Department of Planning and Budget
2022 Fiscal Impact Statement

1. **Bill Number:** SB 426

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

2. **Patron:** Dunnavant

3. **Committee:** Passed Both Houses

4. **Title:** Medical assistance services; state plan, remote patient monitoring

5. **Summary:** The enrolled bill directs the Board of Medical Assistance Services to amend the state plan for medical assistance services to provide for the payment of medical assistance for remote patient monitoring services provided via telemedicine for patients who have experienced a chronic or acute health condition when there is evidence that the use of remote patient monitoring is likely to prevent readmission of such patient to a hospital or emergency department. In addition, the legislation requires the payment of medical assistance for provider-to-provider consultations that is no more restrictive than, and is at least equal in amount, duration, and scope to, that available through the fee-for-service program.

6. **Budget Amendment Necessary**: Yes

7. **Fiscal Impact Estimates:** Final (See Item 8)

Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2023	$733,009 $820,357	General Nongeneral
2024	$1,309,667 $1,470,587	General Nongeneral
2025	$1,713,660 $1,924,220	General Nongeneral
2026	$2,047,312 $2,298,868	General Nongeneral
2027	$2,348,506 $2,637,069	General Nongeneral
2028	$2,640,693 $2,965,158	General Nongeneral
2029	$2,932,880 $3,293,247	General Nongeneral

8. **Fiscal Implications:** The bill requires the Department of Medical Assistance Services (DMAS) to cover remote patient monitoring (RPM) services, including patient-initiated asynchronous consultations, and provider-to-provider consultations, for patients who have

experienced a chronic or acute health condition who have had two or more hospitalizations or emergency department visits related to such health condition in the previous 12 months when there is evidence that the use of remote patient monitoring is likely to prevent readmission of such patient to a hospital or emergency department.

DMAS has long covered RPM for some members with diabetes. The average per recipient cost of these services was $2,174 per year in FY 2021 and 3.1 percent of members with diabetes used the service. In fiscal year 2022, DMAS added coverage of RPM for medically complex patients under 21 years of age, transplant patients, some post-surgical patients, patients with a chronic health condition and who have had two or more hospitalizations and high-risk pregnancy patients.

DMAS found that 68,000 members had inpatient stays in fiscal year 2021 who were not in one of the groups with conditions already currently eligible for RPM. DMAS assumes that two percent of members with inpatient admissions will eventually use RPM as provided for in the bill. The cost of RPM per year has grown 11 percent per year from fiscal year 2020 to fiscal year 2021 and DMAS assumes continued 10 percent annual growth. Take up of RPM is expected to be slow. Utilization of RPM for those with diabetes has grown from 1.3 percent in FY 2019 to 2.1 percent in FY 2020 and to 3.1 percent in FY 2021. Take up rate for this new population is expected to reach 1.2 percent by the end of fiscal year 2023 and 1.6 percent by the end of fiscal year 2024. The additional remote patient monitoring is expected to cost $1.6 million total funds ($0.7 million general fund) in fiscal year 2023 and $2.8 million ($1.3 million general fund) in fiscal year 2024.

To the extent that the proposal would result in additional claims from providers associated with unmet demand or additional events, this bill could increase medical assistance costs. However, if the telemedicine services added in this bill lead to decreases in more expensive alternative face-to-face visits currently being provided, then the bill could reduce future costs. There is insufficient data to account for these potential costs or savings, as such DMAS does not assume any additional net fiscal impacts in either fee-for-service or managed care costs.

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

10. **Technical Amendment Necessary:** No

11. **Other Comments:** None