

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 11, 2005

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB1340 by Madla (Relating to the regulation and reimbursement of health care services provided through telemedicine or telepsychiatry under the state Medicaid program.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1340, As Introduced: a negative impact of (\$50,000) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2006	(\$50,000)
2007	\$0
2008	\$0
2009	\$0
2010	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GR MATCH FOR MEDICAID</i> 758	Probable (Cost) from <i>FEDERAL FUNDS</i> 555
2006	(\$50,000)	(\$50,000)
2007	\$0	\$0
2008	\$0	\$0
2009	\$0	\$0
2010	\$0	\$0

The bill would amend Chapter 531 of the Government Code related to Medicaid telemedicine services. Section 1 requires HHSC to establish a separate identifier for telemedicine medical services eligible for reimbursement.

Section 2 would require HHSC to establish rules to set minimum standards to permit the use of trained health professionals other than physicians, including professionals who are not RNs, advanced practice nurses, or physician assistants, to present patients. These health professionals may initiate the telemedicine consultation, but must act under physician delegation and supervision. The bill would allow HHSC to provide reimbursement for a Medicaid telemedicine service initiated by a trained health professional who complies with minimum standards under this section.

Section 3 requires the State Board of Medical Examiners, in consultation with HHSC as needed, to

adopt rules to establish supervisory requirements for a service delegated to and performed by an individual who is not a physician, including a health professional who is authorized to be a telepresenter.

Section 4 adds to the responsibilities of the telemedicine advisory committee to assist HHSC in evaluating policies related to telepresenters.

Section 5 requires HHSC to develop and the Department of State Health Services to implement a pilot program to provide Medicaid mental health services through telepsychiatry. The bill would allow HHSC to reimburse participating telepsychiatry providers and would permit HHSC to apply for a grant to fund the pilot under the federal New Freedom Initiative on Mental Health. HHSC would report to the legislature on the results of the pilot by 12/1/06.

Section 6 requires HHSC to conduct a study to identify policy changes needed to facilitate development of a telemedicine provider network for Medicaid, including new billing codes, new provider identifiers and a description of telemedicine medical services eligible for reimbursement. HHSC would report on the result of the study no later than January 1, 2006.

The bill would take effect September 1, 2005.

Fiscal Analysis

The bill would allow Medicaid reimbursement for certain telemedicine services that are currently not Medicaid-eligible. The Department of State Health Services states that it is difficult to estimate the amount of federal funds that may become available to offset general revenue expenditures. This is because the potential use of these services is unknown. In addition, the Health and Human Services Commission (HHSC) states that the improved management of mental health care may result in savings. HHSC would review the cost-effectiveness of using telepresenters prior to reimbursing them as a Medicaid provider. These factors are not quantified in the cost estimate.

Methodology

The HHSC cost estimate reflects the following two items: 1) evaluation of the telepsychiatry pilot (section 5 of the bill) at \$50,000; and 2) comprehensive study of telemedicine (section 6 of the bill) at \$50,000. It is assumed that of the total \$100,000 cost in fiscal year 2006, 50% would be matched with federal Medicaid funding. This results in a \$50,000 cost in General Revenue for fiscal year 2006.

Technology

There is no significant impact on information technology. This estimate assumes current telemedicine billing codes (modifiers) used would meet the requirements of the bill. If new identifiers or codes are required, there could be significant costs related to system changes to incorporate the new codes.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 503 Board of Medical Examiners, 529 Health and Human Services Commission, 537 Department of State Health Services

LBB Staff: JOB, CL, KF, MB