# Department of Planning and Budget
## 2020 Fiscal Impact Statement

1. **Bill Number:** HB1332H1

| | | | | | |
|---|---|---|---|---|---|
| **House of Origin** | ☐ | Introduced | ☐ | Substitute | ☐ Engrossed |
| **Second House** | ☒ | In Committee | ☐ | Substitute | ☐ Enrolled |

2. **Patron:** Kilgore

3. **Committee:** Education and Health

4. **Title:** Telehealth services.

5. **Summary:** Directs the Board of Health to develop and implement, by July 1, 2022, and thereafter maintain as a component of the State Health Plan, a Statewide Telehealth Plan to promote an integrated approach to the introduction and use of telehealth services and telemedicine services, as those terms are defined in the bill. The bill requires the Statewide Telehealth Plan to promote (i) the use of remote patient monitoring services and store-and-forward technologies, including in cases involving patients with chronic illness; (ii) the leveraging of telehealth and telemedicine technologies to streamline general practice and nonemergency triage services; (iii) rapid patient access to emergency medicine providers through telehealth services and telemedicine services; and (iv) such other telehealth services and telemedicine services and technologies as the Board of Health deems appropriate. The bill also requires the Board of Medical Assistance Services to amend the state plan for medical assistance to include a provision for payment of medical assistance for (a) emergency medical services delivered through telehealth services or telemedicine services provided pursuant to the Statewide Telehealth Plan, in the home of the person to whom services are provided, in any public or private primary or secondary school or postsecondary institution of higher education at which the person to whom services are provided is located, and at the location where the patient received prehospital, interhospital, or emergency medical services in conjunction with appropriate emergency medical, medical, or long-term care providers included as originating sites for such telehealth services or telemedicine services and (b) medically necessary health care services provided through remote patient monitoring services for priority populations as determined by the Director of Medical Assistance Services, with the home as an eligible originating site, as permitted by state law.

"Telehealth services" means the use of telecommunications and information technology to provide access to health assessments, diagnosis, intervention, consultation, supervision, and information across distance. "Telehealth services" include the use of such technologies as telephones, facsimile machines, electronic mail systems, store-and-forward technologies, and remote patient monitoring devices that are used to collect and transmit patient data for monitoring and interpretation.

"Telemedicine services" as it pertains to the delivery of health care services, means the use of electronic technology or media, including interactive audio or video, for the purpose of

diagnosing or treating a patient, providing remote patient monitoring services, or consulting with other health care providers regarding a patient's diagnosis or treatment.

6. **Budget Amendment Necessary**: See item #8.

7. **Fiscal Impact Estimates:** Preliminary, see item #8.

**7a. Expenditure Impact:** Virginia Department of Health (Numbers based on a range)

| *Fiscal Year* | *Dollars* | *Positions* | *Fund* |
|---|---|---|---|
| 2021 | $9,472,320 | | General |
| 2022 | $9,472,320 | 2 | General |
| 2023 | $9,472,320 | 2 | General |
| 2024 | $9,472,320 | 2 | General |
| 2025 | $9,472,320 | 2 | General |
| 2026 | $9,472,320 | 2 | General |

**Expenditure Impact:** Department of Medical Assistance Services

| *Fiscal Year* | *Dollars* | *Positions* | *Fund* |
|---|---|---|---|
| 2020 | $ 0 | 0.0 | General |
| 2020 | $ 0 | 0.0 | Non-general |
| 2021 | $ 1,880,807 | 0.0 | General |
| 2021 | $ 3,085,665 | 0.0 | Non-general |
| 2022 | $ 2,574,608 | 0.0 | General |
| 2022 | $ 4,191,822 | 0.0 | Non-general |
| 2023 | $ 2,703,338 | 0.0 | General |
| 2023 | $ 4,401,413 | 0.0 | Non-general |
| 2024 | $ 2,838,505 | 0.0 | General |
| 2024 | $ 4,621,484 | 0.0 | Non-general |
| 2025 | $ 2,980,431 | 0.0 | General |
| 2025 | $ 4,852,558 | 0.0 | Non-general |
| 2026 | $ 3,129,452 | 0.0 | General |
| 2026 | $ 5,095,186 | 0.0 | Non-general |

8. **Fiscal Implications:**

Department of Health

The bill requires the Virginia Department of Health (VDH) to collect data regarding the use of "telehealth services" and "telemedicine services", as defined above, in the delivery of inpatient and outpatient services, treatment of chronic illnesses, remote patient monitoring, and emergency medical services to determine the effect of use of telehealth services and telemedicine services on the medical service system in the Commonwealth including: i) the potential for reducing unnecessary inpatient hospital stays, particularly among patients with chronic illnesses or conditions; ii) the impact of the use of telehealth services and

telemedicine services on patient morbidity, mortality, and quality of life; iii) the potential for reducing unnecessary prehospital and interhospital transfers; and iv) the impact on annual expenditures for health care services for all payers, including expenditures by third-party payers and out-of-pocket expenditures by patients.

