HF2919 - 5A - "Allow Community Health Worker Telemedicine"

Chief Author: **Debra Kiel**
Commitee: **Health and Human Services Finance**
Date Completed: **04/09/2018**
Agency: Human Services Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X

Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions shown in the parentheses.

State Cost (Savings)		Biennium		Biennium	
Dollars in Thousands	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**
General Fund	-	-	1	1	1
Total	**-**	**-**	**1**	**1**	**1**
Biennial Total			**1**		**2**

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2017	**FY2018**	**FY2019**	**FY2020**	**FY2021**
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature:Ahna Minge Date: 4/9/2018 11:00:02 AM
Phone: 651 259-3690 Email:ahna.minge@state.mn.us

State Cost (Savings) Calculation Details
This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
Reductions are shown in parentheses.
*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium	
Dollars in Thousands	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	1	1	1
Total	**-**	**-**	**1**	**1**	**1**
Biennial Total			**1**		**2**
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	1	1	1
Total	**-**	**-**	**1**	**1**	**1**
Biennial Total			**1**		**2**
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Biennial Total			**-**		**-**

Bill Description

This legislation adds community paramedics to the list of providers who can receive reimbursement for telemedicine services under the Medical Assistance (MA) program and creates an exception to the telemedicine visit limit.

Assumptions

Under Minnesota Statutes 256B.69 sub. 5a, requirements applicable to managed care programs under 256B and 256L established after the date of the contract take effect when the contract is next issued or renewed. Accordingly this estimate assumes a July 1, 2018 effective date for the expansion of telemedicine services under fee for service and a January 1, 2019 effective date for the expansion under managed care.

The MA benefit set includes medically necessary telemedicine services delivered by a licensed health care provider in the same manner as though the service was delivered in person. Coverage is limited to three visits per enrollee per week. This bill would allow community paramedics to provide telemedicine services. Given the current MA coverage of community paramedic services as defined in state law, it is assumed that coverage for telemedicine would apply to education and chronic disease management, health assessments, and medication compliance.

According to DHS claims data, in FY2017 MA claims for telemedicine services accounted for less than one half of one percent of utilization for services that may be delivered via telemedicine. This fiscal note applies the specific percentage to the total payments to community paramedics for education and chronic disease management, health assessments, and medication compliance. This estimate also assumes that permitting community paramedics to provide services via telemedicine results in a net gain of utilization of those services eligible for reimbursement. This estimate assumes that half of the telemedicine claims will substitute for existing in person services, reducing the cost of the utilization increase by 50 percent.

This bill creates an exception to the three visit limit for services provided for the treatment and control of TB. MA covers TB case management and directly observed therapy for people infected with TB. Given the scope of case management services, it is assumed that the visit limit exclusion in this bill would apply to directly observed therapy. This service is included under the MA benefit when provided by a eligible providers employed by a Community Health Board. The service includes direct observation of the enrollee taking a prescribed medicine for the treatment and control of TB.

In the first six months of 2017 there were roughly 4,000 claims for directly observed therapy provided to 127 unique MA enrollees. None of the services were delivered via telemedicine. Given that this service is limited to people with a TB infection, it is assumed that lifting the visit limit will permit providers to conduct directly observed therapy via interactive video with the frequency required for a daily medication regimen, and that services delivered via telemedicine will replace

those delivered in person. Accordingly this fiscal note assumes no impact to the MA program for this provision.

Expenditure and/or Revenue Formula

Minnesota				
MEDICAL ASSISTANCE				
Fiscal Analysis of a Proposal to				
Add a Provider of Telemedicine Services				
House File 2919-A5				
MA and MinnesotaCare	**Fee for Service**		**Managed Care**	
	Units Paid	**Payments**	**Units Submitted**	**Estimated Pmt.**
Actual telemedicine activity in FY 2017	12,401	$702,673	22,171	$1,597,660
Cost per telemedicine unit		$56.66		$72.06
Payments for all procedure codes potentially billed as				
telemedicine by providers authorized to bill telemedicine				
in FY 2017 (includes telemedicine activity)	2,996,262	$188,412,881	4,693,242	$356,492,257
Telemedicine share of the potential	0.41%		0.47%	
Payments for all procedure codes potentially billed as				
telemedicine by additional providers authorized to bill				
telemedicine by this bill	7,681		11,758	
Trends use to project telemedicine units under current law:	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
(average trend in physician payments)				
Fee for Service	103.2%	103.2%	103.2%	103.2%
Managed Care	103.2%	103.2%	103.2%	103.2%
Est. additional units of telemedicine paid under this bill:				
Fee for Service	32	34	35	36
Managed Care	57	59	61	63
Cost per unit from above:				
Fee for Service	$56.66	$56.66	$56.66	$56.66
Managed Care	$72.06	$72.06	$72.06	$72.06

Additional cost for 50% of added units:				
(50% assumed to substitute for existing services)				
Fee for Service	$920	$950	$980	$1,011
Managed Care	$2,054	$2,119	$2,187	$2,256
Phase-in:				
Fee for Service	0.00%	83.33%	100.00%	100.00%
Managed Care	0.00%	41.67%	100.00%	100.00%
Total cost of additional telemedicine:				
Fee for Service	$0	$791	$980	$1,011
Managed Care	$0	$883	$2,187	$2,256
MA and MinnesotaCare	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**
Total Additional costs:				
Fee for Service	$0	$791	$980	$1,011
Managed Care	$0	$883	$2,187	$2,256
Total	$0	$1,674	$3,166	$3,267
MA Elderly & Disabled				
Fee for Service (61.6%)	$0	$487	$603	$623
Managed Care (23.8%)	$0	$210	$520	$537
Total	$0	$698	$1,124	$1,159
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	$0	$349	$562	$580
State share	$0	$349	$562	$580
MA Adults w No Kids				
Fee for Service (11.5%)	$0	$91	$113	$117
Managed Care (25.3%)	$0	$223	$553	$571
Total	$0	$315	$666	$687
Federal share %	94.50%	93.50%	91.50%	90.00%
Federal share	$0	$294	$609	$618
State share	$0	$20	$57	$69
MA Families w Kids				
Fee for Service (26.5%)	$0	$210	$259	$268
Managed Care (42.6%)	$0	$376	$931	$961
Total	$0	$586	$1,191	$1,229
Federal share %	50.00%	50.00%	50.00%	50.00%
Federal share	$0	$293	$595	$614
State share	$0	$293	$595	$614
Total MA State Share	$0	$662	$1,214	$1,263

Fiscal Tracking Summary ($000's)						
Fund	**BACT**	**Description**	**FY2018**	**FY2019**	**FY2020**	**FY2021**
GF	33 FC	MA Grants		1	1	1
		Total Net Fiscal Impact		**1**	**1**	**1**
		Full Time Equivalents				

Long-Term Fiscal Considerations

As above

Local Fiscal Impact

None

References/Sources

DHS February, 2018 Medical Assistance Forecast

Agency Contact: Patrick Hultman 651.431.4311

Agency Fiscal Note Coordinator Signature: Don Allen **Date:** 4/9/2018 9:20:39 AM

Phone: 651 431-2932 **Email:** Don.Allen@state.mn.us