

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0497-02
Bill No.: Perfected SCS for SB 230
Subject: Health Care; Medicaid; Social Services Department; Health Department; Mental Health Department
Type: Original
Date: April 1, 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	Fully Implemented (FY 2019)
General Revenue	(\$292,744)	(\$180,443)	(\$183,109)	(\$147,102)
Total Estimated Net Effect on General Revenue	(\$292,744)	(\$180,443)	(\$183,109)	(\$147,102)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Various Other State Funds	(\$42,791)	(\$47,632)	(\$48,154)	(\$48,684)
Total Estimated Net Effect on Other State Funds	(\$42,791)	(\$47,632)	(\$48,154)	(\$48,684)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 12 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Federal*	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

* Income and expenses exceed \$250,000 annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
General Revenue	1.2	1.2	1.2	1.2
Various Other State Funds	0.6	0.6	0.6	0.6
Federal	1.2	1.2	1.2	1.2
Total Estimated Net Effect on FTE	3	3	3	3

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	Fully Implemented (FY 2019)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state Section 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 (MHD) telehealth services and does not include School, MHD participant's home, and clinical designated area pharmacy as an originating site. After further research, 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. The current FY2014 spend for Behavioral Health counseling is \$477,000 for 12,639 annual visits. Assuming a 5% increase in number of visits to the school based originating site, this would add \$5,846 in originating fees in FY 2016 (632 visits x \$9.25 federal portion of originating site fees per visit as schools pay the state share). There is also a savings to 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 in to the rates. Initially, MHD would see increased costs in FY 2016 and FY 2017 and NEMT savings would begin to occur in FY 2018 and be fully implemented into the rates by FY 2019.

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 Code of State Regulations (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.

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

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.

ASSUMPTION (continued)

Senate Amendment #1 - Community Mental Health Centers

Officials from the **Department of Mental Health (DMH)** state Senate Amendment #1 adds Community Mental Health Centers as providers of new delivery methods for a service that is already provided and billed by Community Mental Health Clinics; therefore, the DMH does not anticipate a fiscal impact.

Senate Amendment #2 - Statewide Home Telemonitoring Sservices (§208.686)

In response to similar legislation from the current session (HCS HB 319), **MHD** stated section 208.686 provides that subsection to appropriations, the department shall establish a statewide program that permits reimbursement under the MHD program for home telemonitoring services if it would be cost effective and feasible.

MHD is currently running reports to see if telemonitoring is cost effective. Assuming that it is cost effective, there will be no impact to MHD. This bill would make telemonitoring a state plan service which would require a State Plan Amendment (SPA).

MHD estimates it will need 1 FTE at the Social Services Manager B2 position for evaluation of the cost effectiveness of the service.

Senate Amendment #3 - Asynchronous Store-and-Forward Services and Telehealth Services Advisory Committee (§§208.670, 208.671 and 208.673)

In response to similar legislation from the current session (HCS HB 319), MHD stated section 208.670.4 adds the use of asynchronous store-and-forward technology to the practice of telehealth.

In 2014 there were 16,478 telehealth visits. MHD estimates that 20% of the telehealth visits will be the amount of new asynchronous store-and-forward visits resulting in 3,296 (16,478 * 20%) visits. MHD estimates that the costs to transmit the data from the patient site to the distant site will be \$21.90 per transmission for a total cost of \$72,183 (3,296 visits X \$21.90). MHD estimates that 2,472 (3,296 X 75%) store-and-forward visits will require additional care. MHD estimates that it will cost \$63 for each additional care visit for a total cost of \$155,736 (2,472 X \$63).

The total cost for asynchronous store-and-forward in Fiscal Year (FY) 2016 is \$227,919 (\$72,183 + \$155,736). Since there will be only 10 months in FY 2016, the cost will be \$189,933 (\$227,919 X 10/12). A 1.9% inflation factor was used to calculate FY 2017 and beyond.

ASSUMPTION (continued)

With patients utilizing store-and-forward, there would be a non-emergency medical transportation (NEMT) savings of \$25 per visit for a total savings of \$82,400 (\$25 X 3,296 visits). MHD doesn't expect to see these savings until FY 2018 due to rate development methodologies in NEMT capitation payments (there is a two year lag to incorporate the lower NEMT utilization into the rates). The \$82,400 was trended using a 1.9% inflation factor to get to the savings for FY 18. MHD assumes it will see 75% of the FY 2018 savings due to FY 2016 costs only being for 10 months.

