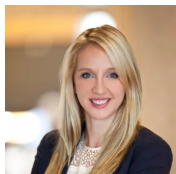
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