Department of Planning and Budget
2020 Special Session I - Fiscal Impact Statement

1. **Bill Number:** HB 5046

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Adams

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

4. **Title:** Telemedicine services; originating site

5. **Summary:** The proposed legislation requires the Department of Medical Assistance Services (DMAS) to reimburse for telehealth services regardless of the originating site or whether the patient is physically accompanied by a health care provider at the time the service is provided. The bill also modifies the definition of "telemedicine services" to include all telephonic services.

6. **Budget Amendment Necessary**: Yes.

7. **Fiscal Impact Estimates:**

Fiscal Year	*Dollars*	*Fund*
2021	-	-
2022	$2,180,915	General
2022	$2,331,915	Nongeneral
2023	$2,180,915	General
2023	$2,331,915	Nongeneral
2024	$2,180,915	General
2024	$2,331,915	Nongeneral
2025	$2,180,915	General
2025	$2,331,915	Nongeneral
2026	$2,180,915	General
2026	$2,331,915	Nongeneral

8. **Fiscal Implications:** Due to the COVID-19 public health emergency, the Department of Medical Assistance Services (DMAS) has implemented a number of federally approved program flexibilities in Medicaid. These changes include permitting the use of audio-only interactions for certain services and allowing for the reimbursement of telemedicine services regardless of the originating site. Currently, the flexibilities are set to expire with the end of the public health emergency.

   Based on the agency's limited experience, DMAS does not expect that this bill's provisions with regard to originating site, proprietary technology, or the prescribing of controlled substances to have any significant fiscal impact and that these telemedicine requirements ultimately would be budget neutral.

   The bill also removes the "audio-only telephone" exclusion from the definition of telemedicine. By doing so, health plans would be required to permanently offer all services through an audio-only modality and that audio-only services be reimbursed at parity with other services rendered via telemedicine.

Again, DMAS has recently permitted some use of some audio-only services in response to the COVID-19 public health emergency. Based on this limited experience, the department has seen an increase in utilization for some services, particularly substance use disorder (SUD) services. As the bill is written, the agency expects greater use of audio-only services since such services are less costly for providers and reimbursed at the same rate.

The cost of providing some audio-only services is reflected in the current appropriation for FY 2021 (Chapter 1289). Further, the impact of allowing audio-only services on utilization is not expected to be substantial at first. Therefore, the audio-only requirement of this bill is not expected to contribute significant additional costs in FY 2021; however, the agency expects the demand for audio-only services to increase such that additional costs would be incurred beginning with FY 2022.

Using FY 2019 claims, DMAS estimates that approximately $451 million in behavioral health services claims were paid. DMAS assumes that if audio-only services were opened broadly, that utilization of behavioral health, specifically SUD services would increase. As SUD services are a growing proportion of behavioral health services, the agency assumes that utilization of SUD services would increase by an amount equivalent to one percent of total current behavioral health expenditures. Based on these assumptions, DMAS estimates that this bill would increase program costs by $4,512,830 ($2,180,915 general fund) beginning in FY 2022.

The Department of Human Resource Management does not expect this bill to have a significant fiscal impact on the state employee health insurance plan. Further, the department expects that any additional costs could be absorbed by the Health Insurance Fund and would not require changes to the premiums or funding provided for the employer share of state health insurance premiums in House Bill 5005/Senate Bill 5015.

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

10. Technical Amendment Necessary: No

11. Other Comments: None