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:** Appropriations

4. **Title:** Telemedicine services; remote patient monitoring services

5. **Summary:** The substitute bill 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; and (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.

   The bill 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.

   The bill requires DMAS 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 agency may deem necessary.

   The bill, as amended, includes an enactment clause delaying its provisions until July 1, 2022. In addition, the Department of Medical Assistance Services (DMAS) is required to determine and report the bill's costs by December 1, 2021.

6. **Budget Amendment Necessary**: No. The bill's enactment clause delays costs until FY 2023. As such, no funding is necessary in the current biennium. If enacted, the costs associated with this bill would be incorporated into the 2021 Official Medicaid Forecast.

7. **Fiscal Impact Estimates:** Preliminary

Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2021	-	-	-
2022	-	-	-
2023	$2,789,372	-	General Fund
2023	$4,353,650	-	Nongeneral Funds
2024	$3,164,670	-	General Fund
2024	$4,939,414	-	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:** Beginning July 1, 2022, the proposed legislation 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 $7,143,022 ($2,789,372 general fund and $$168,380 coverage assessment funds) in fiscal year 2023 and $8,104,083 ($3,164,670 general fund and $191,035 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.

DMAS is required to determine the cost of the bill's provisions and report on any cost or cost neutrality by December 1, 2021. DMAS indicates that this assessment can be handled by the current actuary within existing resources.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None