

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2037-02
Bill No.: HB 1014
Subject: Health Care; Telecommunications; Social Services Department
Type: Original
Date: March 27, 2015

Bill Summary: This proposal establishes the criteria for the use of asynchronous store-and-forward technology in the practice of telehealth.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
General Revenue	(\$258,128)	(\$139,957)	(\$142,186)	(\$111,869)
Total Estimated Net Effect on General Revenue	(\$258,128)	(\$139,957)	(\$142,186)	(\$111,869)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2016	FY 2017	FY 2018	Fully Implemented (FY 2019)
Various Other State Funds	(\$25,483)	(\$27,388)	(\$27,696)	(\$28,005)
Total Estimated Net Effect on Other State Funds	(\$25,483)	(\$27,388)	(\$27,696)	(\$28,005)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 8 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 \$200,000 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	0.8	0.8	0.8	0.8
Various Other State Funds	0.4	0.4	0.4	0.4
Federal	0.8	0.8	0.8	0.8
Total Estimated Net Effect on FTE	2	2	2	2

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 208.670.4 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 \text{ visits} * \21.90). MHD estimates that 2,472 ($3,296 * 75\%$) 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 * \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 ($\$227,919 * 10/12$). A 1.9% inflation factor was used to calculate FY 2017 and beyond.

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 ($\$25 * 3,296 \text{ visits}$). 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.

ASSUMPTION (continued)

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 are:

FY 2016 (10 months): Total \$610,800 (GR \$265,509; Other \$29,173; Federal \$316,118);

FY 2017: Total \$386,870 (GR \$147,030; Other \$30,925; Federal \$208,915); and

FY 2019: Total \$309,385 (GR \$118,693; Other \$31,413; Federal \$159,279) fully implemented.

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

Officials from the **Office of the Governor (GOV)** state 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.

Officials from the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Joint Committee on Administrative Rules** and the **Missouri Senate** assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** did not respond to **Oversight's** request for a statement of fiscal impact. However, in response to similar legislation from the current session (HCS HB 319), the 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.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
GENERAL REVENUE FUND (§§208.670 - 208.673)				
<u>Savings - DSS-MHD</u>				
Reduction in NEMT costs	\$0	\$0	\$0	\$32,585
<u>Costs - DSS-MHD</u>				
Personal service	(\$27,440)	(\$33,258)	(\$33,590)	(\$33,926)
Fringe benefits	(\$14,270)	(\$17,296)	(\$17,468)	(\$17,643)
Equipment and expense	(\$9,258)	(\$4,222)	(\$4,328)	(\$4,435)
MMIS system costs	(\$137,500)	\$0	\$0	\$0
Program distributions	(\$69,660)	(\$85,181)	(\$86,800)	(\$88,450)
Total <u>Costs - DSS-MHD</u>	<u>(\$258,128)</u>	<u>(\$139,957)</u>	<u>(\$142,186)</u>	<u>(\$144,454)</u>
FTE Change - DSS-MHD	.8 FTE	.8 FTE	.8 FTE	.8 FTE
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$258,128)</u>	<u>(\$139,957)</u>	<u>(\$142,186)</u>	<u>(\$111,869)</u>
Estimated Net FTE Change on the General Revenue Fund	0.8 FTE	0.8 FTE	0.8 FTE	0.8 FTE
OTHER STATE FUNDS (various) (§§208.670 - 208.673)				
<u>Costs - DSS-MHD</u>				
Personal service	(\$13,720)	(\$16,629)	(\$16,797)	(\$16,965)
Fringe benefits	(\$7,135)	(\$8,648)	(\$8,735)	(\$8,822)
Equipment and expense	(\$4,628)	(\$2,111)	(\$2,164)	(\$2,218)
Total <u>Costs - DSS-MHD</u>	<u>(\$25,483)</u>	<u>(\$27,388)</u>	<u>(\$27,696)</u>	<u>(\$28,005)</u>
FTE Change - DSS-MHD	0.4 FTE	0.4 FTE	0.4 FTE	0.4 FTE
ESTIMATED NET EFFECT ON OTHER STATE FUNDS (various)	<u>(\$25,483)</u>	<u>(\$27,388)</u>	<u>(\$27,696)</u>	<u>(\$28,005)</u>
Estimated Net FTE Change on Other State Funds (various)	0.4 FTE	0.4 FTE	0.4 FTE	0.4 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 months)	FY 2017	FY 2018	Fully Implemented (FY 2019)
FEDERAL FUNDS (§§208.670 - 208.673)				
<u>Income - DSS-MHD</u>				
Increase in program reimbursements	\$308,738	\$201,843	\$205,247	\$208,715
<u>Savings - DSS-MHD</u>				
Reduced NEMT costs	\$0	\$0	\$0	\$56,258
<u>Costs - DSS-MHD</u>				
Personal service	(\$27,440)	(\$33,258)	(\$33,590)	(\$33,926)
Fringe benefits	(\$14,270)	(\$17,296)	(\$17,468)	(\$17,643)
Equipment and expense	(\$9,258)	(\$4,222)	(\$4,328)	(\$4,436)
MMIS system costs	(\$137,500)	\$0	\$0	\$0
Program distributions	(\$120,270)	(\$147,067)	(\$149,861)	(\$152,710)
Total Costs - DSS-MHD	<u>(\$308,738)</u>	<u>(\$201,843)</u>	<u>(\$205,247)</u>	<u>(\$208,715)</u>
FTE Change - DSS-MHD	0.8 FTE	0.8 FTE	0.8 FTE	0.8 FTE
<u>Loss - DSS-MHD</u>				
Reduction in NEMT reimbursement	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$56,258)</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	0.8 FTE	0.8 FTE	0.8 FTE	0.8 FTE
 <u>FISCAL IMPACT - Local Government</u>	 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.

