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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/13

SPONSOR SJC LAST UPDATED 03/14/13 HB _____

Insurance Coverage For Telemedicine

SHORT TITLE Coverage SB CS/69/aHHGIC/aHJC/aHF1#1

ANALYST Trowbridge

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	NA	Cannot be estimated*	Cannot be estimated*	Cannot be estimated*	N/A	N/A

(Parenthesis () Indicate Expenditure Decreases)

*See Fiscal Implications

SOURCES OF INFORMATION

LFC Files

Responses Received From

Medical Board (MB)

Human Services Department (HSD), MAD

New Mexico Telehealth Alliance (NMTA)

Public Regulation Commission (PRC)

General Services Department (GSD)

SUMMARY

Synopsis of HF1 #1 Amendment

The House Floor #1 amendment to the Senate Judiciary Committee substitute for Senate Bill 69 strikes House Health, Government and Indian Affairs Committee amendments 1, 6, 11, 16, and 21 which required telemedicine service be reimbursed at the same rate as a physical face-to-face encounter and inserted in the same pages and line numbers “Coverage for health care services provided through telemedicine shall be determined in a manner consistent with coverage for health care services provided through in-person consultation.

Synopsis of HJC Amendment

The House Judiciary Committee amendment to the Senate Judiciary Committee substitute for Senate Bill 69 on page 10, line 2, strikes the word “of” to clear a grammatical error.

Synopsis of HHGIC Amendment

The House Health, Government and Indian Affairs Committee amendment to the Senate Judiciary Committee substitute for Senate Bill 69 changes section of the Health Care Purchasing Act, the Insurance Code, the Health Maintenance Organization Law, and the Nonprofit Health Care Plan Law to require coverage for telemedicine services, including utilization review and appeal rights for denials, through the following changes:

1. Throughout the bill, the amendments require that telemedicine used to perform clinical services be encrypted and conform to state and federal privacy laws.
2. The provisions of the bill will not apply to limited insurance coverage such as supplements to major medical group-type coverage such as a Medicare supplemental policy, long term care disability income, coverage for specified diseases, accident-only insurance, hospital indemnity or other limited benefit insurance policies.
3. Clarity is provided to definitions by adding the word “simultaneous” to ensure that the interactive audio and video components of telemedicine occur together, rather than as separately recognized components of telemedicine.
4. Provisions are added to ensure that reimbursement for services provided through telemedicine are reimbursed at the same rate for which the physical face-to-face covered service would have been reimbursed.
5. Requires that telemedicine services be reimbursed at the same rate as similar services that are provide in the normal, non-telemedical manner.
6. Enhances the definition of “telemedicine.”

Synopsis of Original Bill

The Senate Judiciary Committee substitute for Senate Bill 69 (SB 69) seeks to amend the Health Care Purchasing Act, the New Mexico insurance code, the Health Maintenance Organization Law and the Nonprofit Health Care Plan Law providing for mandatory coverage for telemedicine services under all insurance coverage and group health plans and providing for utilization review and appeal rights for denials of telemedicine coverage. SB 69 incorporates the following changes from the original SB 69:

- Revising page 1 lines 24-25, page 3 lines 22-23, page 5 line 19, page 7 lines 15-16, page 9 lines 10-11 as follows: “...shall ~~include coverage of~~ allow covered benefits to be provided through telemedicine services.”
- Changing the definition of “health care provider” so that it agrees with the definition that appears in 13.10.17.7 NMAC: “health care provider” means a duly licensed hospital or other licensed facility, physician, or other health care professional authorized to furnish health care services within the scope of their license.”

"Telemedicine" means the use of interactive audio and video or store-and-forward technology by a health care provider to deliver health care services at a site other than where the patient is located, including the use of electronic media for consultation relating to the health care diagnosis or treatment of the patient in real time or through the use of "store-and-forward technology." Telemedicine is not a medical specialty but rather provides the tools to deliver covered healthcare services over distance. SB 69 requires commercial health insurance payers to reimburse for covered services when provided via telemedicine at the same rate they would for a physical encounter.

FISCAL IMPLICATIONS

The agencies indicate that financial impact cannot be estimated because, as explained under Significant Issues, the bill would allow such a lack of control of the use of the service that all types of scenarios could develop unless the definitions in the bill are changed.

SIGNIFICANT ISSUES

The Medical Board (MB) indicates that delivery of health care requires significant overhead: office staff, medical record management and storage, technical communication equipment, and professional services. Like any office service, there is additional expense in providing it.

