

Multiple Agency Fiscal Note Summary

Bill Number: 6399 SB	Title: Telemedicine payment parity
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Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Office of State Auditor	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Total \$	0	0	0	0	0	0

Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Auditor	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Financial Management	.3	81,944	81,944	1.0	307,776	307,776	1.0	307,776	307,776
Washington State Health Care Authority	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Office of Insurance Commissioner	.1	0	26,343	.0	0	2,260	.0	0	2,260
Department of Health	.0	0	0	.0	0	0	.0	0	0
University of Washington	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total	0.4	\$81,944	\$108,287	1.0	\$307,776	\$310,036	1.0	\$307,776	\$310,036

Estimated Capital Budget Impact

NONE

Prepared by: Robyn Williams, OFM	Phone: (360) 902-0575	Date Published: Final 2/12/2018
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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

FNPID: 52179

FNS029 Multi Agency rollup

Individual State Agency Fiscal Note

Bill Number: 6399 SB	Title: Telemedicine payment parity	Agency: 095-Office of State Auditor
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Evan Klein	Phone: 786-7483	Date: 01/18/2018
Agency Preparation: Janel Roper	Phone: 360-725-5600	Date: 01/23/2018
Agency Approval: Janel Roper	Phone: 360-725-5600	Date: 01/23/2018
OFM Review: Ramona Nabors	Phone: (360) 902-0547	Date: 01/24/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 - Establishes a telemedicine payment parity pilot program.

Section 6 - Requires the State Auditor's Office to conduct an actuarial review of the telemedicine payment parity pilot program within existing resources.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The State Auditor's Office is not able to estimate with any degree of accuracy the cost of an actuarial audit of the telemedicine payment parity pilot program. The State Auditor's Office does not employ actuarial staff so we would need to contract with a firm experienced in actuarial audit.

We currently contract for an actuarial audit of Worker's Compensation for the Department of Labor and Industries. The current contract amount for that is \$300,000 annually. We have no way of knowing if an actuarial audit of the telemedicine payment parity pilot program would be similar in size to the worker's compensation program actuarial audit. It could be substantially higher based on the requirements as outlined in Section 6 (2) of the bill. In addition to the contracted costs the State Auditor's Office would have work in collecting and validating data to provide to the actuarial contractor.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6399 SB	Title: Telemedicine payment parity	Agency: 105-Office of Financial Management
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.5	0.3	1.0	1.0
Account					
General Fund-State 001-1	0	81,944	81,944	307,776	307,776
Total \$	0	81,944	81,944	307,776	307,776

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Evan Klein	Phone: 786-7483	Date: 01/18/2018
Agency Preparation: Jim Jenkins	Phone: 360-902-0403	Date: 01/25/2018
Agency Approval: Aaron Butcher	Phone: 360-902-0406	Date: 01/25/2018
OFM Review: Bryan Way	Phone: (360) 902-0650	Date: 01/25/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 (1) - The office of financial management shall establish a telemedicine payment parity pilot program to provide parity in reimbursement for certain health care services. The duration of the pilot program will be five years, beginning January 1, 2019, and ending December 31, 2023.

Section 6 of this bill requires the State Auditor's Office (SAO) to utilize data from the WA-APCD to conduct an actuarial review of the telemedicine payment parity pilot program established in this bill. In order to do so, the SAO would need to purchase data from the WA-APCD.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

To implement and monitor the telemedicine payment parity pilot program for five years, beginning January 1, 2019, and ending December 31, 2023, it would require a 1.0 FTE Budget Assistant, with a salary of \$96,000 plus benefits and other goods and services.

The cost of WA-APCD data for this type of request is estimated to be \$25,000 and would be included in SAO's fiscal impact.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.5	0.3	1.0	1.0
A-Salaries and Wages		48,000	48,000	192,000	192,000
B-Employee Benefits		15,744	15,744	62,976	62,976
C-Professional Service Contracts					
E-Goods and Other Services		37,000	37,000	48,000	48,000
G-Travel		1,200	1,200	4,800	4,800
J-Capital Outlays		5,000	5,000		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements		(25,000)	(25,000)		
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$81,944	\$81,944	\$307,776	\$307,776

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Budget Assistant	96,000		0.5	0.3	1.0	1.0
Total FTE's	96,000		0.5	0.3	1.0	1.0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Individual State Agency Fiscal Note

Bill Number: 6399 SB	Title: Telemedicine payment parity	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

☐

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Evan Klein	Phone: 786-7483	Date: 01/18/2018
Agency Preparation: Karin Freeman	Phone: 360-725-0944	Date: 02/12/2018
Agency Approval: Carl Yanagida	Phone: 360-725-1033	Date: 02/12/2018
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 02/12/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

See attached narrative.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attached narrative.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attached narrative.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

See attached narrative.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

See attached narrative.

