

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 19, 2019**

**TO:** Honorable Senfronia Thompson, Chair, House Committee on Public Health

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
 Legislative Budget Board

**IN RE: HB1738** by Guillen (Relating to telehealth and home telemonitoring services, including the provision of those services under Medicaid.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1738, As Introduced: a negative impact of (\$5,538,396) through the biennium ending August 31, 2021.

There would be an additional cost associated with repealing the sunset date for Medicaid reimbursement of home telemonitoring services and certain other provisions of the bill not reflected in the above amount.

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
2020	(\$69,000)
2021	(\$5,469,396)
2022	(\$8,892,173)
2023	(\$13,121,087)
2024	(\$13,402,010)

**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	Probable Revenue Gain from <i>General Revenue Fund</i> 1	Probable Revenue Gain from <i>Foundation School Fund</i> 193
2020	(\$69,000)	(\$69,000)	\$0	\$0
2021	(\$5,642,029)	(\$9,155,119)	\$129,475	\$43,158
2022	(\$9,632,614)	(\$15,689,713)	\$555,331	\$185,110
2023	(\$13,758,479)	(\$22,409,973)	\$478,044	\$159,348
2024	(\$14,048,290)	(\$22,882,019)	\$484,710	\$161,570

## **Fiscal Analysis**

The bill would require the Health and Human Services Commission (HHSC), with regards to Medicaid home telemonitoring, to provide services to certain pediatric clients with complex medical needs; to establish an enhanced reimbursement rate for certain services; to establish billing codes and a fee schedule for reimbursement of services provided by a federally qualified health center; to develop a process to prevent fraud and verify certain transmissions; and to allow for reimbursement for at least 120 days per episode. The bill would also require HHSC to conduct a study related to fraud, waste, and abuse by providers of home telemonitoring or telehealth services. The bill would also add certain peer services, substance use counseling services, and targeted case management services to the definition of telehealth services, which would allow them to be reimbursed by Medicaid. The bill would also repeal the telemonitoring benefit reimbursement sunset date and the authorization for HHSC to discontinue reimbursement for Medicaid home telemonitoring services if HHSC determines the program is not cost effective.

## **Methodology**

According to HHSC, there would be a one-time cost of \$138,000 in All Funds, including \$69,000 in General Revenue, in fiscal year 2020 for system modifications for the claims administrator. Due to the time needed to make necessary changes, it is assumed additional services would be provided beginning September 1, 2020. If services were provided sooner there would be an additional cost.

According to HHSC, client services for the additional pediatric population would ramp up over a period of two years with an estimated additional 2,404 average monthly recipients in fiscal year 2021 increasing each fiscal year to 7,537 average monthly recipients in fiscal year 2024 at a monthly cost of \$345.82 per recipient. The total estimated cost for these client services would be \$10.0 million in All Funds, including \$3.8 million in General Revenue, in fiscal year 2021 increasing each fiscal year to \$31.3 million in All Funds, including \$11.9 million in General Revenue, in fiscal year 2024.

According to HHSC, adding certain peer services, substance use counseling services, and targeted case management services to the definition of telehealth services is expected to result in a 10 percent increase in utilization of these services. The total estimated cost for these client services would be \$4.8 million in All Funds, including \$1.8 million in General Revenue, in fiscal year 2021 increasing each fiscal year to \$5.7 million in All Funds, including \$2.1 million in General Revenue, in fiscal year 2024.

The net increases in client services payments through managed care are assumed to result in an increase to insurance premium tax revenue, estimated as 1.75 percent of the increased managed care expenditures. Revenue is adjusted for assumed timing of payments and prepayments resulting in assumed increased collections of \$0.2 million in fiscal year 2021, \$0.7 million in fiscal year 2022, \$0.6 million in fiscal year 2023, and \$0.6 million in fiscal year 2024. Pursuant to Section 227.001(b), Insurance Code, 25 percent of the revenue is assumed to be deposited to the credit of the Foundation School Fund.

Repealing the sunset date associated with Medicaid reimbursement of home telemonitoring services would result in a cost to continue providing those services beyond September 1, 2019; however, HHSC did not provide an estimate for this cost. Additionally, HHSC indicates there may be a cost associated with provisions related to federally qualified health centers and verifying certain transmissions, but HHSC was unable to provide a specific estimate.

It is assumed any cost associated with the other provisions of the bill would not be significant and could be absorbed within the available resources of the agency.

According to HHSC home telemonitoring may reduce medical services utilization resulting in an offsetting savings; however, an exact estimate could not be determined and no savings is included.

### **Technology**

System modifications to the claims administrator are estimated at a one-time cost of \$138,000 in All Funds, including \$69,000 in General Revenue, in fiscal year 2020.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 529 Health and Human Services Commission

**LBB Staff:** WP, LR, AKi, JGa