The Human Services Department (HSD) notes that within its definition of telemedicine, the bill also includes "store-and-forward" technology which currently (as of December 2012) is only covered by Medicare and only under federal telemedicine demonstration projects in Hawaii and Alaska.

By not seeming to allow the health care payer to be able to require a referral from an existing provider as part of the criteria for coverage, there could be an increase in recipient "doctor shopping", and an increase in unscrupulous providers not using the best provider-to-patient relationship possible for good health care.

The New Mexico Telehealth Alliance (NMTA) states the return on investment in using telemedicine comes from improved access to healthcare services by remote providers and their patients that reflect best practices, improve health, improved continuity of care, earlier detection of a health problem, earlier intervention, prevention of more serious complications, better outcomes, and avoidance of more expensive healthcare services and decreased use of emergency services or hospitalization, thus reducing overall costs.

The NMTA adds for New Mexico, as a large rural state, access to appropriate and needed healthcare is a challenge. Telemedicine systems improve access and provide increased support for local healthcare providers and their patients at their location, decreasing the need to travel, avoiding expensive transports, decreasing professional isolation, and improving healthcare provider retention and recruitment, as well as more effective and efficient distribution of our limited healthcare resources and expertise.

According to the NMTA, lack of reimbursement creates a significant barrier to the use and provision of healthcare services via telemedicine by both primary and specialty providers. Telemedicine can efficiently improve access and quality of care for underserved patients by providing remote consultations and specialty care especially in communities impacted by

provider shortages or challenges related to geography. Almost every state can improve its telehealth coverage and policies to improve access and outcomes, leverage scarce health professionals, and constrain health costs.

The Public Regulation Commission (PRC) identifies as a significant issue the fact that many or most health insurance policies and plans currently will not pay for services that are provided telemedically.

PERFORMANCE IMPLICATIONS

The NMTA states that appropriate use and reimbursement for services provided via telemedicine should improve provision of evidence-based best practices regardless of the location of care and decrease unnecessary variations in care

ADMINISTRATIVE IMPLICATIONS

The NMTA observes the same Current Procedural Terminology (CPT) codes and reimburse rate can be used for services provided via telemedicine, often with a “GT” modifier (the code that indicates the medical procedure conducted by telemedicine) and not require any significant modification in administrative billing and reimbursement processes.

OTHER SUBSTANTIVE ISSUES

The NMTA notes that the intentions of SB 69 complement the New Mexico Telehealth Act passed in 2004 and may be applied to other reimbursement strategies used by Medicaid, a health Insurance Exchange, or any potential future payer. The NMTA also states that the Bill does not require a certified provider be with the patient at the originating site unless the telemedicine consultant deems it necessary.

A similar Bill (HB 591) was passed by the New Mexico House of Representatives in 2011 but there was insufficient time to be heard by the Senate. The NMTA adds that The National Organization of Black Elected Legislative Women (NOBEL) has strongly supported this type of telemedicine legislation that can reduce healthcare disparities, particularly for the underserved.

This type of Bill requiring reimbursement for healthcare services provided via telemedicine has been passed in 15 other states: California, Colorado, Georgia, Hawaii, Kentucky, Louisiana, Maine, Maryland, Michigan, New Hampshire, Oklahoma, Oregon, Texas, Vermont, and Virginia.

The NMTA also notes that as telemedicine becomes a standard of care, failure to use telemedicine creates serious potential liability for hospitals, other health care provider organizations, clinics, and individual practitioners.

ALTERNATIVES

The NMTA notes that the state could subsidize the cost of providing healthcare services using telemedicine without payer reimbursement, which would add additional costs to the state.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The MB states increasingly necessary and useful telemedicine services will not be available to patients who cannot afford regular medical services: health care practitioners will not be able to afford to deliver such services due to their costs and time requirements. The NMTA indicates that a lack of reimbursement by payers has been a barrier to expanding services through telehealth and this Bill would require commercial insurance companies to reimburse for covered services provide via telehealth. This would definitely be an important step forward to reimbursement for telemedicine services provided through various healthcare organizations, such as UNM HSC/UNMH, Project ECHO, other large health systems, public or private, such as Presbyterian Health Systems, Lovelace Health Systems, Presbyterian Medical Services, San Juan Regional Medical Center and others, as well as many rural hospitals and clinics using telemedicine and would include "store and forward" images interpretation, important for dermatology, and ophthalmology/retinal scans in monitoring diabetic retinopathy, the leading cause of blindness in New Mexico. Lack of reimbursement would create significant barriers to the sustainability and expansion of provision of current and planned healthcare services provided via telemedicine, decrease prevention of more costly complications and need for avoidable higher levels of care and higher expense.

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