

Department of Planning and Budget

2021 Fiscal Impact Statement

1. **Bill Number:** HB 1987

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

2. **Patron:** Adams

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

4. **Title:** Telemedicine; coverage of telehealth services by an insurer.

5. **Summary:** The proposed legislation clarifies that nothing shall preclude coverage of telehealth services by an insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical, or major medical coverage on an expense-incurred basis; a corporation providing individual or group accident and sickness subscription contracts; or a health maintenance organization providing a health care plan for health care services. The bill requires the Board of Medical Assistance Services to amend the state plan for medical assistance to provide for payment of medical assistance for remote patient monitoring services provided via telemedicine for certain high-risk patients, and provides for the establishment of a practitioner-patient relationship via telemedicine for the prescribing of Schedule II through VI controlled substances.

6. **Budget Amendment Necessary:** Yes, Items 312, 313 and 316.

7. **Fiscal Impact Estimates:** Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	-	-	-
2022	\$2,682,089	-	General Fund
2022	\$4,186,201	-	Nongeneral Funds
2023	\$3,042,951	-	General Fund
2023	\$4,749,436	-	Nongeneral Funds
2024	\$3,164,670	-	General Fund
2024	\$4,939,413	-	Nongeneral Funds
2025	\$3,291,256	-	General Fund
2025	\$5,136,990	-	Nongeneral Funds
2026	\$3,422,907	-	General Fund
2026	\$5,342,469	-	Nongeneral Funds
2027	\$3,559,823	-	General Fund
2027	\$5,556,168	-	Nongeneral Funds

- 8. Fiscal Implications:** The bill requires DMAS to cover all remote patient monitoring (RPM) services for: 1) high-risk pregnant persons, 2) medically complex infants and children, 3) transplant patients, 4) patients who have undergone surgery, and 5) patients with a chronic health condition who have had two or more hospitalizations or emergency department visits related to their condition.

Expanding the use of RPM is expected to increase costs in the Medicaid program as DMAS will be required to offer these services to new populations that are not currently covered. Under the current Medicaid state plan, DMAS only covers RPM services for remote glucose monitoring for beneficiaries with diabetes. This includes reimbursement for the monitoring equipment and to practitioners for collection and interpretation of the transmitted data. The average per recipient cost of these services was \$1,958 per year in FY 2020 and two percent of members with diabetes used the service.

DMAS administered programs currently have a population of full benefit members at approximately 1.4 million members. Further, DMAS reports that 13 percent of Medicaid members had inpatient hospital stays in FY 2020 and of those 20 percent have multiple inpatient stays. DMAS assumes of the 13 percent of members with inpatient hospital claims, two percent would use the new RPM services at an average cost of \$1,958 per member annually. DMAS estimates 76 percent of the utilization will be in base Medicaid, 21 percent in Medicaid Expansion and three percent in CHIP. Based on the historical RPM costs, DMAS assumes that these services would experience a four percent growth in the utilization annually. Using these assumptions, DMAS estimates that the cost of covering RPM as provided for in the legislation would be \$6,868,290 (\$2,682,089 general fund and \$161,904 coverage assessment funds) in fiscal year 2022 and \$7,792,387 (\$3,042,951 general fund and \$183,687 coverage assessment funds) in FY 2023. Note: The assumptions used in this estimate do not account for the potential use of multiple RPM services by a single Medicaid member. To the extent a single member uses multiple RPM services, each billed separately, then costs would increase.

This statement does not reflect the direct impact of this legislation on the overall Medicaid program as DMAS does not have the data necessary to develop such costs estimates. While the expansion of RPM is expected to improve health care outcomes, additional information would be needed to make any such assumptions with regard to program costs. The interaction of numerous variables and costs drivers would ultimately influence this bill's impact on the Medicaid program. For example, the use of RPM for the selected conditions would likely lead to lower acute care utilization and may lower future costs. However, there may also be some increased emergency department visits tied to the program's improved ability to pick up on health issues that an unmonitored patient may miss. Again, since DMAS has no way to estimate the overall Medicaid impact is considered indeterminate.

The bill also instructs DMAS to authorize the establishment of a practitioner-patient relationships via telemedicine for the prescribing of Schedule II through VI controlled substances. DMAS assumes prescriptions would continue to be appropriately written and as such expects no new costs associated with this provision.

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

- 10. Technical Amendment Necessary:** No

- 11. Other Comments:** None