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 Maryland General Assembly
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FISCAL AND POLICY NOTE
 Revised

Senate Bill 406
 Finance

(Senator Pipkin, *et al.*)

Rules and Executive Nominations

Task Force to Study the Use of Telemedicine in Medically Underserved Populations and Areas

This bill establishes a Task Force to Study the Use of Telemedicine in Medically Underserved Populations and Areas (MUP/As). The Department of Health and Mental Hygiene (DHMH) must provide staff support for the task force. An interim report with findings and recommendations is due by December 31, 2011, and a final report is due by September 30, 2012.

The bill takes effect June 1, 2011, and terminates September 30, 2012.

Fiscal Summary

State Effect: General fund expenditures increase by \$51,600 in FY 2012. This estimate assumes a one-month implementation delay and reflects the cost of hiring one part-time contractual employee to staff the task force. Future year expenditures reflect inflation and the termination of the contractual employee in FY 2013. No effect on revenues.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	51,600	11,500	0	0	0
Net Effect	(\$51,600)	(\$11,500)	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force is charged with:

- studying the impact of the changing physician supply and demographics on the maldistribution of health care services in the State and the increased demand for physicians in MUP/As of the State as designated by the U.S. Health Resources and Services Administration (HRSA);
- completing a cost-benefit analysis of the use of telemedicine in MUP/As;
- examining challenges to obtaining reimbursement for telemedicine services;
- collaborating with – and considering any work completed by – various organizations, including roundtables established to study telemedicine and MUP/As in the State;
- studying any other topic that the task force finds necessary to make recommendations regarding the use of telemedicine in MUP/As; and
- making recommendations regarding the use of telemedicine in MUP/As.

Task force members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Background: Telemedicine is the use of medical information exchanged from one site to another via electronic communications (including the use of audio and/or video equipment) to improve patients' health status. Telemedicine permits two-way, real time interactive communication between a patient and a physician or practitioner located at a distant site.

According to HRSA, an MUA is a rational service area with a demonstrable shortage of primary health care resources relative to the needs of the entire population within the service area. An MUP is a group of persons within a rational service area facing barriers to health care access and having a demonstrable shortage of primary health care resources relative to the needs of the specific population group. Factors evaluated for determining eligibility for MUP/A designation include the rate of primary medical care physicians per 1,000 people, the infant mortality rate, the percentage of the population with incomes below the poverty level, and the percentage of the population older than age 65.

In June 2010, the Maryland Health Quality and Cost Council approved the creation of the Maryland Telemedicine Task Force with the charge to develop a plan for a comprehensive statewide telemedicine system. Until recently, efforts were focused on using telemedicine to improve stroke care in Maryland. In the coming months, three advisory groups will meet to develop a final report: a clinical advisory group to define areas of clinical need; a technical advisory group to define technical systems and statewide standards; and a financial group to define reimbursement requirements and

financial support. A final report is anticipated to be submitted to the council in December 2011.

Chapter 266 of 2006 required the University of Maryland School of Medicine to study and report on issues regarding the use of telemedicine. The corresponding report, published in 2007, noted that telemedicine had been slow to develop in Maryland due to several barriers, including financial and quality issues, infrastructure, and legal and regulatory issues.

State Fiscal Effect: General fund expenditures increase by \$51,577 in fiscal 2012, which assumes a one-month implementation delay following the bill's June 1, 2011 effective date.

DHMH does not have sufficient resources to absorb the requirements associated with the task force. Because the added responsibilities incurred by this legislation are not permanent, DHMH can hire a contractual employee to implement the bill. This estimate reflects the cost of hiring one full-time contractual employee to staff the task force, evaluate the use of telemedicine in MUP/As, and assist with making recommendations regarding the use of telemedicine in MUP/As. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Fiscal 2013 expenditures reflect the termination of the contractual employee on September 30, 2012, and include one salary and 1% annual increases in ongoing operating expenses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): U.S. Health Resources and Services Administration; Department of Health and Mental Hygiene; American Medical Association; American Telemedicine Association; University of Maryland School of Medicine, *Report on Policies Regarding Use and Reimbursement for Telemedicine Services in Maryland and Other States*, February 2007; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2011
mlm/mwc Revised - Senate Third Reader - April 5, 2011

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