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Upcoming Events

- Patient-Centered Computing and eHealth: State of the Field
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- American Telemedicine Association's Annual International Meeting & Exposition
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- Consumer Centric Healthcare Conference
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- American Medical Informatics Association Spring Congress
May 16-18 | Phoenix

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Commentary**Mixed Signals for Remote Monitoring**

by Jane Sarasohn-Kahn
April 26, 2006



Several current events point to a ripening market for telehealth. However, a new report from Spyglass Consulting warns telehealth optimists to dampen their enthusiasm for remote patient monitoring.

Spyglass - whose customer base includes IBM, Intel, Microsoft and other technology vendors - believes several major barriers persist in holding back adoption of remote patient monitoring, or RPM. Gregg Malkary, managing director of Spyglass, told me that reimbursement, licensure, clinician resistance and lack of demonstrable return on investment are the most formidable market impediments.

Following Medicare's Lead

In Spyglass' latest report, "Healthcare Without Bounds: Trends in Remote Patient Monitoring," Malkary observed that very few third-party commercial payers support RPM. Malkary studied more than 100 health care organizations for the report, finding that reimbursement for RPM exists mostly in rural areas. As for the rest of the U.S. health care system, stakeholders are looking to Medicare as the payer to follow in the arena.

The organizational type most involved in RPM pilots is home health agencies. In metropolitan areas, the agencies are figuring out how to develop a model for a fixed sum per patient per month and demonstrate a reasonable ROI. This is a real opportunity, Malkary says, because it utilizes advanced practitioner nurses who are in communication with physicians in more urban environments.

Why are home health agencies interested in this right now? It's because Medicare has awarded contracts for its Care Management for High-Cost Beneficiaries Demonstration Project and also is involved in other home care pilots to calculate the value of applying technology to home care for Medicare beneficiaries.

High Costs of Equipment

While reimbursement has always been the major impediment to the adoption of "telehomecare," Malkary also points out the expense of current solutions as another obstacle to adoption. He quoted a range of retail prices for systems of \$3,000 to \$5,000 and asked why prices can't look more like home PCs offered by Dell or HP, priced in the hundreds, not thousands, of dollars? "What about the sub-\$500 range, to converge with consumer devices such as cell phones and TVs?" Malkary asked.

Furthermore, given Americans' growing adoption of broadband technology, Malkary also questioned why telecommunication providers don't yet offer monthly monitoring services.

One service that intrigued Malkary was Living Independently, marketed by ADT Tyco under a portfolio called, "Home Health Security." This monthly monitoring service offers a basic, two-way personal response system and outfits the home with sensors and actuators that monitor the resident's daily

activities, including everything from using the toilet to opening the refrigerator.

According to the product's Web site, the activation fee is \$199, and monthly monitoring costs \$79.95. While this cost clearly is not affordable for most seniors, there will be a segment of people who might pay for this service themselves - or could be subsidized by their children who might live sufficiently far away from their aging parents to justify this monthly cost.

For payers looking to manage high-risk, high-cost patients with multiple chronic diseases, this cost appears minor when analyzed against probable emergency department visits for congestive heart failure patients who also have diabetes and high blood pressure, for example.

Broadband Access

Today, about 50% of U.S. households have broadband access, and 75% will have broadband by 2010, according to Technology Futures. Will these homes be candidates for remote monitoring? Malkary points out that high-tech, two-way monitoring isn't currently seen as necessary by the majority of payers, at least in a cost-effective manner given today's technology and health economics.

According to Malkary's analysis of disease management companies in the marketplace, all we need is a simple blood pressure cuff and a weight scale, which is the de facto standard in the industry for large home care trials. Malkary said the disease management vendors universally ask, "Is there enough incremental value to justify" the technology when there are cheaper alternatives available?

Pay for Performance

The big driver for HHA adoption of remote RPM will be pay-for-performance programs in Medicare, which will begin to be implemented by 2007. "A lot of organizations are investing to position themselves for reimbursement," according to Malkary.

The trial of all trials to watch is being conducted by the Department of Veterans Affairs, which is analyzing 6,000 patients using many modalities for RPM. The VA is trying to figure out what works and at what the cost benefit is. The VA's investment of \$21 million has been significant. The program is focusing on congestive heart failure, diabetes, depression, hypertension and chronic obstructive pulmonary disease, and it covers veterans residing in 30 states in order to take into account for state licensure barriers. So far, the patients enrolled in the program have shown a 30% reduction in hospitalizations and ED visits.

UK Findings

In addition to the Spyglass report on RPM, a complementary report from Vodafone published in the UK argues for adoption of mobile phones in health care. The report focuses on the benefits for patients using text messaging, also known as SMS, for self care in managing disease.

One specific paper in the Vodafone report focuses on managing diabetes in a younger population that is accustomed to using SMS in daily life. This trial was particularly successful in demonstrating efficacy and compliance in what is traditionally seen as a difficult-to-manage patient population. Several trials in the UK found that the use of SMS reminders reduced the number of missed physician appointments with doctors by 26% to 39% and missed hospital appointments by 33% to 50%, amounting to annual savings of about \$457 million to \$649 million.

In reviewing the UK's positive experience with text messaging and health care, we should remember that these savings would accrue to the UK's National Health Service. The fragmentation of the U.S. health care system is one of the unspoken - but formidable - barriers that have prevented the universal adoption of telehealth since the inception of the plain old telephone system.

It is precisely the massive scale of the VA that has generated a positive ROI in remote patient monitoring. In the end, though, it might be the niche consumer end-user market - such as baby boomer customers subsidizing their parents' independent living service - that will be the early adopters of remote patient monitoring. After all, as Tim Sanders' titled his book, "Love is the Killer App."

More on the Web:

[Spyglass Consulting](#)

[ADT Living Independently](#)

[Vodafone report](#)

About the author:

Jane Sarasohn-Kahn is a health economist who advises organizations at the nexus of health care and technology. After 20 years of consulting work in the health care industry, Sarasohn-Kahn continues to be passionate about the role that technology can play in improving quality and reducing costs. She leads Think-Health, a health consultancy, and is a long-time affiliate of the Institute for the Future. Sarasohn-Kahn can be contacted at jane@think-health.net.

The views expressed in this column are those of the author and do not represent the views of the California HealthCare Foundation or the Advisory Board Company.



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