SB 20-212

Legislative Council Staff
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REVISED FISCAL NOTE

(replaces fiscal note dated June 2, 2020)

Drafting Number:	LLS 20-1260	**Date:**	June 10, 2020
Prime Sponsors:	Sen. Winter; Tate Rep. Lontine; Soper	**Bill Status:**	House Appropriations
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Bill Topic: **REIMBURSEMENT FOR TELEHEALTH SERVICES**

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 and includes an appropriation of $5.1 million to the Department of Health Care Policy and Financing.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill, as amended by the House Health and Insurance Committee.

Table 1
State Fiscal Impacts Under SB 20-212

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

** This appropriation is from the Care Subfund of the General Fund*

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 and meet the same standard of care as services delivered in person. It also clarifies the methods of communication that may be used for telemedicine. The bill specifies that covered services include speech therapy, physical therapy, occupational therapy, hospice care, home health care, and pediatric behavioral health care. Through FY 2021-22, HCPF is directed to report telehealth utilization data at its SMART Act hearing and post utilization data on its website every other month.

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 FY 2020-21 General Appropriation Act (Long Bill) draft includes appropriations for the continuation of these emergency rules for half of FY 2020-21.

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.

State Expenditures

The bill increases costs in HCPF by an estimated $5.1 million FY 2020-21 and $10.1 million in FY 2021-22. For FY 2020-21, these costs are paid from the Care Subfund of the General Fund; a federal match is not available for these expenditures so the state must pay the entire cost. Beginning in FY 2021-22, these costs are paid from General Fund, cash funds, and federal funds, with varying federal matching rates based on the current Medicaid population distribution. These costs are shown in 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 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. Some visits that would otherwise take place in person will be converted to telehealth, though costs for these in-person to telehealth conversions are expected to be equivalent and are not estimated. 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.

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.

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. Beginning in FY 2021-22, these costs are 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 and includes an appropriation of $5,068,381 to the Department of Health Care Policy and Financing from the Care Subfund of the General Fund. This appropriation may not be used for the state share of Medicaid services for the purpose of receiving federal matching funds. Money in the Care Subfund, which comes from the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), must be spent in 2020.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment
Regulatory Agencies