

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 195 – HB 338

February 25, 2017

SUMMARY OF ORIGINAL BILL: Adds healthcare services provided to a patient at a public elementary or secondary school to the current definition of telehealth services for which health insurance entities are required to reimburse in a manner consistent with reimbursement for in-person encounters.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$465,400

Increase Federal Expenditures - \$875,800

Increase Local Expenditures - \$1,269,000/Permissive

IMPACT TO COMMERCE OF ORIGINAL BILL:

Increase Business Revenue – \$2,610,200

Increase Business Expenditures – Less than \$2,610,200

Jobs Impact – Not Significant

SUMMARY OF AMENDMENT (004006): Adds language to the original bill that requires the public elementary or secondary school to be staffed by a healthcare services provider and equipped to engage in the telehealth.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Expenditures – Exceeds \$612,000/Permissive

Assumptions for the bill as amended:

- Based on information provided by the Department of Education, there are 1,811 public and elementary schools in the state; 120 of those have health clinics and currently participate in telehealth services.

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- The proposed legislation gives the 1,691 additional schools the option of participating in telehealth services if the schools are staffed by a healthcare service provider and equipped to engage in telehealth.
- If a staffed school elects to provide telehealth services, the school is responsible for any required infrastructure, equipment, and healthcare service provider with an estimated cost of at least \$18,000 per school per year.
- Assuming a minimum two percent of the schools, or 34 (1,691 x 0.02), not currently offering telehealth services elect to participate in telehealth, the permissive and recurring increase in local expenditures is estimated to exceed \$612,000 (34 minimum schools x \$18,000 minimum cost).
- Based on information provided by the Bureau of TennCare (Bureau), the Bureau covers telehealth services that are medically necessary at qualified telehealth sites that include an appropriately licensed provider; therefore, any fiscal impact is estimated to be not significant.
- Based on information provided by the Department of Finance and Administration, Division of Benefits Administration, the Division does not anticipate a significant increase in utilization; therefore, any fiscal impact is estimated to be not significant.
- Based on information provided by the Department of Commerce and Insurance, any investigation of complaints can be accommodated within existing resources without an increased appropriation or reduced reversion.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Revenue - \$612,000

Increase Business Expenditures – Less than \$612,000

Jobs Impact – Not Significant

Assumptions for the bill as amended:

- Health care providers that provide telehealth services will incur a recurring increase in revenue to cover the recurring costs of the increased coverage provided by insurance companies as a result of the proposed legislation.
- Insurance companies will realize an increase in premium revenue to cover the increased coverage.
- Telehealth providers will incur a recurring increase in business revenue estimated to cover expenses of providing equipment and maintenance for telehealth services.
- For companies to retain solvency, any recurring increase in business expenditures will be less than the recurring amount of revenue collected.
- Given that the new business generated by passage of the bill is expected to occur across multiple health care providers, the number of jobs created by any one entity is estimated

to be not significant. As a result, any impact to jobs in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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