Department of Planning and Budget
2020 Fiscal Impact Statement

1. **Bill Number:** SB 300

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

2. **Patron:** Stanley

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

4. **Title:** DMAS; remote patient monitoring, rural populations

5. **Summary:** The substitute bill requires the payment of medical assistance for medically necessary and clinically effective remote patient monitoring services for rural and underserved populations, with the home as an eligible telemedicine originating site. The bill requires the Department of Medical Assistance Services (DMAS) to prepare and submit to the Centers for Medicare and Medicaid Services an application for such waiver or waivers as may be necessary to implement the provisions of the bill. The bill also requires the Department to report to the Governor and the General Assembly on the status of such application or applications by October 1, 2020. The provisions of the bill are contingent on funding in a general appropriation act.

6. **Budget Amendment Necessary**: Yes. The provisions of the bill are contingent on funding in a general appropriation act.

7. **Fiscal Impact Estimates:** Preliminary

Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2020	-	-
2021	$757,133 $1,380,478	General Nongeneral
2022	$1,589,979 $2,899,004	General Nongeneral
2023	$1,669,478 $3,043,954	General Nongeneral
2024	$1,752,952 $3,196,152	General Nongeneral
2025	$1,840,600 $3,355,959	General Nongeneral
2026	$1,932,630 $3,523,757	General Nongeneral

8. **Fiscal Implications:** The bill would require DMAS to cover remote patient monitoring (RPM) for rural and underserved populations. The amended bill adds that services must be

medically necessary and clinically effective. However, DMAS reports that this distinction is not expected to alter the fiscal impact of the original bill. Virginia's current state plan covers remote glucose monitoring for some recipients with diabetes, which includes reimbursement for the monitoring equipment, and for collection and interpretation of the transmitted data by practitioners. In FY 2019, 1.4 percent of recipients with diabetes used the service for an average annual cost per recipient of $1,680.

Using the Virginia Department of Social Services definition of Group I localities as the definition of rural and underserved population, DMAS assumes 36 percent of the full benefit population would qualify for these enhanced services. The Agency for Healthcare Research and Quality estimates that 30 percent of Medicaid enrollees have at least one chronic condition. Based on this data, DMAS assumes 30 percent of the above defined rural and underserved population would be newly eligible for remote monitoring and 1.5 percent of those would use the new services at an average annual cost of $1,680 per individual.

Because the services would not be available to all members, DMAS would need to obtain a waiver from the Center for Medicare and Medicaid (CMS). Adjusting for this approval process and for typical ramp up of new services, DMAS assumes half the utilization and expenditures in FY 2021. DMAS estimates this bill would cost $2.1 million from all funds ($0.8 million general fund) in FY 2021 and $4.5 million from all funds ($1.6 million general fund) in FY 2022.

To the extent that the proposal would result in additional claims from providers that would meet an unmet demand for telemedicine services, the bill could increase physician costs in the Medicaid program. However, if these additional telemedicine services lead to decreases in more expensive alternative face-to-face visits currently being provided, the bill could reduce costs. Therefore, DMAS does not expect additional net fiscal impacts in either fee-for-service or managed care costs for physician services.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None