

Department of Planning and Budget 2014 Fiscal Impact Statement

1. **Bill Number:** SB 647

House of Origin Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. **Patron:** Black

3. **Committee:** House Health, Welfare and Institutions

4. **Title:** Teledentistry pilot program

5. **Summary:** The bill requires the Department of Medical Assistance Services (DMAS) to create and run a two-year pilot program to provide teledentistry services to school-age children who are eligible for the Virginia Medicaid Smiles for Children program, in school divisions in which at least 50 percent of the elementary students have not been examined by a dentist within the previous year or who have no dental home of record. Participating dentists would provide supervision of dental hygienists and diagnosis through the use of teledentistry. Furthermore, DMAS shall work with stakeholder groups to develop protocols to administer the program and metrics for its evaluation. The bill contains a second enactment clause that sunsets the pilot program on July 1, 2017. Furthermore, the bill also requires that DMAS report on the benefits of the pilot program to the Secretary of Health Human Resources and the Chairmen of the House Appropriations and Senate Finance committees by November 1, 2016. The fourth enactment states that the bill shall not become effective unless an appropriation to implement the bill is included in the general appropriation act passed by the 2014 Session.

6. **Budget Amendment Necessary:** Yes, Items 301 and 304. The Senate budget (SB30) includes \$399,935 GF and \$399,935 NGF in FY 2016 to implement this bill.

7. **Fiscal Impact Estimates:** Preliminary.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2014	\$0	-	-
2015	\$409,935	-	General
2015	\$459,935	-	Nongeneral
2016	\$317,870	-	General
2016	\$317,870	-	Nongeneral
2017	\$317,870	-	General
2017	\$317,870	-	Nongeneral
2018	\$0	-	-
2019	\$0	-	-
2020	\$0	-	-

- 8. Fiscal Implications:** The fiscal impact of this bill assumes that the federal Centers for Medicare and Medicaid Services (CMS) approves the necessary changes to the state plans for Medicaid and the Family Access to Medical Insurance Security (FAMIS) programs, as directed by the bill to seek such approval to allow federal reimbursement for services rendered under the pilot program. If CMS does not grant approval, then the fiscal impact estimate would require all general fund support in order for the Department of Medical Assistance Services (DMAS) to fulfill the requirements of the bill.

The bill requires DMAS to create and run a three-year pilot program to provide teledentistry services to school-age children who are eligible for the Virginia Medicaid Smiles for Children program in school divisions in which at least 50 percent of the elementary students have not been examined by a dentist within the previous year or who have no dental home of record. According to DMAS a pilot program would require at least 3 teledentistry sites. Based on information from a similar program instituted in Arizona each of these sites is estimated to cost \$100,000 for set-up including technology and equipment costs (cameras, laptop, software, chair, & lighting, connectivity, etc) and \$100,000 annually for operational costs of each site. This cost is regardless of whether DMAS sets them up or hires a contractor to set them up. Oversight of the program and three sites would require three full-time positions at a cost (salary and fringe benefits) of \$86,000 per year. Costs for outreach and training (\$75,000 in FY 2015 and \$25,000 each year thereafter), provider certification (\$25,000 the first year) and one-time changes to the Medicaid Management Information System (\$100,000 the first year) are also included in this estimate.

The teledentistry sites would, as a result of increased accessibility, likely result in an increase in dental claims from additional teledentistry exams and follow-up procedures. Assuming a small geographic area for the pilot program, DMAS estimates an increase of 2.5 percent in dental claims from the legislation. This is calculated as an area that encompasses 10 percent of current enrollment and in that area DMAS expects a 25 percent increase in dental claim expenditures. The result is a projected increase in Medicaid costs of \$52,740 (\$26,370 GF) a year.

This fiscal impact statement assumes a start date, for the provision of teledentistry services, of January 1, 2015, and an end date of July 1, 2017, which will allow time to establish the three sites. The first year estimate assumes a half year of costs for the operations of each teledentistry site and a phase in of the three positions (75 percent of full year cost). The increase in Medicaid dental claims costs reflects only half a year of costs in FY 2015. After the pilot ends, it is assumed that without increased access through the teledentistry sites, the impact on dental claims would dissipate, although there would be some billing lag and a continuing impact on claims costs into FY 2017, but such costs are projected to be minimal.

9. Specific Agency or Political Subdivisions Affected: Department of Medical Assistance Services.

10. Technical Amendment Necessary: No.

11. Other Comments: None.