# Ohio Legislative Service Commission

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# Fiscal Note & Local Impact Statement

**Bill**: H.B. 123 of the 130th G.A. **Date**: April 23, 2013

**Status**: As Introduced **Sponsors**: Reps. Gonzales and Wachtmann

**Local Impact Statement Procedure Required**: No

**Contents**: Medicaid and health insurance coverage of telehealth services

## State Fiscal Highlights

- It is possible that the bill would increase administrative costs for the Office of Medical Assistance (OMA) due to the requirement of establishing reimbursement standards. The bill could also increase the number of Medicaid claims due to a standard reimbursement that could, in turn, increase administrative costs for OMA. However, an increase in claims will not increase Medicaid service costs because the bill requires that telehealth services be at least as cost effective as the Medicaid Program's coverage of health care services when provided by a health care provider at the same site where the patient is located.
- The state health benefit plan does not currently provide coverage for telehealth services. Currently, there is no fiscal effect of this provision.

## Local Fiscal Highlights

- To the extent that a local government health benefit plan chooses not to provide telehealth services, the bill would have no fiscal effect. If a local government does provide telehealth services under its health benefit plan for its employees, any fiscal effect is likely to be minimal.

# 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 Office of Medical Assistance (OMA), 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 OMA to establish standards for Medicaid reimbursement for health care services OMA determines are appropriate to be covered by the Medicaid Program when provided as telehealth services. The bill defines a "telehealth service" as a health care service delivered to a patient through the use of interactive audio, video, or other telecommunications or electronic technology from a site other than the site where the patient is located.

It is possible that the bill would increase administrative costs for OMA due to the requirement of establishing reimbursement standards. The bill could also increase the number of Medicaid claims due to a standard reimbursement that could, in turn, increase administrative costs for OMA. However, an increase in claims will not increase Medicaid service costs because the bill requires that telehealth services be at least as cost effective as the Medicaid Program's coverage of health care services when provided by a health care provider at the same site where the patient is located.

## 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 bill also provides reimbursement and documentation requirements related to telehealth services provided by health care providers.

These provisions may increase costs for a public employee health benefit plan that chooses to include telehealth service coverage. Any increase in such costs would represent an increase in costs to state and local governments to provide health benefits to employees and their dependents. In practice the decision to provide telehealth service coverage is permissive, and the requirements on such health plans are likely to be minimal.

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[1] Ohio Revised Code section 4731.296.

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

Currently, telehealth service is not included in the state's health benefit plan. The bill's requirements would therefore have no fiscal effect unless and until the state was to begin covering telehealth services, a decision that the bill leaves permissive. As of this writing, LSC staff could not determine the number of local governments' plans that currently include telehealth service coverage. To the extent that a local government health benefit plan chooses not to provide telehealth services, the bill would have no fiscal effect. If they do provide telehealth services, any fiscal effect is likely to be minimal.

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