SB 704

Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

Senate Bill 704 (Senator Klausmeier, *et al.*)

Finance Health and Government Operations

Maryland Medical Assistance Program - Telemedicine - Assertive Community Treatment and Mobile Treatment Services

This bill requires that, if the Maryland Department of Health (MDH) specifies by regulation the types of health care providers eligible to receive reimbursement for Medicaid telemedicine services, the types of providers must include psychiatrists providing assertive community treatment (ACT) or mobile treatment services (MTS) in a home or community-based setting. The bill also specifies that ACT and MTS, for purposes of reimbursement and any fidelity standards established by MDH, are equivalent to the same health care service when provided through in-person consultation. By September 30, 2020, MDH must report to specified committees of the General Assembly on the effect on Medicaid general fund expenditures of reimbursing telemedicine services from psychiatrists providing ACT or MTS. **The bill terminates September 30, 2020.**

Fiscal Summary

State Effect: Medicaid expenditures increase by $2.1 million (62% federal funds, 38% general funds) in FY 2019, as discussed below. Future years reflect annualization, growth in enrollment and rates, lower federal matching rates, and termination of the bill after the first quarter of FY 2021. Federal fund revenues increase accordingly. **This bill increases the cost of an existing entitlement program.**

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
FF Revenue	$1,290,600	$1,799,700	$468,100	$0	$0
GF Expenditure	$791,000	$1,150,600	$312,100	$0	$0
FF Expenditure	$1,290,600	$1,799,700	$468,100	$0	$0
Net Effect	($791,000)	($1,150,600)	($312,100)	$0	$0

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

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: To the extent authorized by federal law or regulation, coverage of and reimbursement for health care services delivered through telemedicine must apply to Medicaid and managed care organizations in the same manner they apply to health insurance carriers. Subject to the limitations of the State budget and to the extent authorized by federal law, MDH may authorize coverage of and reimbursement for health care services that are delivered through store and forward technology or remote patient monitoring.

MDH may specify by regulation the types of health care providers eligible to receive reimbursement for telemedicine health care services provided to Medicaid recipients. If MDH specifies by regulation the types of providers eligible to receive reimbursement, the types of providers must include primary care providers.

Background: All Medicaid participants are eligible to receive telehealth services. Telehealth services are subject to the same program restrictions, requirements, and other limitations as services provided in person. Telehealth providers must be enrolled as a Medicaid provider to be reimbursed; however, certain originating site providers may participate even though they are not eligible to enroll as a Medicaid provider.

Originating site providers include college or university student health or counseling offices; community-based substance use disorder providers; schools with supported nursing, counseling, or medical offices; local health departments; federally qualified health centers (FQHCs); hospitals; nursing facilities; offices of a physician, psychiatric nurse practitioner, nurse practitioner, or nurse midwife; opioid treatment programs; outpatient mental health centers; renal dialysis centers; and residential crisis services sites.

Distant site providers include community-based substance use disorder providers, opioid treatment programs, outpatient mental health centers, nurse midwives, nurse practitioners, psychiatric nurse practitioners, physicians, and providers fluent in American Sign Language serving deaf or hard of hearing participants. Regulations are pending to add physician assistants and FQHCs as distant site providers.

As of February 2018, MDH had 89 somatic providers and 323 behavioral health providers registered as originating sites, and 792 somatic providers and 200 behavioral health providers registered as distant sites.

State Fiscal Effect: Medicaid expenditures increase by $2,081,674 (62% federal funds, 38% general funds) in fiscal 2019, which accounts for the bill's October 1, 2018 effective date. This estimate reflects the cost to provide reimbursement to psychiatrists providing ACT or MTS via telemedicine. The information and assumptions used in calculating this estimate are stated below.

- In fiscal 2017, the total annual cost of Medicaid ACT and MTS was $25.2 million.
- ACT and MTS were rendered to 4,677 enrollees, averaging an annual cost of $5,395 per enrollee per year.
- MDH estimates that including ACT and MTS in the Medicaid telehealth program increases utilization of such services by 11%, based on the increase experienced by the Veterans Administration when it expanded telehealth coverage.
- Service costs increase by 3.5% in fiscal 2020 and 3.0% in fiscal 2021 to reflect mandated rate increases for community behavioral health providers under Chapter 571 of 2017 (the Heroin and Opioid Prevention Effort (HOPE) and Treatment Act of 2017).
- The federal matching rate will be 62% in fiscal 2019, 61% in fiscal 2020, and 60% in fiscal 2021.

Future year expenditures reflect annualization and 2.7% enrollment growth, as well as termination of the bill on September 30, 2020 (fiscal 2021). Medicaid can submit the required report using existing budgeted resources.

Small Business Effect: Psychiatrists that provide ACT or MTS via telemedicine to Medicaid recipients in home or community-based settings benefit.

Additional Information

Prior Introductions: None.

Cross File: HB 1652 (Delegate Sample-Hughes, *et al.*) - Health and Government Operations.

Information Source(s): Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2018
mm/ljm Third Reader - March 15, 2018
Enrolled - April 17, 2018
Revised - Amendment(s) - April 17, 2018

Analysis by: Jennifer B. Chasse

Direct Inquiries to:
(410) 946-5510
(301) 970-5510