

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4389-01
Bill No.: HB 1617
Subject: Medicaid/MO HealthNet; Health Care; Social Services Department
Type: Original
Date: January 8, 2018

Bill Summary: This proposal modifies provisions relating to telehealth.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|----------------|------------------|-------------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| General Revenue | \$5,047 | (\$9,922) | (\$10,220) |
| Total Estimated Net Effect on General Revenue | \$5,047 | (\$9,922) | (\$10,220) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| Federal * | \$0 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

* Income, Savings, Costs and Losses net to \$0.

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2019 | FY 2020 | FY 2021 |
| | | | |
| | | | |
| 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 2019 | FY 2020 | FY 2021 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

§§208.670 and 208.677- Telehealth

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state section 208.670 provides that the DSS shall reimburse providers for services provided through telehealth, if the providers can ensure services are rendered meeting the standard of care that would be expected if services were provided in person. DSS shall not place restrictions on providing services through telehealth including requiring another person to be present, precluding any device which meets HIPAA (Health Insurance Portability and Accountability Act) standards from being used, creating mileage limitations, creating equipment training requirements, and limitations on place of service if the standard of care can be met based on the provider's clinical judgment. DSS shall reimburse providers of telehealth in the same manner regardless of proximity, provided the distance is greater than twenty minutes traveled by foot by an average individual.

Section 208.677 provides that prior to the provision of telehealth services in a school, the parent or guardian of the child shall provide authorization for the provision of such service.

Section 208.671 and 208.673 are repealed (Asynchronous store-and-forward).

MHD previously showed a negative fiscal impact (SB579 (2016) enacted 208.671) by adding Asynchronous store-and-forward services via Telehealth since it was not a covered service under the Medicaid State Plan. Because this proposed legislation repeals section 208.671, MHD assumes:

Savings due to repeal of Asynchronous store-and-forward services via telehealth:

FY 2019: \$115,628 (General Revenue (GR) \$42,518; Federal Funds (FF) \$73,110);

FY 2020: \$112,963 (GR \$41,539, FF \$71,424); and

FY 2021: \$116,352 (GR: \$42,785, FF \$ 73,567).

MHD also previously showed savings in SB579 in the NEMT (Non-emergency Medical Transportation) program due to the cost of the transportation being higher than the originating site fees. MHD stated if the telehealth encounter occurs within the restricted proximity (24 miles) of the originating site, it would be cheaper to reimburse providers instead of paying for transportation. Because this proposed legislation now prohibits the proximity restriction, MHD will no longer see this as a savings as it will become a cost instead. MHD assumes:

ASSUMPTION (continued)

Costs due to prohibition on proximity restrictions for NEMT:

FY 2019: \$101,902 (GR \$37,471 FF \$64,430);
FY 2020: \$139,946 (GR \$51,461 FF \$88,485); and
FY 2021: \$144,144 (GR 53,005 FF \$ \$91,139).

Therefore, the net fiscal impact of this proposal is:

FY 2019: Net Savings \$13,727 (GR: \$5,047, FF \$8,680);
FY 2020: Net Cost (\$26,983) [GR (\$9,922); FF (\$17,061)]; and
FY 2021: Net Cost (\$27,792) [GR (\$10,220); FF (\$17,572)].

Officials from the **Summersville R2 School District** state this proposal could have a positive impact for the school district if it made telehealth services more accessible, especially if districts can get more Medicaid reimbursements for these services. However, the fiscal impact is assumed to be minimal.

Officials from the **Kirksville R-III School District** stated they are unable to determine the fiscal impact of this proposal on their school district.

Officials from the **Department of Mental Health (DMH)** state the proposed language would not place any additional fiscal impact on DMH as the Community Mental Health Centers are already providing and billing for telehealth services. However, it could create more access to services.

Officials from **Department of Health and Senior Services**, the **Wellsville -Middletown R-1 School District** and the **West Plains Schools** each assume the proposal would not fiscally impact their respective agencies.

Officials from the following **school districts**: Alton R-IV, Arcadia Valley R-2, Ash Grove R-IV, Ava R-1, Avilla R-13, Bakersfield R-4, Belton School District #124, Benton County R-2, Bismark R-5, Bloomfield R-14, Blue Springs, Bolivar R-I, Bowling Green R-1, Bradleyville R-1, Branson, Brentwood, Bronaugh R-7, Campbell R-2, Carrollton R-7, Caruthersville, Central R-III, Chilhowee R-4, Chillicothe R-II, Clarkton C-4, Cole R-I, Columbia, Concordia R-2, Couch R-1, Crawford County R-1, Crawford County R-2, Crocker R-II, Delta C-7, East Carter R-2, East Lynne 40, East Newton R-6, Eldon R-I, Fair Play, Fayette R-3, Forsyth R-3, Fox C-6, Fredericktown R-I, Fulton, Gasconade County R-1, Glenwood R-8, Grain Valley, Green City R-1, Green Ridge R-8, Hallsville R-IV, Hancock Place, Hannibal School District #60, Harrisonburg R-8, Harrisonville, Hartville R-11, Hazelwood, Henry County R-1, Hillsboro R-3,

ASSUMPTION (continued)

