



April 2, 2015

Senator Peter Micciche
State Capitol Building
Juneau, AK 99801-1182

Dear Senator Micciche,

Although I am the Chief Medical Officer for Teladoc, everything that we are assisting with in the Alaska State Legislature will benefit all telemedicine programs, not just ours.

First, I want to thank you and your colleagues for spending time understanding how telemedicine can significantly help all Alaskans, along with understanding the regulatory and legislative issues that are challenging the adoption of telemedicine in Alaska. HB281 in the 2014 legislative session was a giant step forward in this regard. However, a few smaller challenges remain. Please allow me to explain.

In the 2014 Alaska legislative session, HB281 passed into law and was effective later that year. One provision required that Alaska resident (living there) physicians were the only licensed physicians able to provide a prescription as part of the telemedicine care process without a prior in person visit between the physician and the patient. Alaska is the only state I am aware of that requires by law that the telemedicine practicing physician be physically in the state in order to perform this service

The telemedicine providers complied with the new law by no longer allowing Alaska licensed, but non-Alaska resident physicians to perform telemedicine consultations for the citizens of Alaska. The businesses in Alaska (Premara Blue Cross, Alaska Airlines, Doyon, others) and state government employees (including legislators!) quickly purchased telemedicine services. However, the ability to hire and retain primary care physicians to service these Alaskans fell far short of what is needed to support the demand in Alaska. The challenge turned out to be purely financial in nature.

Research concluded that:

- In the 49 other states, a "single problem office visit" (99213) pays approximately \$55 to the physician. This includes Hawaii, separated from the mainland by 3000 miles of ocean.
- In Alaska, because of the natural boundary and the law of supply and demand, that same visit pays approximately \$175 to the physicians. For the same care.



The telemedicine providers have a choice:

- Triple the cost of the telemedicine benefit for Alaskans (and Alaskan businesses, Alaska Medicaid, etc.) so that the docs can be paid enough to want to participate, or
- Remove the in-state physician requirement so that Alaska licensed physicians who live in Washington State (for example) can participate in the telemedicine program, thus allowing enough physician supply to support the program and simultaneously reduce medical costs in Alaska. All physicians who provide telemedicine care to the citizens of Alaska would still be required to have an Alaska medical license. The Alaska State Medical Board has been issuing licenses to out of state doctors for many years.

Further, a Harvard Medical School researcher, using the data from a large, 50 state home improvement retailer, calculated the medical cost savings **per consult**, relative to the weighted average cost of the alternatives to be **\$673***. I have attached the actual study to this letter. In other words, for every 10,000 telemedicine consultations that occur in Alaska, the medical cost savings would be over \$6.7 million dollars. And, that does not take into account the increased cost of medical care in Alaska relative to the rest of the US. The \$673 figure is a 50 state average medical cost savings per consult.

*Note in table 1.2 on page 3, the average cost savings is found to be \$1157, using just the emergency room and office visit options for comparison. By adding all other options, including "do nothing," the average savings becomes \$673, still a very large sum and not taking into account the increased cost of care in Alaska relative to the rest of the country.

Hence the goal of removing the "physician must be physically in Alaska to perform telemedicine" provision.

Again, I want to thank you for paying attention to this pivotal issue in Alaska health care. Please contact me or Denny DeWitt at any time should you wish to discuss this matter further.

Sincerely,


Henry DePhillips, MD, FAAFP
Chief Medical Officer