HCA Fiscal Note

Bill Number: SB 6399

HCA Request #: 18-65

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

New Section 2: This section establishes a telemedicine and store-and-forward technology payment parity pilot program to provide parity in reimbursement for certain health care services. The pilot program will cover five years from January 1, 2019 through December 31, 2023. The pilot program will reimburse a provider for specific health care services provided to covered members through telemedicine and store and forward technology at the same rate as if the member was seen in person by that provider. The four specific health care services are diabetes, telestroke, telepsychology, and treatment for opioid disorder.

If a 20% or greater savings is achieved for these specific health care services during the pilot program, all telemedicine and store and forward technology services will be paid at the same rate as services delivered in person beginning January 1, 2024.

Section 4 defines telemedicine as the delivery of health care services through use of interactive audio and video technology that permits real-time communication between the patient at the originating site and the provider for the purpose of diagnosis, consultation, or treatment. Telemedicine does not include the use of audio-only telephone, facsimile, or email.

Section 4 also defines store and forward technology as the use of an asynchronous transmission of a covered person's medical information from an originating site to the health care provider at a distant site which results in medical diagnosis and management of the covered person. It does not include the use of audio-only telephone, facsimile, or email.

New Section 7: This section states that health care professionals who deliver telemedicine must complete telemedicine training created by the University of Washington telehealth services.

II. B - Cash Receipts Impact

None.

II. C - Expenditures

PEBB

Indeterminate fiscal impact.

This bill would require telemedicine services be paid at the same rate as in-person services. The bill creates a five-year pilot program focusing on four health care services (diabetes, telestroke, telepsychology and treatment for opioid disorder). To analyze costs for the five-year pilot program, HCA studied 2016 and 2017 Regence claims data looking specifically at the pilot program's four diagnoses (diabetes, telestroke, telepsychology and treatment for opioid disorder).

HCA Fiscal Note

Bill Number: SB 6399

HCA Request #: 18-65

If the five-year pilot program results in a 20% or greater savings, all telemedicine services would be paid at the same rate as in-person services. We estimate that this will, at a minimum, increase costs between \$99,427 and \$112,240 annually based on telemedicine utilization seen in 2016 and 2017.

To estimate costs beyond the five-year pilot program, HCA analyzed 2016 and 2017 Regence claims data for all visits for behavioral health/mental health services and non-behavioral health/mental services.

Below is an illustration of potential additional costs for 2016 and 2017. UMP telehealth benefits did not become effective until January 1, 2018, so the telehealth visits listed in these tables include the entire telehealth book of business for Regence.

	Telehealth Visits*	Average Cost per Telehealth Visit	Average Cost per Office Visit	Difference	Total Cost Difference	Total Cost Impact (Adjusted Telehealth Rate)
2016						
Diabetes Related Visits	5	\$21	\$64	\$43	\$215	\$320
Stroke Related Visits	0	\$0	\$62	\$62	\$0	\$0
Psychology Related Visits	590	\$73	\$73	\$0	\$0	\$43,070
Treatment of Opioid Use Disorder Visits	27	\$29	\$167	\$138	\$3,726	\$4,509
All Visits for Non-BH/MH Services	1,162	\$22	\$64	\$42	\$48,804	\$74,368
All Visits for BH/MH Services	1,633	\$42	\$73	\$31	\$50,623	\$119,209

**Telehealth data is for the entire Regence book of business since UMP Telehealth benefits became effective 01/01/2018*

	Telehealth Visits*	Average Cost per Telehealth Visit	Average Cost per Office Visit	Difference	Total Cost Difference	Total Cost Impact (Adjusted Telehealth Rate)
2017						
Diabetes Related Visits	5	\$10	\$65	\$55	\$275	\$325
Stroke Related Visits	0	-	\$61	\$61	\$0	\$0
Psychology Related Visits	1,493	\$62	\$73	\$11	\$16,423	\$108,989
Treatment of Opioid Use Disorder Visits	10	\$31	\$225	\$194	\$1,940	\$2,250
All Visits for Non-BH/MH Services	2,441	\$20	\$66	\$46	\$112,286	\$161,106
All Visits for BH/MH Services	3,600	\$37	\$73	\$36	\$129,600	\$262,800

Using the 2016 and 2017 claims data as an indicator of utilization and cost, the increased cost for the four conditions included in the five-year pilot program (Total Cost Difference (Adjusted Telehealth Rate)) is \$3,941 in 2016 and \$12,003 resulting in total costs of \$47,899 in 2016 and \$49,470 in 2017. The overall average difference in increased cost per visit for the four conditions is \$61 to \$80 per visit.

