

**2008 Special Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** SB 1100                      **STATUS:** Original  
**SUBJECT:** Requires health insurers to reimburse for telemedicine services.  
**GOVERNMENT UNIT AFFECTED:** Department of Consumer and Business Services, Department of Human Services, Department of Administrative Services  
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**REVIEWED BY:** Robin LaMonte, John Britton, Dallas Weyand  
**DATE:** February 7, 2008

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	<u><b>2007-2009</b></u>	<u><b>2009-2011</b></u>
<b>EXPENDITURES:</b>		
See Analysis Section.		

**EFFECTIVE DATE:** January 1, 2009

**INTERIM JOINT COMMITTEE ON WAYS AND MEANS:** The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** The bill establishes conditions where health insurers must reimburse health care providers for services provided using telemedicine; authorizes the Director of Human Services to adopt rules governing rates and reimbursement requirements for telemedicine services provided to recipients of state medical assistance; and, authorizes the Director of the Department of Consumer and Business Services to adopt rules relating to telemedicine consistent with rules adopted by the Department of Human Services.

The Department of Human Services (DHS) anticipates needing to hire a limited duration Operations and Policy Analyst position (0.38 FTE), starting October 1, 2008, to coordinate rules development and reimbursement strategies to implement the bill. Personal Services costs for this position are estimated to be \$53,592 and Services and Supplies \$19,089 for total General Fund expenditures of \$72,681. In addition, DHS anticipates that rates for all services may increase to account for the investments in technology needed to practice telemedicine, or that rates inclusive of telemedicine costs will be higher than current reimbursements costs. The amount and timing of these potential increases in reimbursement rates are indeterminate at this time. Another concern raised by the DHS is that the use of telemedicine services could potentially increase utilization of health care services; however, the amount and timing of the potential increased use is not known at this time. DHS also made reference to potential savings (for example, transportation costs savings) that might be generated from higher use of telemedicine services; however, these saving are indeterminate.

The Department of Consumer and Business Services (DCBS) indicates that the addition rulemaking and insurance company report process required by the bill are expected to be minimal and can be completed with existing resources. The Oregon Medical Insurance Pool within DCBS shares similar concerns to those raised by DHS; that the bill could lead to increase reimbursement rates and utilization of services. DCBS indicates that because there is limited data available on the practice of telemedicine, it is difficult to estimate the timing and amount of these potential costs.

The Department of Administrative Services Public Employees Benefits Board (PEBB) indicates that Regence, the primary PEBB insurer, already covers telemedicine services so they anticipate no fiscal impact to result from the bill. Similarly, the Oregon Educator's Benefit Board does not anticipate a fiscal from the bill.