Holcomb R-III, Hollister R-5, Humansville R-4, Hurley R-1, Independence, Jasper R-5, Jefferson City, Kansas City, Kennett #39, King City R-1, Kirbyville R-VI, Lafayette Preparatory Academy, Lathrop R-2, Lee Summit, Leeton R-10, Lewis County C-1, Liberty, Lincoln R-2, Lindbergh, Lonedell R-14, Macon County R-1, Macon County R-IV, Madison C-3, Malta Bend, Maplewood Richmond Heights, Marshfield R-1, Maryville R-II, Maysville R-1, Meadville R-IV, Mehville School District R-9, Meramec Valley R-3, Mexico, Middle Grove C-1, Midway R-1, Milan C-2, Miller R-11, Moberly, Montgomery County R-11, Morgan County R-2, Mountain Grove R-III, Mt. Vernon R-V, New Bloomfield R-III, New Haven, Niangua R-5, Nixa, North Harrison R-3, North Kansas City, North St. Francois Co. R-1, Northeast Nodaway R-5, Northwest R-1, Oak Ridge R-6, Odessa R-VII, Oregon-Howell R-III, Orrick R-11, Osage County, Osage R-2, Osborn R-O, Parkway, Pattonville, Pettis County R-12, Pierce City R-6, Plato R-5, Polo R-VII, Prairie Home R-5, Princeton R-5, Purdy R-II, Raymore-Peculiar R-III, Raytown, Reeds Springs R-IV, Renick R-5, Republic R-III, Rich Hill R-IV, Richards R-5, Richland R-1, Richmond R-XVI, Riverview Gardens, Rockwood School District, Salisbury R-4, Sarcoxie R-2, Scotland County R-I, Scott City R-1, Sedalia, Seymour R-2, Shell Knob #78, Sherwood Cass R-5, Sikeston, Silex, Smithville R-2, South Harrison R-11, Southland C-9, Sparta R-III, Special School District of St. Louis County, Spickard R-II, Spokane R-VII, Springfield, St Joseph, St Louis, St. Charles, St. Elizabeth R-4, Stanberry R-III, Stewartsville C-2, Sullivan, Sweet Springs, Trenton R-1x, Valley Park, Valley R-6, Verona R-7, Warren County R-3, Warrensburg R-6, Warsaw R-IX, Waynesville, Webster Groves, Wentzville R-IV, Westran R-1, Westview C-6, Willard R-2 and the Wright City R-2 School District did not respond to **Oversight's** request for fiscal impact.

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|-----------------------|-------------------------|--------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Savings</u> - DSS (§208.671 repealed) | | | |
| Reduction in telehealth-related expenditures (Asynchronous store-and-forward) | \$42,518 | \$41,539 | \$42,785 |
| <u>Costs</u> - DSS (§208.670) | | | |
| Increase in program expenditures (NEMT/transportation costs) | <u>(\$37,471)</u> | <u>(\$51,461)</u> | <u>(\$53,005)</u> |
| ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND | <u>\$5,047</u> | <u>(\$9,922)</u> | <u>(\$10,220)</u> |

| <u>FISCAL IMPACT - State Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
|---|---------------------|-------------------|-------------------|
| FEDERAL FUNDS | | | |
| <u>Income - DSS (§208.670)</u> | | | |
| Increase in program reimbursements (NEMT/transportation costs) | \$64,430 | \$88,485 | \$91,139 |
| <u>Savings - DSS (§208.671 repealed)</u> | | | |
| Reduction in program expenditures (telehealth-related) | \$73,110 | \$71,424 | \$73,567 |
| <u>Costs - DSS (§208.670)</u> | | | |
| Increase in program expenditures (NEMT/transportation costs) | (\$64,430) | (\$88,485) | (\$91,139) |
| <u>Loss - DSS (§208.671 repealed)</u> | | | |
| Reduction program reimbursements (telehealth-related) | <u>(\$73,110)</u> | <u>(\$71,424)</u> | <u>(\$73,567)</u> |
| ESTIMATED NET EFFECT ON FEDERAL FUNDS | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2019 (10 Mo.) | FY 2020 | FY 2021 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

This proposal may have a minimal fiscal impact on small business health care providers.

FISCAL DESCRIPTION

This bill specifies that the Department of Social Services shall reimburse providers for services provided through telehealth if the providers can ensure that services are rendered meeting the standard of care that would be expected if the services were rendered in person. Telehealth

FISCAL DESCRIPTION (continued)

services are the delivery of health care using technology to communicate with a health care provider who is at a different location than the patient. The department cannot make restrictions on providing services via telehealth. The department must reimburse providers of telehealth services in the same manner regardless of the originating and distant sites' proximity, as long as the distance is greater than what could be walked on foot by an average person in fewer than 20 minutes.

The bill specifies that before telehealth services can be provided in a school, the parent or guardian must give authorization.

This bill repeals several provisions relating to telehealth services within MO HealthNet.

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 Social Services -
MO HealthNet Division
Department of Health and Senior Services
Department of Mental Health
Kirksville R-III School District
Summersville R2 School District
Wellsville-Middletown R-1 School District
West Plains Schools

Ross Strobe



Acting Director
January 8, 2018