For 2016, the cost impact of paying opioid use disorder telemedicine visits at the in-person rate is a 475% increase. Psychology related visits paid at the same rate as the in-person visits result in no increase in cost. The diabetes and telestroke related visits are too low in volume for a valid analysis of the percent increase in cost.

HCA Fiscal Note

Bill Number: SB 6399

HCA Request #: 18-65

For 2017, the cost impact of paying psychology related visits at the in-person rate is an 18% increase. The cost impact for opioid use disorder visits represents a 626% increase. As in 2016, the diabetes and telestroke related visits are too low in volume for a valid analysis of the percent increase in cost.

If the five-year pilot program resulted in a 20% or greater savings, the increased cost for telemedicine for all services is \$99,427 in 2016 and \$241,886 in 2017 resulting in total costs of \$193,577 in 2016 and \$423,906 in 2017. The overall average cost per visit for all telemedicine services would increase from about \$37 to around \$41 per visit.

For 2016, non-behavioral health/mental health visits represent a 191% increase in cost. Behavioral health/mental health visits represent a 74% increase.

For 2017, non-behavioral health/mental health visits represent a 230% increase in costs. Behavioral health/mental health visits represent a 97% increase.

The fiscal impact of this bill is indeterminate. Fully-insured telemedicine utilization and claims cost would likely increase by an indeterminate amount. Self-insured telemedicine utilization and claims cost may also increase, which could potentially lead to increased payment rates and employee cost share.

HCA assumes that the bill's impacts will also apply to the School Employees' Benefits Board (SEBB) Program medical benefits when they launch on January 1, 2020. As those benefits are currently being established, the impacts of this bill can be taken into account during the initial establishment of the benefits.

Medicaid

No fiscal impact.

Medicaid currently reimburses telemedicine services at the same rate as in-person services.

Under this bill, the contracted Medicaid managed care plans would be required to reimburse telemedicine services at the higher in-person rate. This increase in cost to the managed care plans may result in a minimal increase for contracted rates with HCA.

Implementation costs would be minimal and considered administrative.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 6399 SB	Title: Telemedicine payment parity	Agency: 160-Office of Insurance Commissioner
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.2	0.1	0.0	0.0
Account					
Insurance Commissioners Regulatory Account-State 138-1	0	26,343	26,343	2,260	2,260
Total \$	0	26,343	26,343	2,260	2,260

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Evan Klein	Phone: 786-7483	Date: 01/18/2018
Agency Preparation: Mandy Weeks-Green	Phone: 360-725-7052	Date: 01/23/2018
Agency Approval: Jim Odiorne	Phone: (360) 725-7106	Date: 01/23/2018
OFM Review: Robyn Williams	Phone: (360) 902-0575	Date: 01/24/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2(1): Provides that OFM shall establish a telemedicine payment parity pilot program to provide parity in reimbursement for certain health care services.

Section 2(2) requires all health plans issue or renewed after January 1, 2019 require all health carriers subject to the requirements in RCW 48.43.735 (reimbursement of health care services provided through telemedicine or store and forward technology), employer provided group health plans, and managed health care systems to reimburse a provider for specified health care services (diabetes, telestroke, telepsychology and treatment for opioid use disorder) at the same rate as if the health care service was provide in person by the provider.

Section 3 updated RCW 48.43.735 and requires health plan carriers to comply with the requirements of the telemedicine payment parity pilot program created in section 2 of this bill for all health plans issue or renewed after January 1, 2019. It also indicates that no hospital facility fees may be charged when providing services utilizing telemedicine for the four conditions listed in section 2(2).

