HB 313, TELEMEDICINE PARITY AMENDMENTS, (Ballard, M G)

Anticipated Fiscal Impact:

Based on our reading of the bill, it does not impose any additional requirements or costs on the state health insurance risk pool.

This bill enacts provisions in the insurance code that are similar to provisions already in the Utah Retirement Act (section 49-20-414) which governs the state health insurance risk pool.

Under section 49-20-414, the state health insurance risk pool is required to: 1) allow a provider to bill for telemedicine services at the provider’s request and 2) pay a commercially reasonable rate for those services. In compliance with this statute, PEHP has determined, through RFP, that $59 is a commercially reasonable rate for a telemedicine vendor. It has further determined that, to offset potential utilization increases and to recognize lower fixed costs, 90% of PEHP’s normal fee schedule is commercially reasonable for regular e-visits.

We read the bill as being consistent with PEHP’s current process for determining commercially reasonable rates. If this is incorrect and, instead, full parity in rates is intended, PEHP would expect a 141% increase in telemedicine costs from $68,201 to $159,298, for an increase of $93,187 for FY2021.

The bill also requires disputes over what is commercially reasonable to be resolved by the Department of Insurance. PEHP is not governed by the Department of Insurance but by the Utah State Retirement Board. We would anticipate that providers would use our normal appeals process, which includes a hearing before an administrative law judge with final review by the board, to challenge a rate that they did not believe to be commercially reasonably. The cost for each appeal would be about $10,000. It is hard to predict how many of these appeals may come forward. But if there were four, we
would anticipate a cost of $40,000. If a provider was successful in their appeal, that would add costs to the state health insurance risk pool.

Assuming we are reading the bill correctly on the meaning of commercial reasonableness, we would not expect this bill to add costs to the state. Further, we would expect that any appeals generated by this bill could be handled within existing budgets.