

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2013

Legislative Fiscal Note

BILL NUMBER: House Bill 580 (First Edition)

SHORT TITLE: Establish Statewide Telepsychiatry Program.

SPONSOR(S): Representatives Martin, Burr, Avila, and Lambeth

FISCAL IMPACT					
(\$ in millions)					
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> No Estimate Available					
State Impact	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
General Fund Revenues:					
General Fund Expenditures:	1,236,885	2,000,000	2,000,000	2,000,000	2,000,000
Special Fund Revenues:					
Special Fund Expenditures:					
State Positions:					
NET STATE IMPACT	(\$1,236,885)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Local Impact					
Revenues:					
Expenditures:					
NET LOCAL IMPACT	\$0	\$0	\$0	\$0	\$0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:					
EFFECTIVE DATE: Section 2 of this act becomes effective July 1, 2013. Section 3 of this act becomes effective January 1, 2014. The remainder of this act is effective when it becomes law.					
TECHNICAL CONSIDERATIONS:					
None					

BILL SUMMARY: House Bill 580 will require the Department of Health and Human Services (DHHS) to develop a plan for implementing an integrated, State-wide telepsychiatry¹ program to serve patients referred from emergency departments. The proposed legislation appropriates \$2 million in General Funds for FY 2013-14 and \$2 million for FY 2014-15 to (1) establish and administer the program, (2) purchase equipment, and (3) contract with outside vendors for day-to-day program management. Telepsychiatry is advantageous for hospitals where psychiatrists are not readily available and can shorten the time patients spend in emergency departments awaiting evaluations and assessments.

¹ Telepsychiatry is defined as the delivery of acute mental health or substance abuse care by means of two-way real-time interactive audio or video by a consulting provider to an individual patient at a referring site. Telepsychiatry excludes the standard use of phones, fax machines, e-mail, or any combination thereof.

The bill requires the presentation of a plan to specified General Assembly Committee by June 1, 2013.

ASSUMPTIONS AND METHODOLOGY: House Bill 580 requires a program that is substantially similar to the 2010 Albemarle Hospital Foundation (AHF) telepsychiatry services in Vidant (formerly University Health Systems) hospitals. However, the AHF telepsychiatry program providers have privilege to provide services for inpatients and patients of the emergency department. House Bill 580 specifies services for emergency department patients only.

ALBEMARLE Hospital Foundation Telepsychiatry System

The foundation received a 3-year grant for a total of \$1.6 million from the Duke Endowment in 2010 to establish a telepsychiatry network. The program began its pilot in May 2011 and serves counties in Eastern North Carolina. One psychiatric practice (Coastal Carolina Neuropsychiatric Center) is contracted to perform the patient consults and assessments through desktop conferencing units. The costs for the mobile telemedicine equipment utilized by the patient during consultation costs an estimated \$24,000 for each unit.

The AHF telepsychiatry program partners include: Vidant Health, Eastern Carolina University, Coastal Carolina Neuropsychiatric Center, Local Management Entities (LME), and various area outpatient behavioral health providers. The program has telepsychiatry services in 10 hospitals and provides services seven days per week from 8:00 a.m. until 6:00 p.m. An arrangement of payer reimbursement for provider fees, payer reimbursement for facility fee, claims processing for LMEs, and hospital participation fees maintains the sustainability of the program. Hospital participation fees are based on patient volume and range from \$275 to \$2,000 per month.

The AHF charges approximately \$114 for initial assessments and \$51 for follow up assessments for telemedicine services. These fees partially offset from those individuals that can bill for Medicaid or other insurance.

H 580 State-wide Telepsychiatry

House Bill 580 appropriates \$2 million for FY 2013-14 and \$2 million in FY 2014-15 for participating hospitals. According to the Department of Health and Human Services, the costs paid from the appropriated funds will be paid to a contractor to cover the purchase of equipment, subcontracts and maintenance of consulting psychiatrists, and day-to-day operations management and data collection and analysis. The bulk of these costs are estimated for equipment and contracting services.

Cost of Equipment

According to DHHS, the cost for telemedicine equipment will be between \$9,000 for the consultant desktop units and \$19,000 for the mobile telemedicine cart units. It is anticipated that the appropriated funds will be able to establish 33 hospital sites in FY 2013-14 and 58 hospital sites in FY2014-15. Cost of equipment is estimated to be \$490,000 for FY 2013-14 to cover 22 mobile units, 8 desktop units, and 2 laptops (\$1,500 each). Cost of equipment is estimated to be and \$736,000 for FY 2014-15 to cover 34 mobile units and 10 desktop units.

Telemedicine Equipment Costs			
Year	Desktop Units	Mobile Units	Total Costs
FY 2013-14	8 x \$9,000 = \$72,000	22 x \$19,000 = \$418,000	\$490,000
FY 2014-15	10 x \$9,000 = \$90,000	34 x \$19,000 = \$646,000	\$736,000

Cost of Contracting

Based on data from the AHF telepsychiatry program for assessment fees and estimates for the number of assessments, costs for maintenance of a network of psychiatrists will be \$661,635 in FY 2013-14 and \$1,193,985 in FY 2014-15. An additional \$200,000 per FY is needed to support administration costs for service delivery, bringing the total costs for FY 2013-14 and FY 2014-15 to \$861,635 and \$1,393,984 respectively.

Telemedicine Psychiatry Network Costs			
Year	Assessments	Breakdown	Costs
FY 2013-14	6,525	5220 Initial x \$114 = \$595,080 1305 Follow Up x \$51 = \$66,555	\$661,635
FY 2014-15	11,775	9420 Initial x \$114 = \$1,073,880 2355 Follow Up x \$51 = \$120,105	\$1,193,984

Billing processing for the assessments is estimated to cost approximately \$10 per claim plus an additional \$20,000 per FY for administrative support. The total costs for assessment claim processing is \$85,250 for FY 2013-14 and \$137,750 for FY 2014-15.

SOURCES OF DATA: Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse

TECHNICAL CONSIDERATIONS: None

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