Section 8 requires insurers providing professional liability insurance for health care providers to include malpractice coverage for telemedicine that shall be equivalent to coverage for the same services provided face-to-face, for every policy issued, amended, or renewed in this state in or after 2019. Policies may not require face-to face contact between a health care provider and a patient as a prerequisite for coverage. This is a new requirement for Medical Malpractice (MedMal) insurers. There are currently 98 companies writing MedMal policies. We anticipate this new requirement would be filed as an endorsement.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Section 2(2) requires all health plans issued or renewed after January 1, 2019 require all health carriers subject to the requirements in RCW 48.43.735 (reimbursement of health care services provided through telemedicine or store and forward technology), employer provided group health plans, and managed health care systems to reimburse a provider for specified health care services (diabetes, telestroke, telepsychology and treatment for opioid use disorder) at the same rate as if the health care service was provide in person by the provider.

Section 3 updated RCW 48.43.735 and requires health plan carriers to comply with the requirements of the telemedicine payment parity pilot program. Setting the requirements for participating in the pilot program, filing the contracts, and ensuring compliance with the program standards has a minor impact to OIC. It will require coordination with two other agencies (HCA/Medicaid and OFM) and training of three Functional Program Analyst 3's (FPA3) to review the pilot program arrangements. Generally, pilot programs require more complex review because they involve internal and external coordination so that documents, that are owned and issued by each carrier, are substantially similar enough to allow the project to proceed accurately. This coordination will require one-time work of 20 hours of a WMS 3 and 40 hours of a FPA 3 in FY2019.

Section 8 requires insurers providing professional liability insurance for health care providers to include malpractice coverage for telemedicine that shall be equivalent to coverage for the same services provided face-to-face, for every policy issued, amended, or renewed in this state in or after 2019. Policies may not require face-to face contact between a health care provider and a patient as a prerequisite for coverage. This is a new requirement for Medical Malpractice (MedMal) insurers. There are currently 98 companies writing MedMal policies. We anticipate this new requirement would be filed as an endorsement, which we estimate will take 15 minutes for an FPA3 to review for each company (24.5 hours total). We additionally anticipate the requirement of 'simple' rulemaking, in FY2019, in the area of provider contracting, to ensure that provider contracts are consistent with the requirements of the bill.

Ongoing Costs:

Salary, benefits and associated costs for .01 FTE Functional Program Analyst 3.

One-time Costs:

Salary, benefits and associated costs for section 3; and 'simple' rulemaking in FY2019.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.2	0.1	0.0	0.0
A-Salaries and Wages		15,720	15,720	1,312	1,312
B-Employee Benefits		5,354	5,354	496	496
C-Professional Service Contracts					
E-Goods and Other Services		5,269	5,269	452	452
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$0	\$26,343	\$26,343	\$2,260	\$2,260

III. B - Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Functional Program Analyst 3	65,580		0.0	0.0	0.0	0.0
Functional Program Analyst 4	72,456		0.1	0.0		
Senior Policy Analyst	92,160		0.1	0.1		
WMS 3	91,392		0.0	0.0		
Total FTE's	321,588		0.2	0.1	0.0	0.0

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

We anticipate this bill will require 'simple' rulemaking, in FY2019, in the area of provider contracting, to ensure that provider contracts are consistent with the requirements of the bill.

Individual State Agency Fiscal Note

Bill Number: 6399 SB	Title: Telemedicine payment parity	Agency: 303-Department of Health
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Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Evan Klein	Phone: 786-7483	Date: 01/18/2018
Agency Preparation: Donna Compton	Phone: (360) 236-4538	Date: 01/22/2018
Agency Approval: Stacy May	Phone: (360) 236-4532	Date: 01/22/2018
OFM Review: Bryce Andersen	Phone: (360) 902-0580	Date: 01/22/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 7: Adds a new section to chapter 43.70 RCW (Department of Health) requiring all health care professions certified or licensed by the Department of Health (department) whose scope of work includes the ability to deliver health care services by telemedicine to complete telemedicine training created by the University of Washington (UW) telehealth services.

The department assumptions there will be no rulemaking; however, since the bill does not provide a clear enforcement mechanism, the department will utilize the disciplinary complaint process for health care providers not in compliance with the training requirement in section 7. The costs are assumed to be minimal therefore, no fiscal impact.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

None.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

None.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

Individual State Agency Fiscal Note

Bill Number: 6399 SB	Title: Telemedicine payment parity	Agency: 360-University of Washington
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Part I: Estimates

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No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

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If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

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If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

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Capital budget impact, complete Part IV.

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Requires new rule making, complete Part V.

