

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0803-01  
Bill No.: HB 319  
Subject: Health Care; Telecommunications; Elementary and Secondary Education;  
 Medicaid; Insurance - Medical  
Type: Original  
Date: February 5, 2015

---

Bill Summary: This proposal changes the laws regarding the provision of telehealth services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$484,931)	(\$592,974)	(\$604,240)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$484,931)</b>	<b>(\$592,974)</b>	<b>(\$604,240)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenses exceed \$1 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state Section 208.675 and 208.677 lists eligible health care providers and originating sites for telehealth services. 13 CSR 70-3.190 describes MHD's telehealth services and does not include a School or MHD participant's home as an originating site (which are included in this proposal). MHD assumes no additional services and utilization will be provided within the school setting; therefore, there will be no fiscal impact adding schools as an originating site. MHD assumes that adding MHD participant's home as an originating site will increase utilization. MHD used the SFY 14 average number of persons with disabilities enrolled in MO HealthNet (158,647) to come up with a cost. It is estimated that 7,933 (158,647 X 5%) eligibles will use telehealth from their home. It is further estimated that each eligible will average 8 telehealth visits per year for a total of 63,464 visits (7,933 eligibles X 8 visits). The average physician schedule rate for a distant provider is \$25.00. The estimated total cost for MHD for telehealth services is \$1,586,600 (63,464 visits X \$25). Since this bill is effective August 28, 2015, the State Fiscal Year (SFY) 2016 cost will only be for ten months of the total cost. The SFY 2016 cost will be \$1,322,166.67 (\$1,586,600 \* 10/12). A 1.9% inflation factor was used to calculate SFY 17 and beyond.

Total costs for the proposal is:

SFY 2016 (10 months):	\$1,322,167 (GR \$484,931; \$837,236 Federal)
SFY 2017:	\$1,616,746 (GR \$592,974; \$1,023,772 Federal)
SFY 2018:	\$1,647,463 (GR \$604,240; \$1,043,223 Federal).

Officials from the **Department of Elementary and Secondary Education, the Department of Health and Senior Services, the Department of Mental Health, the University of Missouri, Kansas City Public Schools and Lee's Summit R-7 School District** each assume the proposal would not fiscally impact their respective agencies.

Officials from the following **schools**: Blue Springs Public Schools, Branson Public Schools, Caruthersville School District, Charleston R-I School District, Cole R-I School District, Columbia Public Schools, Everton R-III School District, Fair Grove Schools, Francis Howell Public Schools, Fulton Public Schools, Harrisonville School District, Independence Public Schools, Jefferson City Public Schools, Kirbyville R-VI School District, Kirksville Public Schools, Macon School District, Malta Bend School District, Mexico Public Schools, Monroe City R-I School District, Nixa Public Schools, Parkway Public Schools, Pattonville School District, Raymore-Peculiar R-III School District, Raytown School District, Riverview Gardens School District, Sedalia School District, Sikeston Public Schools, Silex Public Schools, Special

ASSUMPTION (continued)

School District of St. Louis County, Spickard R-II School District, Springfield Public Schools, St. Joseph School District, St. Louis Public Schools, St. Charles Public Schools, Sullivan Public Schools, Warren County R-III School District, Waynesville Public School District, Allen Village School, Carondelet Leadership Academy Education and KIPP Endeavor Academy in Kansas City did not respond to **Oversight's** request for a statement of fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE FUND</b>			
<u>Costs - DSS-MHD (\$208.677)</u>			
Increase in telehealth visits	<u>(\$484,931)</u>	<u>(\$592,974)</u>	<u>(\$604,240)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$484,931)</u></b>	<b><u>(\$592,974)</u></b>	<b><u>(\$604,240)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS-MHD (\$208.677)</u>			
Increase in program reimbursements	\$837,236	\$1,023,772	\$1,043,223
<u>Costs - DSS-MHD (\$208.677)</u>			
Increase in program expenditures	<u>(\$837,236)</u>	<u>(\$1,023,772)</u>	<u>(\$1,043,223)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

This proposal may positively impact small business healthcare providers by allowing them to provide telehealth services to participants in their homes or schools.

### FISCAL DESCRIPTION

This proposal requires specified individuals who are licensed in Missouri to be considered eligible health care providers for the provision of telehealth services in the MO HealthNet program. Eligible individuals must include:

- (1) Physicians;
- (2) Advanced registered nurse practitioners;
- (3) Dentists and oral surgeons;
- (4) Psychologists and provisional licensees;
- (5) Pharmacists;
- (6) Speech, occupational, or physical therapists;
- (7) Clinical social workers; and
- (8) Health care providers practicing in rural health clinics.

The proposal defines "originating site" as a telehealth site where the MO HealthNet participant receiving the telehealth service is located for the encounter. The originating site must ensure immediate availability of clinical staff during a telehealth encounter if a participant requires assistance. An originating site must be one of the following locations:

- (1) Office of a physician or health care provider;
- (2) Hospital;
- (3) Critical access hospital;
- (4) Rural health clinic;
- (5) Federally qualified health center;
- (6) Nursing home;
- (7) Dialysis center;
- (8) Missouri state habilitation center or regional office;
- (9) Community mental health center;
- (10) Missouri state mental health facility;
- (11) Missouri state facility;
- (12) Missouri residential treatment facility licensed by and under contract with the Children's Division within the Department of Social Services that has a contract with the Children's Division. Facilities must have multiple campuses and have the ability to adhere to technology requirements. Missouri licensed psychiatrists, licensed psychologists, or provisionally licensed

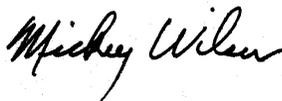
FISCAL DESCRIPTION (continued)

psychologists, and advanced registered nurse practitioners who are enrolled MO HealthNet providers must be the only consulting providers at these locations; (13) Comprehensive substance treatment and rehabilitation (CSTAR) program; (14) School; or (15) The MO HealthNet recipient's home.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Department of Health and Senior Services  
Department of Mental Health  
Department of Social Services -  
    MO HealthNet Division  
University of Missouri  
Kansas City Public Schools  
Lee's Summit R-7 School District



Mickey Wilson, CPA  
Director  
February 5, 2015

Ross Strobe  
Assistant Director  
February 5, 2015