A State Plan Amendment (SPA) would be required for the asynchronous store-and-forward services.

For Section 208.671 there would be a Medicaid Management Information System (MMIS) cost to update the system. MHD estimates that it will cost \$200,000 in system work and \$75,000 in staff time to do the work for a total of \$275,000.

MHD estimates it will need 1.25 additional FTEs at the Management Analysis Specialist II position for system work, integration, evaluation, and to establish guidelines.

Oversight assumes the MHD would not hire 0.25 FTE Management Analysis Specialist II and would assign the duties to existing staff.

Section 208.673 establishes the "Telehealth Services Advisory Committee." MHD estimates it will need 1 additional FTE at the Program Development Specialist level to coordinate the new advisory committee, coordinate between state departments, oversee the program, plan agendas, attend meetings, take minutes, oversee filling vacancies, etc.

The total costs for this proposal, as amended, are:

FY 2016 (10 months): Total \$699,206 (GR \$298,923; Other \$45,880; Federal \$354,403);
FY 2017: Total \$488,336 (GR \$185,234; Other \$50,026; Federal \$253,076); and
FY 2019: Total \$395,977 (GR \$151,411; Other \$50,839; Federal \$193,727) fully implemented.

Oversight will calculate FY 2018 costs and present them in the fiscal note table.

Proposal as a whole:

Officials from the **Joint Committee on Administrative Rules (JCAR)** and the **Missouri Senate** each assume the proposal would not fiscally impact their respective agencies.

In response to the previous version of this proposal, officials at the **Department of Health and Senior Services**, the **Kansas City Public School District** and the **University of Missouri** each assumed this proposal would not have a fiscal impact on their respective organizations.

ASSUMPTION (continued)

In response to similar legislation from the current session (HCS HB 319), officials from the **Office of the Governor (GOV)** stated the proposal should result no added cost to the GOV. However, if additional duties are placed on the office related to appointments in other Truly Agreed To and Finally Passed (TAFP) legislation, there may be the need for additional staff resources in future years.

In response to similar legislation from the current session (HCS HB 319), officials from the **Department of Elementary and Secondary Education**, the **Department of Health and Senior Services** and the **Kansas City Public School District** each assumed the proposal would not fiscally impact their respective agencies.

In response to similar legislation from the current session (HCS HB 319), officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to an earlier version of this proposal, officials from **Lee's Summit R-7 School District** assumed the proposal would have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
GENERAL REVENUE FUND (§§208.670 - 208.677)				
<u>Savings - DSS-MHD</u>				
Reduced NEMT costs	\$0	\$0	\$0	\$38,717
<u>Costs - DSS-MHD</u>				
MMIS system costs (§208.671)	(\$137,500)	\$0	\$0	\$0
Program distributions for asynchronous telehealth services (§208.670.4)	<u>(\$69,660)</u>	<u>(\$85,181)</u>	<u>(\$86,800)</u>	<u>(\$88,450)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$207,160)</u>	<u>(\$85,181)</u>	<u>(\$86,800)</u>	<u>(\$88,450)</u>
<u>Costs - DSS-MHD</u>				
Personal service	(\$48,273)	(\$58,507)	(\$59,092)	(\$59,683)
Fringe benefits	(\$25,104)	(\$30,427)	(\$30,731)	(\$31,038)
Equipment and expense	<u>(\$12,207)</u>	<u>(\$6,328)</u>	<u>(\$6,486)</u>	<u>(\$6,648)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$85,584)</u>	<u>(\$95,262)</u>	<u>(\$96,309)</u>	<u>(\$97,369)</u>
FTE Change - DSS-MHD	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$292,744)</u>	<u>(\$180,443)</u>	<u>(\$183,109)</u>	<u>(\$147,102)</u>
Estimated Net FTE Change on the General Revenue Fund	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE

<u>FISCAL IMPACT - State</u> <u>Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
OTHER STATE FUNDS (various) (§§208.670 - 208.677)				
<u>Costs - DSS-MHD</u>				
Personal service	(\$24,137)	(\$29,254)	(\$29,546)	(\$29,841)
Fringe benefits	(\$12,552)	(\$15,214)	(\$15,365)	(\$15,519)
Equipment and expense	<u>(\$6,102)</u>	<u>(\$3,164)</u>	<u>(\$3,243)</u>	<u>(\$3,324)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$42,791)</u>	<u>(\$47,632)</u>	<u>(\$48,154)</u>	<u>(\$48,684)</u>
FTE Change - DSS-MHD	0.6 FTE	0.6 FTE	0.6 FTE	0.6 FTE
ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)	<u>(\$42,791)</u>	<u>(\$47,632)</u>	<u>(\$48,154)</u>	<u>(\$48,684)</u>
Estimated Net FTE Change on Other State Funds (various)	0.6 FTE	0.6 FTE	0.6 FTE	0.6 FTE
FEDERAL FUNDS (§§208.670 - 208.677)				
<u>Income - DSS-MHD</u>				
Increase in program reimbursements	\$345,294	\$248,285	\$252,423	\$256,648
<u>Savings - DSS-MHD</u>				
Reduced NEMT costs	\$0	\$0	\$0	\$66,844

