Government of the District of Columbia
Office of the Chief Financial Officer

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Chief Financial Officer

MEMORANDUM

TO:	**The Honorable Phil Mendelson** **Chairman, Council of the District of Columbia**
FROM:	**Jeffrey S. DeWitt** **Chief Financial Officer**
DATE:	**February 7, 2018**
SUBJECT:	**Fiscal Impact Statement – Telehealth Medicaid Expansion Act of 2018**
REFERENCE:	**Bill 22-233, Committee Print as shared with the Office of Revenue Analysis on February 3, 2017**

Conclusion

Funds are not sufficient in the fiscal year 2018 through 2021 budget and financial plan to implement the bill. The bill will cost $29.4 million in fiscal year 2018 and $216.9 million over the four-year financial plan.

Background

The bill expands the scope of telehealth services[1] covered by the District of Columbia's Medicaid program. The District 's Medicaid program is operated by the Department of Health Care Finance (DHCF).

Medicaid Telehealth Services

The bill permits all categories of District of Columbia Medicaid beneficiaries to participate in telehealth service. Currently the District only reimburses for telehealth services rendered to fee-for-service Medicaid beneficiaries. The bill will allow additional beneficiaries, who receive services through managed care organizations under contract with DHCF, to participate in telehealth.

[1] The bill defines telehealth as the delivery of healthcare services, including services provided via synchronous interaction and asynchronous interaction, store-and-forward, through the use of interactive audio, video, or other electronic media used for the purpose of diagnosis, consultation, remote patient monitoring, or treatment; provided, that services delivered through audio-only telephones, electronic mail messages, or facsimile transmissions are not included.

The bill limits the telehealth services eligible for Medicaid reimbursement to services that can also be provided in person and are covered under the Medicaid State Plan. Eligible telehealth services include:

- Evaluation, consultation, and management;
- Behavioral health care services, including psychiatric evaluation and treatment, psychotherapies, substance abuse assessment, and counseling;
- Diagnostic, therapeutic, interpretative, and rehabilitation services;
- Medication therapy management;
- Services provided via synchronous[2] and asynchronous[3] interaction store-and-forward;
- Remote patient monitoring,[4] subject to prior authorization by DHCF; and
- Other services as determined by the Director of DHCF through rulemaking.

Medicaid beneficiaries who participate in telehealth services must do so at eligible origination sites.[5] Patients at origination sites can contact eligible distant site providers[6] for telehealth services. Payments made to distant site providers for professional services may not be shared with the referring provider at the originating site.

Remote Patient Monitoring Services

The bill requires DHCF to establishes a remote patient monitoring program that allows originating site providers to collect personal health information and medical data from patients and transmit it to health care providers at distant sites for use in the treatment and management of medical conditions. Remote patient monitoring may be conducted from the patient's home. To qualify for remote patient monitoring services, Medicaid beneficiaries must:

- Be diagnosed, in the last eighteen months, with one or more chronic conditions, which include, but are not limited to, Alzheimer's disease and related dementia, arthritis, asthma, cancer, chronic kidney disease, chronic obstructive pulmonary diseases, diabetes, Hepatitis, HIV/AIDS, hypertension, and mental health disorders;
- Experience one or more hospitalizations, including emergency room visits, in the last twelve months; and
- Receive a health care provider recommendation and authorization for disease management services via remote patient monitoring.

[2] Real-time interaction between a patient and a provider at a distant site.
[3] The transmission via a telecommunications system of a patient's medical information from an originating site to the health care provider at a distant site.
[4] Remote patient monitoring services use electronic information and communication technologies to collect personal health information and medical data from a patient at an originating site that is transmitted to a health care provider at a distant site for use in the treatment and management of medical conditions that require frequent monitoring.
[5] Eligible origination site providers include hospitals, nursing facilities, federally qualified health centers, clinics, physician offices, nurse practitioner offices, District of Columbia Public Schools, District of Columbia Public Charter Schools, core service agencies, home health agency, hospice, university health centers, patient homes, and sites determined by the Director of DHCF through rulemaking.
[6] Eligible distant site providers include hospitals, nursing facilities, federally qualified health centers, clinics, physician offices, physician assistants, nurse practitioner offices, District of Columbia Public Schools, District of Columbia Public Charter Schools, core service agencies, home health agencies, hospice, and health care professionals as determined by the Director of DHCF through rulemaking.

The bill requires DHCF to authorize the use of remote patient monitoring services prior to services being rendered. A qualifying beneficiary request must include:

- An order for home telehealth services, signed and dated by the prescribing physician;
- A plan of care, signed and dated by the prescribing physician, that includes the frequency and duration of telehealth services;
- The patient's diagnosis and risk factors that qualify the patient for home telehealth services;
- Attestation by the patient that he or she is sufficiently cognitively intact and able to operate the equipment or has a willing and able person to assist in completing electronic transmission of data; and
- Attestation that the patient is not receiving duplicative services.

