



Ohio Legislative Service Commission

Ivy Chen and other LSC staff

Fiscal Note & Local Impact Statement

Bill: [H.B. 609 of the 129th G.A.](#)

Date: November 28, 2012

Status: As Introduced

Sponsor: Rep. Wachtmann

Local Impact Statement Procedure Required: No

Contents: Requires the Medicaid Program and authorizes health care insurers to provide coverage of telehealth services

State Fiscal Highlights

- According to a spokesperson for the Ohio Department of Job and Family Services (ODJFS), requiring coverage of telehealth services will likely increase the state's Medicaid costs under both fee-for-service and managed care.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

Telehealth services required under the Medicaid Program

Currently, reimbursement under the Medicaid Program for telemedicine service varies. There is no uniform system, but certain providers are able to bill Medicaid for providing such services. In the Revised Code, "the practice of telemedicine" refers to an out-of-state physician who provides services through any communication including oral, written, or electronic to someone in Ohio.¹ These services are covered by Medicaid now.² On the other hand, according to the Ohio Department of Job and Family Services (ODJFS), reimbursement for telemedicine services provided by in-state providers is currently built into the physician's reimbursement rates as overhead for face-to-face encounters.

The bill requires the Ohio Medicaid Program to provide telehealth services coverage through both fee-for-service and managed care. "Telehealth" as defined in the bill means the use of interactive audio, video, and other telecommunications technology by a health care provider to deliver health care services between a distant site and an originating site for diagnosis and treatment of a patient. The bill defines a "telehealth service" as a health care service provided through telehealth, including a service provided through a synchronous interaction or asynchronous store and forward action. Thus, as compared to current practice under the Ohio Medicaid Program, the bill (1) expands who can provide the services from just physicians to any licensed, certified, or registered health care provider and (2) applies to providers, regardless of where they are located.

According to a spokesperson for ODJFS, requiring coverage of telehealth services will likely increase the state's Medicaid costs under both fee-for-service and managed care. The bill could increase the number of Medicaid claims submitted under fee-for-service, which could in turn increase administrative costs for ODJFS to process the claims as well as increase service costs. Any increase in costs will depend upon the number of telehealth services claims that may be submitted and the reimbursement rate for telehealth services. On the other hand, some or all of the increase in costs might be offset by cost savings such as a potential reduction in costs due to fewer emergency room visits. According to a spokesperson for ODJFS, requiring the Ohio Medicaid Program to provide telehealth services coverage will likely increase the capitation rate the state pays managed care organizations.

¹ Ohio Revised Code section 4731.296.

² Ohio Administrative Code section 5101:3-2-02.

Telehealth services provided by health insurers

The bill specifies that health insurers, including public employee health plans, may provide telehealth service coverage. The bill specifies that a health insurer must meet certain requirements if it chooses to provide telehealth service coverage. The provision allowing health insurers to provide telehealth service coverage would have no direct fiscal impact on self-insured health benefit plans of either the state or local governments. However, it may increase costs for a public employee health benefit plan that chooses to include telehealth service coverage. Thus, the bill may increase premiums paid by such plan to provide health benefits to employees and its dependents. Any increase in insurance premiums would increase costs to the state and local governments.

Currently, telehealth service is not included in the state's health benefit plan. In addition, LSC staff could not determine the number of local governments' plans that do not currently include telehealth service coverage. To the extent that telehealth services are already included in local governments' health benefit plans, the impact on their costs of providing health benefits to employees and their dependents should be reduced.