SUBJECT: Telemedicine services under Medicaid

COMMITTEE: Select Committee on State Health Care Expenditures — favorable, without amendment

VOTE: 7 ayes — Delisi, Berman, Deshotel, Harper-Brown, Truitt, Uresti, Wohlgemuth

0 nays

4 absent — Gutierrez, Capelo, Crownover, Miller

SENATE VOTE: On final passage, April 28 — voice vote

WITNESSES: For — Craig Walker, Health Care Vision, Inc.; *(Registered, but did not testify:)* Patricia Kolodzy, Texas Hospital Association

Against — None

On — *(Registered, but did not testify:)* Nora Cox, Health and Human Services Commission

BACKGROUND: Medicaid, the state-federal medical assistance program for the poor, elderly, and disabled, is administered by the Health and Human Services Commission (HHSC). One of the commission's functions related to Medicaid is establishing policies that govern the administration of services. HHSC also administers the state Children's Health Insurance Program (CHIP). Medicare is the federal medical assistance program for people over age 65.

Government Code, sec. 531.0217 defines "telemedical consultation" in connection with Medicaid reimbursement in rural areas as "a medical consultation for purposes of patient diagnosis or treatment that requires the use of advanced telecommunications technology."

In 2001, the 77th Legislature enacted SB 791 by Madla, which created a standard set of telemedicine definitions and regulatory changes relating to the use of telemedicine medical services in Medicaid and CHIP.

DIGEST:

SB 691 would direct HHSC to periodically review the telemedicine reimbursement rate policies for Medicaid and other medical assistance programs, compare them to the Medicare policies, and permit the commission to adjust Texas' policies to make them comparable. It would permit the existing telemedicine advisory committee to assist in that review. HHSC also could make other changes in policy, but only if they were cost and clinically effective.

The bill would take effect September 1, 2003, and implementation could be delayed until the commission obtained any needed waivers or authorization.

SUPPORTERS SAY:

Texas needs more flexibility in its telemedicine policies to take advantage of cost savings and efficiencies that telemedicine can offer. Texas' current law is very prescriptive, making it difficult for HHSC to employ policies that other programs have implemented.

Medicare has implemented a set of policies that have proven to be cost-effective and clinically beneficial. Examples of telemedicine services that Medicare offers include individual psychotherapy, medication management, and health monitoring. The Medicare program also allows the physician at the originating site to choose the health professional at the receiving site, while the Texas Medicaid program requires the receiving professional to be a physician who is a Medicaid provider. The Medicare policies have been shown to work and save that program money. Texas' Medicaid program should have the flexibility to implement them as well.

Telemedicine could save money and improve service in the Medicaid program, and HHSC should have the authority it needs to set policies to support those efforts. An example of a very successful telemedicine program was a telemedicine pilot project in Tarrant County that used a remote sonogram. Prior to the project, patients had to travel to a different, busy site for a prenatal sonogram, which required scheduling far in advance. As a consequence, about a quarter of patients missed their appointments. That problem was alleviated using a portable sonogram and transmitting the image to an attending physician for review off-site. Women in the pilot missed no appointments and gained the valuable prenatal screening. The program saved money by reducing the waste of staff time from missed appointments initially, but also, over the long term, saved the cost of complications with the

pregnancies that the sonogram caught.

The bill would offer protections against adopting untested policies. Any new policy other than the ones based on Medicare's experience would be required to show cost and clinical advantages before it could be implemented. In an area of medicine with lots of "gee-whiz" technology, it is important to know that a particular policy works and will save money before the state goes forward.

SB 691 would give HHSC the flexibility it would need to implement initiatives such as the disease management proposal outlined in the comptroller's report, *Additional e-Texas Recommendations*. The commission could amend its telemedicine policies to allow disease management for diabetes, asthma, or heart disease to improve compliance with the treatment regimen, reducing costs over the long term.

OPPONENTS SAY:

The state should be wary of permitting HHSC to adjust telemedicine policies across the Medicaid program without legislative oversight. The telemedicine industry is evolving rapidly and offers technology solutions that might not be rigorously proven. Given the cost of the Medicaid program, the Legislature should retain oversight of the policies that govern telemedicine to ensure that it is used only when there is clear benefit to the state and the patient.

OTHER OPPONENTS SAY:

The focus of advancement in telemedicine has been in connecting health professionals to other sites throughout the state, improving access to health care for Texans in rural or underserved areas. The concept of disease management would link a health professional to a patient at home, which would require significant change to the telemedicine system. Even in the comptroller's report, the proposal's estimated savings could not be determined. The state should focus on telemedicine where it has been proven to work, such as with remote sonograms, and not overly broaden it.