

Department of Planning and Budget 2021 Fiscal Impact Statement

1. Bill Number: SB 1338

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

2. Patron: Barker

3. Committee: Education and Health

4. Title: Telemedicine services; remote patient monitoring services

5. Summary: The proposed legislation requires the Department of Medical Assistance Services (DMAS) to amend the state plan to include a provision for payment of medical assistance for remote patient monitoring services provided via telemedicine, as defined in § 38.2-3418.16, for: (i) high-risk pregnant persons; (ii) medically complex infants and children; (iii) transplant patients; (iv) patients who have undergone surgery, for up to three months following the date of such surgery; (v) patients with a chronic health condition who have had two or more hospitalizations or emergency department visits related to such chronic health condition in the previous 12 months; and (vi) patients at risk for hospitalization.

Defines "remote patient monitoring" to mean the use of digital technologies to collect medical and other forms of health data from patients in one location and electronic transmission of that information securely to health providers in a different location for analysis, interpretation, recommendation, and management of a patient with a chronic or acute health illness or condition. These services include monitoring of clinical patient data such as weight, blood pressure, pulse, pulse oximetry, blood glucose, and other patient physiological data; treatment adherence monitoring; and interactive video conferencing with or without digital image upload.

Requires the Department of Medical Assistance Services to adopt regulations for reimbursement for telemedicine services delivered through audio-only telephone, which shall include regulations for: (i) services that may be delivered via audio-only telephone, (ii) reimbursement rates for services delivered via audio-only telephone, and (iii) other such regulations that the Department of Medical Assistance Services may deem necessary.

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	\$5,926,181	-	General Fund
2022	\$10,652,450	-	Nongeneral Funds
2023	\$6,723,522	-	General Fund

2023	\$12,085,689	-	Nongeneral Funds
2024	\$6,992,463	-	General Fund
2024	\$12,569,116	-	Nongeneral Funds
2025	\$7,272,161	-	General Fund
2025	\$13,071,881	-	Nongeneral Funds
2026	\$7,563,048	-	General Fund
2026	\$13,594,756	-	Nongeneral Funds
2027	\$7,865,570	-	General Fund
2027	\$14,138,547	-	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, 5) patients with a chronic health condition who have had two or more hospitalizations or emergency department visits related to their condition, and 6) patients at-risk for hospitalization.

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 1.4 million beneficiaries with full benefits. Further, the Agency for Healthcare Research and Quality estimates that 30 percent of Medicaid members have at least one chronic condition. DMAS assumes that two percent of that population with chronic conditions would utilize the expanded RPM benefits similar to the current utilization of RPM for those with diabetes. These services would have an average cost of \$1,958 per member annually.

DMAS estimates 70 percent of the utilization will be in base Medicaid, 28 percent in Medicaid Expansion and two 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 \$16,578,631 (\$5,926,181 general fund and \$479,887 coverage assessment funds) in FY 2022 and \$18,809,211 (\$6,723,522 general fund and \$544,454 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.

Allowing DMAS to reimburse for medical and behavioral health services delivered via an audio-only telephonic modality is not expected to increase costs.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None