



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

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**Bill:** [S.B. 118 of the 130th G.A.](#)

**Date:** February 3, 2014

**Status:** As Introduced

**Sponsor:** Sen. Tavares

**Local Impact Statement Procedure Required:** Yes

**Contents:** Insurance and Medicaid coverage of telemedicine services

### State Fiscal Highlights

- It is possible that the bill would increase administrative costs for the Medicaid Program due to the requirement of establishing a system and monitoring the provision of telemedicine services. The bill could also increase the number of Medicaid claims due to any expansion of telemedicine that could, in turn, increase administrative costs.

### Local Fiscal Highlights

- The bill prohibits health insurers from excluding coverage for a telemedicine service solely because the service is not provided through a face-to-face consultation. Thus, in effect, the bill requires health insuring corporations (HICs) and other health insurers to provide coverage for telemedicine services. This may increase costs for HICs and other health insurers. Consequently, it may increase premiums paid by counties, municipalities, townships, and school districts statewide to provide health benefits to their employees and their dependents, thereby increasing their costs. However, LSC staff could not determine the magnitude of the bill's fiscal impact on local governments due to lack of information on the number of plans that do not currently include telemedicine services coverage.

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## Detailed Fiscal Analysis

### **Mandated coverage for telemedicine services**

The bill prohibits health insurers from excluding coverage for a telemedicine service solely because the service is not provided through a face-to-face consultation. Thus, in effect, the bill requires health insuring corporations (HICs), and sickness and accident insurers to provide coverage for telemedicine services. This may increase costs for such insurers. Accordingly, it may also increase premiums paid by local governments to provide health benefits to employees and their dependents. Any increase in insurance premiums would increase costs to local governments. Currently, telemedicine service is not included in the state's health benefit plan, however, the state self-insures health benefits for employees and their dependents; the bill requirement does not apply to public employee benefit plans, so it does not apply to public employers that self-insure such benefits, like the state does. In addition, LSC staff could not determine the magnitude of the bill's fiscal impact on counties, municipalities, townships, and school districts statewide due to lack of information on the number of plans that do not currently include telemedicine services coverage. To the extent that telemedicine 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.

The bill specifies that the Department of Insurance is not required to conduct an analysis of the impact of the bill-mandated coverage for telemedicine services. Under existing law, no mandated health benefits legislation enacted by the General Assembly may be applied to sickness and accident or other health benefit policies, contracts, plans, or other arrangements until the Superintendent of Insurance determines that the provision can be applied fully and equally in all respects to employee benefit plans subject to regulation by the federal Employee Retirement Income Security Act of 1974 (ERISA) and employee benefit plans established or modified by the state or any political subdivision of the state.

### **Telemedicine services required under the Medicaid Program**

Payments under the Medicaid Program for telemedicine services vary. 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.<sup>1</sup>

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<sup>1</sup> R.C. 4731.296.

H.B. 123 of the 130th General Assembly requires the Ohio Department of Medicaid (ODM) to establish standards for Medicaid payments for health care services ODM determines are appropriate to be covered by the Medicaid Program when provided as telehealth services. H.B. 123 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. ODM is currently working on rules regarding telehealth as required by H.B. 123.

The bill requires the Director of Job and Family Services to do all of the following with respect to the provision of telemedicine services:

1. Ensure that the Medicaid Program does not exclude coverage for a telemedicine service solely because the service is not provided through a face-to-face consultation;
2. Ensure that the Medicaid Program does not require a medical service to be provided to a Medicaid recipient through a telemedicine service when the service can reasonably be provided through a face-to-face consultation;
3. Establish a system to monitor the provision of telemedicine services to Medicaid recipients for purposes of ensuring quality care and preventing fraud and abuse.

The Director can require a face-to-face consultation between a Medicaid recipient and a physician after an initial telemedicine service, but only if the physician who provided the service had never before seen the recipient as a patient. The Director can specify a period of time within which the consultation must occur.

It is possible that the bill would increase administrative costs for the Medicaid Program due to the requirement of establishing a system and monitoring the provision of telemedicine services. The bill could also increase the number of Medicaid claims if there is new service due to any expansion of telemedicine.