

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 20, 2011

TO: Honorable Lois W. Kolkhorst, Chair, House Committee on Public Health

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

IN RE: SB293 by Watson (Relating to telemedicine medical services, telehealth services, and home telemonitoring services provided to certain Medicaid recipients.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would require the Health and Human Services Commission (HHSC) to reimburse Medicaid providers for telehealth and home telemonitoring services for certain clients and to report on Medicaid telehealth and home telemonitoring services biannually.

Section 2 would require HHSC to develop and implement a system to reimburse providers for performing telehealth services in addition to the telemedicine services which are already reimbursed. The development of the system would include reviewing programs from other states and establishing modifiers for telehealth and home telemonitoring services eligible for reimbursement. HHSC would be required to add information on telehealth and home telemonitoring to an existing telemedicine report due December 1st of even-numbered years.

Section 3 would require HHSC to permit reimbursement statewide for home telemonitoring services provided by home health agencies and hospitals in the Medicaid program, given certain eligibility conditions.

Section 4 would expand the scope of services and diseases that are considered in developing a telemedicine and telehealth pilot program to include: monitoring of chronic diseases, chronic obstructive pulmonary disease, hypertension, and congestive heart failure.

HHSC reports it would need to obtain a waiver to implement the provisions of the bill. HHSC indicates that costs associated with the bill could be absorbed by existing resources or offset by reductions in the number of home health visits and reduced hospitalization costs. HHSC assumes hospitals would receive the same reimbursement rates as home health agencies.

Cost savings or offsets would be reduced if HHSC raises premiums to managed care organizations in STAR, or if STAR+PLUS carves in inpatient hospital services, because those organizations would generally capture the savings from reduced hospitalization rates and complications, instead of HHSC. HHSC would also only capture a portion of potential savings from reduced hospitalizations and complications for persons dually eligible for Medicare and Medicaid, because Medicare is the primary payer of acute services while Medicaid pays for deductibles and coinsurance.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JOB, CL, JI, JQ