In order to collect the necessary data requirements outlined in the bill, VDH would need to integrate these data elements into the Emergency Medical Services (EMS) patient care medical record, the system currently utilized for telehealth services, and subsequent patient medical records. Emergency medical services can be operated by any county, city, or town and can be located within local police departments, fire departments, or contracted to an emergency medical services agency. Since each EMS agency utilizes their own computer and data collection software, VDH would have to work with each EMS provider to integrate these data elements for collection.

§ 32.1-116.1 of the Code of Virginia requires all licensed emergency medical services agencies to provide to VDH the type of medical emergency or nature of the call, the response time, the treatment provided, and other items as prescribed by the Board of Health. VDH receives approximately 3.0 million data records each year based on this requirement. The cost to support the infrastructure of the system and the software necessary to collect this information and maintain a database is over $4.0 million annually. The system necessary to collect the additional telehealth data, as outlined in the bill, would require receiving a much larger data set. This would require more storage and additional infrastructure than the current system can provide.

Based on a similar telehealth services model implemented in Texas, VDH estimates that it would cost approximately $8.0 to $10.0 million each year to modify systems to integrate these data elements, collect the data, and personnel to maintain the database. VDH would require contractors in the first years while the system is developed and the data elements are integrated in current EMS providers. An additional 2 positons would be necessary in the out years to maintain the database.

In order to determine the potential impact to the Commonwealth, the cost to operate the Texas telehealth services model was broken down into a flat rate per-month, per-EMS unit. The estimate showed that $299 per-month, per-EMS unit would be necessary to cover the costs of its program. VDH has estimated that the provisions of the bill would require the department to perform 50 percent to 60 percent of the work compared to the Texas telehealth services model. The telehealth services model in Texas is a more robust program that includes provisions not required in this bill, such as providing the physical equipment for EMS services in ambulances and the operating costs (internet broadband, radio systems integration, linking to medical equipment, medical equipment maintenance, etc.) of providing telehealth services. Because VDH does not charge EMS agencies, VDH would require an estimated $9,472,320 annually in general fund support. This cost is based on an estimate of 4,800 EMS units in the Commonwealth, at a flat rate of $164.45 (55 percent of $299) per-month, per-unit.

Department of Medical Assistance Services

The bill requires the Virginia Department of Health (VDH) to develop a plan that promotes: (i) the use of remote patient monitoring services and store-and-forward technologies, including cases involving patients with chronic illness; (ii) the leveraging of telehealth and telemedicine technologies to streamline general practice and nonemergency triage services; (iii) rapid patient access to emergency medicine providers through telehealth services and telemedicine services; and (iv) such other telehealth services and telemedicine services and technologies as the Board of Health deems appropriate. Further, the bill requires the payment of medical assistance for telehealth or telemedicine services provided pursuant to the Statewide Telehealth Plan developed by VDH. In addition, the Department of Medical Assistance Services (DMAS) must pay for medically necessary health care services provided through remote patient monitoring (RPM) services for priority populations as permitted by law.

It is unknown as to what the VDH plan will include or what priority populations would be identified by DMAS; therefore, a specific fiscal impact cannot be determined. A minimum fiscal impact can be estimated based on DMAS's assessment of priority areas for the expansion of telehealth and RPM services. DMAS expects that telehealth services to high-risk pregnant women and children in need of behavioral telehealth would be added initially.

Additionally, DMAS assumes a similar expansion of RPM services for the treatment of Chronic Obstructive Pulmonary Disease (COPD) and Congestive Heart Failure (CHF). The following estimate assumes that these areas of telehealth and RPM are expanded; however, these amounts should be considered a starting point as other conditions and populations that have not yet been identified may be added without the need for additional legislative authorizations.

For high-risk pregnancy, DMAS assumes 592 new women would be identified as high risk and half of them would have claims for $29.68 per month for four months. Utilization for children is assumed to be 133 children each month also starting a four month program with a cost of $29.68 per month. DMAS found 14,524 enrollees had an inpatient hospital stay in FY 2019 with a primary diagnosis of COPD and 14,537 with CHF. DMAS assumes a take up rate of 15 percent for RPM. The take up rate for the current practice of RPM for diabetes is approximately ten percent. Services are estimated to cost $767.47 the first month for the equipment set up and then $47.27 for the next twelve months of collection and interpretation. The total minimum cost of the new services is expected to be $5.0 million ($1.9 million general fund) in FY 2021 and $6.8 million ($2.6 million general fund) in FY 2022.

9. **Specific Agency or Political Subdivisions Affected:** The Virginia Department of Health, Emergency Medical Services agencies and providers, and the Department of Medical Assistance Services.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.