



Legislative
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FISCAL NOTE

Drafting Number:	LLS 20-0538	Date:	February 3, 2020
Prime Sponsors:	Rep. Caraveo; Will Sen. Donovan; Rankin	Bill Status:	House Public Health
		Fiscal Analyst:	Max Nardo 303-866-4776 Max.Nardo@state.co.us

Bill Topic: REIMBURSEMENT TO FEDERALLY QUALIFIED HEALTH CENTERS

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill requires Medicaid to reimburse federally qualified health centers for telemedicine and clinical pharmacy services. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2020-21, the bill requires appropriations of \$4.7 million to the Department of Health Care Policy and Financing.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 20-1092

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	\$1,473,275	\$3,035,867
	Cash Funds	\$172,850	\$339,120
	Federal Funds	\$2,987,203	\$6,390,479
	Total	\$4,663,328	\$9,765,466
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) to reimburse federally qualified health centers (FQHCs) for providing telemedicine and clinical pharmacy services to Medicaid clients. HCPF is required to promulgate rules to implement the bill.

Under current law, telemedicine is a service that some providers can bill to Medicaid. However, for FQHCs, HCPF defines a payable encounter as requiring an in-person face-to-face visit. The bill establishes that telemedicine service meets the definition of a face-to-face encounter for FQHCs, and that the reimbursement rate for a telemedicine service must be at least the same rate as for a comparable in-person visit.

Colorado's Medicaid program does not currently cover services provided by clinical pharmacists at FQHCs. While some FQHCs do offer clinical pharmacist services, these are typically grant funded. The bill requires costs for services provided by clinical pharmacists through an FQHC to be reimbursed by Medicaid.

Background

Federally qualified health centers. An FQHC is a primary and preventive care provider that is paid a set encounter rate for all services delivered to a Medicaid client during a visit, regardless of the services provided. FQHCs are currently reimbursed for face-to-face encounters between a client and a specified group of medical providers, which does not include clinical pharmacists. Colorado has 22 FQHCs, which collectively operate over 200 sites. There were an estimated 824,000 visits to FQHCs for Medicaid clients in FY 2018-19.

Assumptions

The fiscal note makes the following assumptions:

- five percent of FQHC visits will be done remotely via telemedicine;
- of this group, 12 percent will be attributable to members shifting from in-office visits, while 88 percent will be new visits that would not otherwise have taken place, resulting in 36,236 additional physical health visits and 1,716 new behavioral health visits;
- rule changes will be completed by January 1, 2021, allowing for a half-year of implementation in FY 2020-21; and
- three FQHCs will have clinical pharmacist services in FY 2020-21, increasing to eight in FY 2021-22;

State Expenditures

This bill will increase expenditures in HCPF by \$4.6 million in FY 2020-21 and \$9.8 million in FY 2021-22 from the General Fund, cash funds, and federal funds. Approximately two thirds of costs will be paid using federal funds. These costs are shown in Table 2 and explained below. See the State Appropriations section for the funding details.

Table 2
Expenditures Under HB 20-1092

	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing		
Telemedicine - Physical Health	\$3,952,634	\$7,905,267
Telemedicine - Short-term Behavioral Health	\$132,003	\$264,007
Clinical Pharmacist Services	\$548,691	\$1,596,192
Total Cost	\$4,633,328	\$9,765,466

Telemedicine. Additional costs for telemedicine visits are estimated using costs of \$218 and \$154 for physical health and behavioral health visits, respectively, which come from current FQHC data. These costs are prorated to reflect a half year of implementation in FY 2020-21.

Clinical pharmacist services. Costs to reimburse for clinical pharmacist services are based on estimates that three centers will offer these services in FY 2020-21 (with costs prorated for eleven months), and 8 centers in FY 2021-22, at a cost of \$199,524 per center, per year.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2020-21, the bill requires the following appropriations to HCPF:

- \$1,473,275 from the General Fund;
- \$172,850 from the Healthcare Affordability and Sustainability Fee Cash Fund; and
- \$2,987,203 from federal funds.

State and Local Government Contacts

Health Care Policy and Financing
Public Health and Environment

Personnel
Regulatory Agencies