The bill requires distant site providers engaged in remote patient monitoring services to have protocols in place before rendering services that address each of the following:

- Authentication and authorization of users;
- A mechanism for monitoring, tracking, and responding to changes in a patient's clinical condition if applicable;
- A standard of acceptable and unacceptable parameters for a patient's clinical condition;
- How monitoring staff will respond to abnormal parameters of a patient's vital signs, symptoms, and/or lab results as appropriate;
- The monitoring, tracking, and responding to changes in a patient's clinical condition;
- The process for notifying the prescribing physician of significant changes in the patient's clinical signs and symptoms;
- The prevention of unauthorized access to the telecommunication system or information;
- System security and compliance with all HIPAA security and privacy requirements;
- Information storage, maintenance, and transmission;
- Synchronization and verification of patient profile data as appropriate; and
- Notification of the patient's discharge from remote patient monitoring services or the de-installation of the remote patient monitoring unit.

The bill requires DHCF to establish reimbursement rates for distant site providers providing daily remote patient monitoring. DHCF must also provide a one-time telehealth installation/training fee reimbursement to providers. To be eligible to receive payment, distant site provider must offer services that include:

- Assessment and monitoring of clinical data including, but not limited to, appropriate vital signs, pain levels and other biometric measures specified in the plan of care, including assessment of response to previous changes in the plan of care;
- Detection of condition changes based on the telehealth encounter that may indicate the need for a change in the plan of care; and
- Implementation of a management plan.

The bill requires telehealth equipment and the network used for remote patient monitoring services to be maintained in good repair. Equipment must be sanitized before installation in the patient's home setting and also accommodate non-English language patients.

Asynchronous Interaction Store-and-Forward Telehealth Services

Patients receiving asynchronous interaction store-and-forward[7] telehealth services must be notified of their right to receive interactive consultation with the distant site that is providing services. Patients must receive an interactive communication with the distant site provider within 30 days of requesting a consultation. Telehealth networks that are unable to offer interactive consultations are not eligible for Medicaid reimbursement.

Facility Fees

The bill requires DHCF to pay originating telehealth sites up to a $25 for facility fees beginning in fiscal year 2019. Starting in fiscal year 2020, facility fees for originating sites will be updated by the Medicare Economic Index as determined by the United States Centers for Medicaid and Medicaid Services. Distant site providers and remote patient monitoring services are not eligible to receive payment for facility fees.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2018 through 2021 budget and financial plan to implement the bill. The bill will cost $29.4 million in fiscal year 2018 and $216.9 million over the four-year financial plan.

DHCF requires additional funding and personnel support in order to provide Medicaid reimbursement payments to providers for services that are not currently covered under the District's Medicaid State Plan. Medication therapy management, remote patient monitoring, home health origination sites, patient home origination sites, and origination site facility fees are not covered by Medicaid. In order to provide reimbursement for these services and in order to complete prior authorizations, eligibility determinations, and rulemaking, DHCF will need $29.4 million in fiscal year 2018 and $216.9 million over the four-year financial plan. The specific costs of covering each of these services by Medicaid beneficiary category as well as DHCF administrative costs are detailed in the following table.

Telehealth Medicaid Expansion Act of 2018
Total Fiscal Impact (in $1,000s)

Fee-for-Service Beneficiary Telehealth Costs					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Federal Medicaid Share[(a)]	$3,665	$7,551	$7,777	$8,011	$27,004
Local Fund Share	$1,571	$3,236	$3,333	$3,433	$11,573
Fee-for-Service Beneficiary Total	**$5,236**	**$10,787**	**$11,110**	**$11,444**	**$38,578**

[7] Asynchronous store-and-forward is the transmission via a telecommunications system of a patient's medical information from an originating site to the health care provider at a distant site.

Managed Care Organization (MCO) Beneficiaries Telehealth Costs					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Federal Medicaid Share[b]	$18,650	$38,419	$39,572	$40,759	$137,399
Local Fund Share	$4,279	$8,814	$9,079	$9,351	$31,523
MCO Beneficiary Total[c]	**$22,929**	**$47,233**	**$48,650**	**$50,110**	**$168,922**

DHCF Administration Costs					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Federal Medicaid Share[d]	$578	$1,190	$1,226	$1,263	$4,258
Local Fund Share	$706	$1,455	$1,499	$1,544	$5,204
DHCF Administration Costs Total[e]	**$1,284**	**$2,646**	**$2,725**	**$2,807**	**$9,461**

Total Fiscal Impact (in $1,000s)					
	FY 2018	FY 2019	FY 2020	FY 2021	Total
Total Federal Funds	$22,893	$47,160	$48,575	$50,032	$168,661
Total Local Funds	$6,556	$13,505	$13,910	$14,328	$48,299
Total Fiscal Impact[f][g]	**$29,449**	**$60,666**	**$62,486**	**$64,360**	**$216,961**

Table Notes:

(a) Assumes a 70 percent federal and 30 percent local cost sharing.
(b) Assumes a 81 percent federal and 19 percent local cost sharing.
(c) Assumes that additional cost to MCOs are passed on through higher MCO capitation rates because of federal actuarial soundness requirements.
(d) Assumes 45 percent federal and 55 percent local cost sharing.
(e) Includes salary and fringe for one Grade 15 Program Manager and funds to complete prior authorization and eligibility determinations through a contract vendor.
(f) Assumes start date of March 1, 2018.
(g) Assumes growth rate of 3 percent to account of increases in the Consumer Price Index.