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Revised Fiscal Note

(replaces fiscal note dated April 17, 2024)

Drafting Number: LLS 24-0080 Date: April 25, 2024
Prime Sponsors: Sen. Roberts; Simpson Bill Status: House Health & Human Services
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Bill Topic: REMOTE MONITORING SERVICES FOR MEDICAID MEMBERS

Summary of Fiscal Impact:
State Revenue [] State Transfer [] Local Government []
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill requires the Department of Health Care Policy and Financing to reimburse outpatient facilities for telehealth remote patient monitoring services, award grants for facilities to purchase equipment for telehealth remote monitoring, and cover continuous glucose monitors for Medicaid members. It increases state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill includes an appropriation of \$34,128 to the Department of Health Care Policy and Financing.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill. It also reflects reduced utilization estimates for continuous glucose monitors in FY 2025-26.

Table 1
State Fiscal Impacts Under SB 24-168

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (General Fund, Cash Funds, Federal Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill requires the Department of Health Care Policy and Financing (HCPF) to provide reimbursement and grants to outpatient health care facilities that use expanded telehealth remote patient monitoring (RPM) services for certain patients and geographic locations. HCPF must also provide coverage for continuous glucose monitors (CGM) under Medicaid.

Telehealth remote monitoring – reimbursement. The bill expands patient eligibility for RPM services and requires HCPF to reimburse outpatient facilities for service costs provided to Medicaid members beginning July 1, 2025. HCPF must also initiate a stakeholder process with providers who serve rural and underserved populations to determine the billing structure for RPM services, and make rules by June 30, 2025.

Telehealth remote monitoring – grant program. The bill creates the Telehealth Remote Monitoring Grant Program in HCPF to award five \$100,000 grants to outpatient facilities located in a designated rural county or health care professional shortage area to acquire equipment for RPM services. To be considered for a grant, an outpatient facility must meet certain criteria and have a demonstrated need for financial assistance.

Additionally, the bill requires the administration and oversight of RPM services to be performed by a licensed physician, podiatrist, advanced practice registered nurse, physician assistant, respiratory therapist, pharmacist, or a licensed professional working under the supervision of a medical director.

Continuous glucose monitors – coverage. Beginning on November 1, 2025, HCPF must provide coverage for CGMs and related supplies to members under the Medicaid medical and pharmacy benefit, including repairs and replacement. The bill expands eligibility for coverage and aligns criteria with local determination standards issued by the Centers for Medicare and Medicaid and individuals with gestational diabetes.

Background

Colorado's Medicaid program, Health First Colorado, offers RPM for members through equipment that sends data from the member's home to their home health agency. This service manages and monitors members with medical needs that can be met at home, ensuring timely interventions and cost efficiency. Eligibility for this service requires members who are receiving home health services from a provider offering telehealth, need frequent monitoring for their disease or condition, have a compatible home environment for the equipment, and the member or caregiver must be capable of complying with self-monitoring of vital signs.

Members are currently eligible for a CGMs if they have been diagnosed with Type 1 Diabetes, Type 2 Diabetes, or Gestational Diabetes; if they are receiving at least three insulin administrations per day; and if their treatment regime requires frequent adjustment based on CGM results, among other criteria.

In September, 2022, HCPF released its contract for the Pharmacy Benefit Management System (PBMS), Rebate Administration, Real-Time Benefit Tool, and Preferred Drug List modules in Change Healthcare, the department’s healthcare management system. The department is [finalizing its contract](#) for a new PBMS and under the contract, may bill CGMS as a pharmacy benefit, which are eligible for pharmacy rebates.

State Expenditures

The bill increases state expenditures in HCPF by about \$41,000 in FY 2024-25, \$2.2 million in FY 2025-26, and \$3.9 million FY 2026-27 and ongoing, paid from the General Fund, the Health Care Affordability and Sustainability (HAS) Cash Fund, and federal funds. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under SB 24-168**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Health Care Policy and Financing			
Personal Services	\$34,128	\$34,128	-
Telehealth Remote Monitoring – Reimbursement	-	\$583,554	\$752,670
Telehealth Remote Monitoring – Grant Program	-	\$500,000	-
Continuous Glucose Monitors – Coverage (see Table 3)	-	\$1,038,311	\$3,114,785
Centrally Appropriated Costs ¹	\$6,900	\$6,900	-
Total Cost	\$41,028	\$2,162,893	\$3,867,455
<i>General Fund</i>	\$34,128	\$1,073,543	\$1,172,301
<i>HAS Cash Fund</i>	-	\$71,299	\$174,171
<i>Federal Funds</i>	-	\$1,011,151	\$2,520,983
<i>Centrally Appropriated</i>	\$6,900	\$6,900	-
Total FTE	0.3 FTE	0.3 FTE	-

¹ Centrally appropriated costs are not included in the bill's appropriation.

