

Economic Impact Statement
LSA Document #06-29

The Office of the Secretary of Family and Social Services is republishing this Economic Impact Statement for LSA Document #06-29, printed at 29 IR 3096. The statement appears below:

IC 4-22-2.1-5 Statement Concerning Rules Affecting Small Businesses

Small businesses that may be impacted directly by this rule change would consist of Medicaid providers that deliver certain covered services via a real-time communication between the patient at the host site (physician office, clinic, or hospital) and the specialist at the hub site. The agency's Management Reporting System shows that, for calendar year 2005, there were 9,479 participating physicians and 1,286 participating clinics. If one-fourth of these providers began utilizing telemedicine services, approximately 2,691 would be impacted. However, this impact would be quite small and virtually cost-free.

Providers are not required to participate in telemedicine services.

Many of Indiana's large providers are recommending coverage of this service, and telemedicine is covered by the Medicaid programs in most states, as well as by Medicare and large commercial payors such as Aetna and Cigna. It is difficult to know how many providers are set up to utilize this service at this time, and the agency anticipates this service will grow in popularity over the next few years.

The agency anticipates that this rule will save the state approximately \$23,760 annually. This is based on a 100 mile round trip to a provider for which Medicaid would be responsible at a base rate of \$20 (round trip) and mileage of \$1.25 for 80 miles (round trip – Medicaid does not pay mileage for the first 10 miles of each one-way trip). These expenses amount to \$120. Subtracting the facility fee of \$21 (currently planned to be priced at the Medicare rate of approximately \$21) would result in savings of \$99 for each instance of telemedicine. A conservative estimate of 20 patients a month utilizing this service yields a savings of \$1,980 per month. The agency would be saving \$23,760 annually and providing easier access to specialty services not available in the immediate community of the member. Billing would occur within existing formats.

The coverage for telemedicine services is an added benefit to providers and recipients. Providers are not required to participate in telemedicine services. As such, the rule is flexible in allowing small business providers to not take part in this service delivery method. This delivery approach increases access to patients in areas where specialists or entities providing certain services are not available. Where providers do participate, there would be a very minor administrative impact on how providers complete claims for payment. Those requirements would include a specific procedure code for the spoke site and a specific modifier to be used by the hub site along with established procedure codes, of which the provider is already aware. This is the only administrative change. Providers would receive advance notice of this change and would receive written instructions on implementing the change.

Posted: 10/11/2006 by Legislative Services Agency
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