Legislative Contact: Evan Klein	Phone: 786-7483	Date: 01/18/2018
Agency Preparation: Sharyl Morris	Phone: 2065434679	Date: 01/23/2018
Agency Approval: Sharyl Morris	Phone: 2065434679	Date: 01/23/2018
OFM Review: Breann Boggs	Phone: (360) 902-0659	Date: 01/23/2018

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

SB 6399, Sec. 7 indicates that health care professionals certified or licensed under Title 18 RCW whose scope includes the ability to deliver health care services by telemedicine must complete telemedicine training created by the University of Washington (UW) telehealth services. The telemedicine training created by UW telehealth services shall include, but not be limited to, education about telemedicine and proper billing methodologies.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Sec. 7 indicates that health care professionals certified or licensed under Title 18 RCW whose scope includes the ability to deliver health care services by telemedicine must complete telemedicine training created by UW telehealth services. The telemedicine training created by UW telehealth services shall include, but not be limited to, education about telemedicine and proper billing methodologies.

The cost of this bill is indeterminate, as it does not fully describe the training that UW telehealth services would be required to create. Additionally, it is unknown whether funds would be appropriated for the purposes of this bill and, if they were, what portion of those funds would be provided to the UW. The UW would expend any funds that are provided and would scale its efforts according to the amount of appropriated funds. The Expenditures impact, described below, provides a range reflecting our best estimate of the bill's costs, but (as mentioned) the level of effort could be scaled up or down.

At a minimum, UW telehealth services could edit current training materials that are available, email a PDF version to requesting physicians for review, and then manually track who has received the materials. For this approach, the following costs are expected per fiscal year (FYs 2019-23):

- 1 Project Manager at .2 FTE (average annual salaries of about \$150,000 with a benefits rate of 32.5%) to provide training curriculum editing/additional development: \$30,000 salary plus \$9,750 benefits = \$39,750
- 2 staff analysts at .75 FTE (average annual salaries of about \$90,750 with a benefits rate of 32.5%) to manage the tracking of physicians, marketing and eligibility communication to state, payers, etc.: \$68,063 salary plus \$22,120 benefits = \$90,183 for each, or \$180,366 total
- 2 staff at .12 FTE (average annual salaries of about \$100,000 with a benefits rate of 24.9%) to provide telehealth subject matter expertise and oversight: \$12,000 salary plus \$2,988 benefits = \$14,988 for each, or \$29,976 total

TOTAL COST FOR FYs 2019-23: \$250,092/fiscal year

This approach would result in a total cost of \$1,250,460 over five fiscal years (FYs 2019-23).

At the higher end, UW telehealth services could create an online module that uses an automated system to track physician completion. For this approach, the following costs are expected:

First year (FY2019)

- 1 Project Manager at .5 FTE (average annual salaries of about \$150,000 with a benefits rate of 32.5%) to provide training curriculum development: \$75,000 salary plus \$24,375 benefits = \$99,375
- Online module/automated system selection, configuration, subscription, etc.: \$400,000
- 2 staff analysts at .75 FTE (average annual salaries of about \$90,750 with a benefits rate of 32.5%) to manage the tracking of physicians, marketing and eligibility communication to state, payers, etc.: \$68,063 salary plus \$22,120 benefits = \$90,183 for each, or \$180,366 total
- Project Manager for 5.25 months (average salary of about \$220/hour) to manage project (system selection, development and roll-out, etc.): \$200,198
- 2 staff at .12 FTE (average annual salaries of about \$100,000 with a benefits rate of 24.9%) to provide telehealth subject matter expertise and oversight: \$12,000 salary plus \$2,988 benefits = \$14,988 for each, or \$29,976 total

TOTAL COST for FY2019: \$909,915

For each fiscal year thereafter (FYs 2020-23), the costs are as follows:

- Online module/automated system subscription and maintenance: \$100,000
- 2 staff analysts at .75 FTE (average annual salaries of about \$90,750 with a benefits rate of 32.5%) to manage the tracking of physicians, marketing and eligibility communication to state, payers, etc.: \$68,063 salary plus \$22,120 benefits = \$90,183 for each, or \$180,366 total
- 2 staff at .12 FTE (average annual salaries of about \$100,000 with a benefits rate of 24.9%) to provide telehealth subject matter expertise and oversight: \$12,000 salary plus \$2,988 benefits = \$14,988 for each, or \$29,976 total

TOTAL COSTS FOR FYs 2020-23: \$310,342/fiscal year

This approach would result in a total cost of \$2,151,283 over five fiscal years (FYs 2019-23).

Note: for the purposes of this fiscal note, it was assumed that the requirements of this bill would not take place until FY2019; thus, it was assumed the associated costs would begin in FY2019.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No required rule changes.