SB 20-212

Legislative Council Staff
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FISCAL NOTE

Drafting Number:	LLS 20-1260	**Date:**	June 2, 2020
Prime Sponsors:	Sen. Winter; Tate Rep. Lontine; Soper	**Bill Status:**	Senate SVMA
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Bill Topic: **REIMBURSING HEALTH CARE PROVIDERS FOR TELEHEALTH**

Summary of Fiscal Impact:

- ☐ State Revenue
- ☒ State Expenditure
- ☐ State Transfer
- ☐ TABOR Refund
- ☐ Local Government
- ☐ Statutory Public Entity

The bill expands Medicaid reimbursement for telehealth services to new providers, and establishes requirements for state-regulated health insurance carriers and home care agencies related to the delivery of telehealth services. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires appropriations of at least $5.1 million in the Department of Health Care Policy and Financing.

Fiscal Note Status: This preliminary fiscal note reflects the introduced bill. While all agencies were canvassed for this fiscal note, additional time may be required to obtain information from agencies and to further review information previously submitted. The fiscal note will be updated if additional information becomes available.

Table 1
State Fiscal Impacts Under SB 20-212

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	$1,672,820	$3,578,751
	Cash Funds	$152,810	$307,030
	Federal Funds	$3,242,751	$6,250,977
	Total	**$5,068,381**	**$10,136,758**
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill expands Medicaid reimbursement for telehealth services and establishes certain requirements for state-regulated health insurance carriers and home care agencies related to the delivery of telehealth.

Medicaid. The bill requires the state's Medicaid program, which is administered by the Department of Health Care Policy and Financing (HCPF), to reimburse Federally Qualified Health Centers (FQHCs), Indian Health Services (IHS) providers, and Rural Health Clinics (RHCs) for providing telehealth services to Medicaid clients. These visits must be reimbursed at the same rate as services delivered in person. It also clarifies the methods of communication that may be used for telemedicine. Health care or mental health care services subject to the bill includes physical therapy, occupational therapy, hospice care, home health care, and pediatric behavioral health care.

State-regulated health insurance. The bill prohibits health insurance plans that are regulated by the Division of Insurance (DOI) in the Department of Regulatory Agencies from doing the following:

- imposing specific requirements on the technology a provider can use to deliver telehealth services;
- requiring an individual to have a previously established relationship with a provider in order to receive telehealth services; or
- imposing additional certification, location, or training requirements on providers as a condition of reimbursing the provider for telehealth services.

Home care agencies. The bill requires the State Board of Health in the Department of Public Health and Environment to adopt rules allowing supervision by telehealth when otherwise adopting rules addressing supervision requirements for home care agencies.

Background

Medicaid reimbursement for telehealth. Under current law, HCPF is not required to reimburse providers for telehealth visits at FQHCs, RHCs, and IHS providers. On March 20, 2020, the Medical Services Board in HCPF adopted an emergency rule allowing telemedicine visits to qualify as billable encounters at these facilities. The rule is in effect through July 18, 2020. At the time of this writing, the Long Bill draft includes appropriations for the continuation of these emergency rules through the end of calendar year 2020.

State-regulated health plans. There are three primary markets that are subject to state regulation: the individual, small-group, and large-group markets, with the exception of self-insured employers. About one million Coloradans receive health insurance through these plans. The prohibitions created by the bill only apply to carriers of plans in these markets; they do not apply to Medicare, Medicaid, military plans, or self-insured employer-based health plans, which are regulated by the federal government.

Assumptions

The fiscal note assumes that appropriations for telehealth services at the three provider types affected by the bill will be included in the 2020 Long Bill through the duration of calendar year 2020.

State Expenditures

The bill increases costs in HCPF by at least $5.1 million FY 2020-21 and $10.1 million in FY 2021-22 from General Fund, cash funds, and federal funds. These costs are shown on Table 2 and described below.

Table 2
Expenditures Under SB 20-212

	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing		
Telehealth	$4,124,047	$8,248,091
Transportation	($41,394)	($82,787)
Home Health and Home and Community Based Services	$985,727	$1,971,454
Total Cost	**$5,068,380**	**$10,136,758**

Department of Health Care Policy and Financing. The bill affects costs in HCPF related to telehealth; non-emergency transportation; and Home Health and Home and Community Based Services (HCBS).

Telehealth. Extending the availability of telehealth to Medicaid clients from additional types of providers is anticipated to increase costs by increasing utilization. The fiscal note assumes that each provider type will experience a 4.4 percent increase in demand for visits. In addition, some visits that would otherwise take place in person will be converted to telehealth, though costs for these visits are assumed to be equivalent. Based on these assumptions, costs are estimated as follows, and are prorated for a half year of impact in FY 2020-21:

- FQHCs will experience 37,952 additional visits at a rate of $215.25 per visit, for a total cost of approximately $8.2 million;
- RHCs will experience 375 additional visits at a rate of $210.18 per visit, for a total cost of $78,817; and
- IHS providers will experience increased visitation. These costs are fully federally funded and are not estimated in the fiscal note.

These costs are paid using General Fund, cash funds, and federal funds, with a range of federal matching rates based on the current Medicaid population distribution.

Transportation. Transportation is provided to certain Medicaid clients who require this service to attend Medicaid funded appointments. Converting in-person visits to telehealth will reduce the need for transportation services. In FY 2018-19, costs for FQHC and RHC related transportation are estimated to be $2.8 million. The fiscal note assumes 3.0 percent of visits will convert to telehealth, reducing costs by $41,394 in FY 2020-21 and $82,787 in FY 2021-22, split evenly between General Fund and federal funds.

Home Health and HCBS. The current requirement to provide in-person nursing supervision can be a barrier to home health agencies providing this care. Adding flexibility in how that service can be delivered would increase utilization of home health services. The fiscal note assumes the same 4.4 percent increase in utilization from a baseline of $36.6 million of expenditures in rural HCBS

and $8.2 million in rural Home Health Services in FY 2018-19. This results in increased expenditures of about $1.0 million in FY 2020-21 and $2.0 million in FY 2021-22, split between General Fund (46.9%) and federal funds (53.1 percent).

Department of Public Heath and Environment. The State Board of Health must adopt rules permitting telehealth supervision at home health care agencies. The fiscal note assumes that this rule revision can be incorporated into the review of home care rules that is currently underway.

Department of Regulatory Agencies. The DOI must ensure that health insurance carriers are in compliance with the prohibitions created in the bill. The fiscal note assumes this can be incorporated into the DOI's existing review of health insurance plans.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill requires appropriations of $5,068,381 to the Department of Health Care Policy and Financing as follows:

- $1,672,820 from the General Fund;
- $152,810 from the Healthcare Affordability and Sustainability Fee Cash Fund; and
- $3,242,751 in federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment
Regulatory Agencies