FISCAL DESCRIPTION

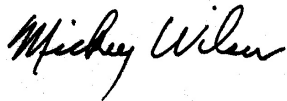
This proposal changes the laws regarding the use of store-and-forward technology in the practice of telehealth services for MO HealthNet recipients. The proposal defines "asynchronous store-and-forward" as the transfer of a patient's clinically important digital samples, such as still images, videos, 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 proposal requires the Department of Social Services, in consultation with the departments of Mental Health and Health and Senior Services, to promulgate rules governing the use of asynchronous store-and-forward technology in the practice of telehealth in the MO HealthNet Program. The rules must address asynchronous store-and-forward usage issues as specified in the bill. Telehealth providers using asynchronous store-and-forward technology must be required to obtain patient consent before asynchronous store-and-forward services are initiated and to ensure confidentiality of medical information. Asynchronous store-and-forward technology in the practice of telehealth may be utilized to service individuals who are qualified as MO HealthNet participants under Missouri law. Reimbursement for the asynchronous store-and-forward services must be made so that the total payment for the consultation must be divided between the treating provider and the consulting provider. The total payment for both the treating provider and the consulting provider must not exceed the payment for a face-to-face consultation of the same level. The standard of care for the use of asynchronous store-and-forward technology in the practice of telehealth must be the same as the standard of care for face-to-face care.

The proposal establishes the Telehealth Services Advisory Committee to advise the Department of Social Services and propose rules regarding the coverage of telehealth services utilizing asynchronous store-and-forward technology. The committee must be comprised of the following members with non-Department of Social Services members appointed by the Governor: (1) The Director of the MO HealthNet Division within the Department of Social Services, or the director's designee; (2) The medical director of the MO HealthNet Division; (3) A representative from a Missouri institution of higher education with expertise in telemedicine; (4) A representative from the Missouri Office of Primary Care and Rural Health within the Department of Health and Senior Services; (5) Two board-certified specialists licensed to practice in Missouri; (6) A representative from a hospital located in Missouri that utilizes telehealth medicine; (7) A primary care provider from a federally qualified health center (FQHC) or rural health clinic; and (8) A primary care provider from a rural setting other than from an FQHC or rural health clinic. Members of the committee must not receive any compensation for their services but must be reimbursed for any actual and necessary expenses incurred in the performance of their duties.

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 Health and Senior Services
Department of Mental Health
Department of Social Services -
 MO HealthNet Division
Office of the Governor
Joint Committee on Administrative Rules
Office of Secretary of State
Missouri Senate



Mickey Wilson, CPA
Director
March 27, 2015

Ross Strobe
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March 27, 2015