

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0497-02
Bill No.: SCS for SB 230
Subject: Health Care; Medicaid; Social Services Department; Health Department; Mental Health Department
Type: Original
Date: March 17, 2015

Bill Summary: This proposal specifies eligible health care providers and originating sites for the provision of telehealth services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue			

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state sections 208.675 and 208.677 lists eligible health care providers and originating sites for telehealth services. 13 CSR 70-3.190 describes MO HealthNet's (MHN) telehealth services and does not include schools, MHN participant's home, and clinical designated area pharmacy as an originating site.

MHD assumes School-based telehealth services would likely increase the utilization of Behavioral Health counseling services. Behavioral Health counseling is currently considered the only allowable service through telehealth that can be billed by schools. MHD reimburses schools for the federal share of costs incurred; schools pay for the state share of these costs. It is assumed that MHD will only have the ability to reimburse schools for behavioral health services in the same manner which it currently does; this would only represent a cost to federal funds.

The current FY 2014 spend for Behavioral Health counseling when state share is added back in is \$477,000 with 12,639 annual visits. Assuming a 5% increase in number of visits to the school-based originating site, this would add \$10,004 in originating fees in FY 2016 (632 visits x \$15.83 federal portion). There is also a resulting savings to Non-Emergency Medical Transportation (NEMT) costs for providing this service in schools. Due to NEMT capitation rate methodologies, there is a two year lag to incorporate the lower NEMT utilization into the capitation rates.

Initially, MHD would see increased costs in State Fiscal Year (SFY) 2016 and SFY 2017; an NEMT savings would begin to occur in SFY 2018 and be fully implemented into the capitation rates by SFY 2019 for a savings (\$6,132 General Revenue).

MHD assumes that the requirements for adding a clinical designated area in a pharmacy for telehealth services would be cost prohibitive to the pharmacy and will not have a fiscal impact on MHD.

13 CSR 70-3.190 Telehealth Services requires the telehealth service to be performed on a "private, dedicated telecommunications line approved through the Missouri Telehealth Network (MTN). The telecommunications line must be secure and utilize a method of encryption adequate to protect the confidentiality and integrity of the Telehealth service information. The Missouri Telehealth Network must also approve the equipment that will be used in Telehealth service." It further states that both a distant and originating site shall use authentication and identification to ensure confidentiality. In addition, the CSR specifies that the originating site (patient location) must ensure immediate availability of clinical staff during a Telehealth encounter in the event a participant requires assistance.

ASSUMPTION (continued)

Based on these requirements, MHD assumes in-home telehealth would be cost prohibitive to MHD participants and there would be no fiscal impact.

For fiscal note purposes, **Oversight** will not show the minimal savings to the General Revenue Fund that begin in FY 2019 (\$6,132). In addition, Oversight will not present the minimal Federal Funds savings that begin in FY 2016 (8,337). These minimal savings will be offset by a corresponding reduction in reimbursements and the net effect will be \$0.

Officials from the **Division of Legal Services (DLS)** state this proposal defines who is an eligible health care provider for providing telehealth services and what an originating site is. These terms are already defined in 13 CSR 70-3.190. Because this proposal expands the definitions beyond those found in regulations, the regulation will have to be revised. It is expected that these revisions can be done with no additional changes in staff.

Officials at the **Department of Health and Senior Services, Department of Mental Health, Kansas City Public School District** and the **University of Missouri** each assume this proposal would not have a fiscal impact on their respective organizations.

Officials from the following **schools**: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I School District, Cole R-I School District, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Francis Howell Public Schools, Fulton Public Schools, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirbyville R-VI School District, Kirksville Public Schools, Lee Summit Public Schools, Macon School District, Malta Bend School District, Mexico Public Schools, Monroe City R-I School District, Nixa Public Schools, Parkway Public Schools, Pattonville School District, Raymore-Peculiar R-III School District, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special School District of St. Louis County, Spickard R-II School District, Springfield Public Schools, St. Joseph School District, St. Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District, Waynesville Public School District, Allen Village School, Carondelet Leadership Academy Education and KIPP Endeavor Academy in Kansas City did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

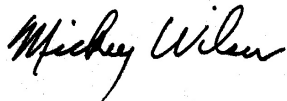
FISCAL DESCRIPTION

The proposal appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Health and Senior Services
Department of Mental Health
Department of Social Services -
 MO HealthNet Division
 Division of Legal Services
Kansas City Public Schools
University of Missouri



Mickey Wilson, CPA
Director
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Ross Strobe
Assistant Director
March 17, 2015