<u>FISCAL IMPACT - State</u>				
<u>Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
FEDERAL FUNDS				
(continued)				
<u>Costs - DSS-MHD</u>				
MMIS system costs (\$208.671)	(\$137,500)	\$0	\$0	\$0
Program distributions for asynchronous telehealth services (\$208.670.4)	<u>(\$122,210)</u>	<u>(\$153,023)</u>	<u>(\$156,114)</u>	<u>(\$159,279)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$259,710)</u>	<u>(\$153,023)</u>	<u>(\$156,114)</u>	<u>(\$159,279)</u>
<u>Costs - DSS-MHD</u>				
Personal service	(\$48,273)	(\$58,507)	(\$59,092)	(\$59,683)
Fringe benefits	(\$25,104)	(\$30,427)	(\$30,731)	(\$31,038)
Equipment and expense	<u>(\$12,207)</u>	<u>(\$6,328)</u>	<u>(\$6,486)</u>	<u>(\$6,648)</u>
Total <u>Costs - DSS-MHD</u>	<u>(\$85,584)</u>	<u>(\$95,262)</u>	<u>(\$96,309)</u>	<u>(\$97,369)</u>
FTE Change - DSS-MHD	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE
<u>Loss - DSS-MHD</u>				
Reduction in NEMT reimbursements	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$66,844)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on Federal Funds	1.2 FTE	1.2 FTE	1.2 FTE	1.2 FTE

FISCAL IMPACT - Local
Government

FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may positively impact small business healthcare providers by allowing them to provide telehealth services to participants in their homes or schools.

FISCAL DESCRIPTION

This proposal specifies the licensed individuals who shall be considered eligible health care providers for the provision of telehealth services. Additionally, this proposal specifies the originating sites where a MO HealthNet participant may receive telehealth services, as well as requiring that such originating sites ensure the immediate availability of clinical staff during the telehealth encounter if a participant requires assistance.

This proposal establishes a statewide home telemonitoring program. Home telemonitoring services are health care services that require scheduled remote monitoring of data related to a patient's health. The proposal specifies the individuals for whom home telemonitoring services may be made available. Additionally, no originating site for home telemonitoring shall be required to maintain immediate availability of on-site clinical staff during the telemonitoring service. If the Department of Social Services determines that home telemonitoring is not cost effective, the Department may discontinue the program and stop providing reimbursement through MO HealthNet for such services.

This proposal addresses the use of asynchronous store-and-forward technology in the practice of telehealth services for MO HealthNet recipients. "Asynchronous store-and-forward" is defined in the proposal as the transfer of a patient's clinically important digital samples, such as still images, videos, audio, and text files, and relevant data from an originating site through the use of a camera or similar recording device that stores digital samples that are forwarded via telecommunication to a distant site for consultation by a consulting provider without requiring the simultaneous presence of the patient and the patient's treating provider. The Department of Social Services, in consultation with the departments of Mental Health and Health and Senior Services, shall promulgate rules governing the use of asynchronous store-and-forward technology in the practice of telehealth in MO HealthNet. The proposal also specifies reimbursement for asynchronous store-and-forward services for the treating provider and the consulting provider.

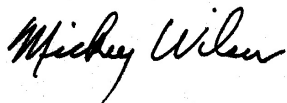
FISCAL DESCRIPTION (continued)

This proposal establishes the "Telehealth Services Advisory Committee" to advise the Department of Social Services and propose rules relating to telehealth services through asynchronous store-and-forward technology. The proposal specifies the committee members, appointments, and other terms.

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

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Health and Senior Services
Department of Mental Health
Department of Social Services -
 MO HealthNet Division
 Division of Legal Services
Office of the Governor
Joint Committee on Administrative Rules
Missouri Senate
Office of Secretary of State
University of Missouri
Kansas City Public Schools
Lee's Summit R-7 School District



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