

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

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

**May 14, 2019**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

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

**IN RE:** **SB670** by Buckingham (Relating to Medicaid telemedicine and telehealth services.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB670, As Passed 2nd House: a negative impact of (\$15,362,575) through the biennium ending August 31, 2021.

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	(\$7,757,821)
2021	(\$7,604,754)
2022	(\$7,694,009)
2023	(\$7,814,882)
2024	(\$7,952,697)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from GR Match For Medicaid 758	Probable Savings/(Cost) from Federal Funds 555	Probable Savings/(Cost) from General Revenue Fund 1	Probable Revenue Gain/(Loss) from Foundation School Fund 193
2020	(\$8,076,089)	(\$12,458,082)	\$238,701	\$79,567
2021	(\$7,929,585)	(\$12,867,054)	\$243,623	\$81,208
2022	(\$8,024,661)	(\$13,070,662)	\$247,990	\$82,662
2023	(\$8,150,625)	(\$13,275,833)	\$251,807	\$83,936
2024	(\$8,295,081)	(\$13,511,124)	\$256,788	\$85,596

## **Fiscal Analysis**

The bill would repeal the sunset date associated with Medicaid reimbursement of home telemonitoring services, and require the Health and Human Services Commission (HHSC) to amend reimbursement policy related to telemedicine and telehealth services under Medicaid, including Medicaid managed care.

## **Methodology**

According to HHSC, including Federally Qualified Health Centers (FQHCs) as patient and/or distant site providers would increase patient site utilization by 10% resulting in client services reimbursements of an additional \$0.4 million in All Funds, including \$0.1 in General Revenue, each fiscal year.

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. According to HHSC, the total estimated cost for these client services would be \$20.2 million in All Funds, including \$7.9 million in General Revenue, in fiscal year 2020 increasing each fiscal year to \$21.4 million in All Funds, including \$8.1 million in General Revenue, in fiscal year 2024. The House and Senate versions of House Bill 1 (the General Appropriations Bill) provide funding for this purpose.

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 \$0.3 each fiscal year. Pursuant to Section 227.001(b) of the Insurance Code, 25 percent of the revenue is assumed to be deposited to the credit of the Foundation School Fund.

According to HHSC, there would not be a significant fiscal impact related to amending the procedure codes or reimbursement policies.

It is assumed that HHSC could absorb any administrative and contract oversight costs within existing resources.

## **Local Government Impact**

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

**Source Agencies:** 529 Health and Human Services Commission, 537 State Health Services, Department of

**LBB Staff:** WP, AKi, EP, MDI, LR, SK, JGa