Telehealth remote monitoring – reimbursement. HCPF expenditures for RPM reimbursement will increase by an estimated \$584,000 in FY 2025-26 and \$753,000 starting in FY 2026-27.

The amount of reimbursement for RPM services under the bill will depend on a variety of factors, including the prevalence of members who use the service, the monthly cost per member, and the number of outpatient facilities that currently provide RPM as compared to those in the future that will provide the services after receiving grant funding.

The fiscal note assumes that:

- of eligible members—estimated at 1,117 members living in rural areas and 6,755 members living in urban areas—about 8 percent will receive services based on current utilization rates;
- the average monthly cost per member is \$155 and includes one add-on service each month, such as medication management;

- only half of eligible outpatient facilities are currently equipped to provide services prior to implementation of the grant program; and
- RPM is eligible for a 51 percent federal match.

Based on these assumptions, 620 newly eligible members will utilize RPM services at an annual rate of \$1,863 and a one-time start-up cost. In FY 2025-26, it is assumed that only 50 percent of estimated members will receive services and incur reimbursement costs for HCPF due to limited facilities currently offering services. Beginning in FY 2026-27, upon full implementation of the Telehealth Remote Monitoring Grant Program, it is assumed that additional facilities will offer services, allowing 65 percent of eligible members to receive services and increase reimbursement costs for HCPF.

Telehealth remote monitoring – grant program. The Telehealth Remote Monitoring Grant Program will increase HCPF expenditures by about \$41,000 in FY 2024-25 and \$541,000 in FY 2025-26, paid from the General Fund, to award grants to eligible outpatient facilities offering RPM services.

- **Staff.** In FY 2024-25 and FY 2025-26, HCPF requires 0.3 FTE Program Manager III to establish the program, develop program materials, conduct outreach to rural outpatient facilities, audit grant recipients, and evaluate program metrics. Staff costs and FTE are prorated in the first year based on the bill's effective date.
- **Grants.** In FY 2025-26, the fiscal note assumes that \$500,000 will be available for five \$100,000 grants to purchase remote monitoring equipment and train staff on procedures. It is assumed that HCPF will begin awarding grants on July 1, 2025, and require staff beginning in FY 2024-25 to set up the grant program.

Continuous glucose monitors – coverage. Expenditures for CGM coverage will increase by about \$1.0 million in FY 2025-26 and \$3.1 million starting in FY 2026-27. The cost for HCPF to cover CGMs depends on the number of additional eligible members under the bill, the increase in resource utilization, and the availability of rebates.

The fiscal note assumes that:

- all members with Type 1 diabetes, 30 percent of members with Type 2 diabetes, 20 percent of members with gestational diabetes, and no members with problematic blood sugar are eligible for a CGM under current law;
- of the remaining members with Type 2 diabetes, gestational diabetes, and problematic blood sugar, about 64,000 members will become eligible for a CGM under the bill;
- about 8.5 percent of newly eligible members will utilize a CGM in FY 2026-27 after a ramp-up period in FY 2025-26 where utilization is assumed at 4.25 percent;
- 75 percent of total expenditures will come from the pharmacy benefit, of which, 44 percent of expenditures will be eligible for rebates, which are available in the same year as the cost is incurred; and
- CGMs are eligible for a 69 percent federal match.

Based on these assumptions, an estimated 2,717 newly eligible members will utilize CGMs in FY 2025-26 and 5,434 newly eligible members will utilize CGMs in FY 2026-27. Applying utilization costs and quantities of CGM-related equipment by currently eligible members, including transmitters, receivers, and subcutaneous needles, costs are anticipated to increase by \$1.0 million in FY 2025-26 and \$3.1 million each year thereafter. See Table 3 for detail on net CGM costs to Medicaid after accounting for rebates.

Table 3
Continuous Glucose Monitor Coverage Costs

	FY 2024-25	FY 2025-26	FY 2026-27
Pharmacy Benefit	-	\$1,172,729	\$3,518,021
Durable Medical Equipment Benefit	-	\$381,582	\$1,144,693
Rebates	-	(\$516,000)	(\$1,547,929)
Total CGM Costs	-	\$1,038,311	\$3,114,785

Savings. RPM and CGM services may reduce service costs to the extent that members who currently seek in-person services become eligible and utilize telehealth services. CGM service costs may also reduce to the extent that CGMs currently billed under the medical benefit will be billed under the pharmacy benefit and become eligible for rebates. Cost savings may also be realized from improved health outcomes. While the fiscal note does not estimate the potential savings for HCPF, it is assumed that any savings that are realized will be addressed through the annual budget process.

Legal services. HCPF may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to rulemaking, implementation, and ongoing administration of the programs.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires and includes a General Fund appropriation of \$34,128 to the Department of Health Care Policy and Financing, and 0.3 FTE.

State and Local Government Contacts

Health Care Policy and Financing

Personnel

Public Health and Environment

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).