



# Senate

General Assembly

**File No. 111**

February Session, 2014

Senate Bill No. 202

*Senate, March 25, 2014*

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

## **AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR TELEMEDICINE SERVICES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective January 1, 2015*) (a) As used in this  
2 section, "telemedicine" means the use of interactive audio, interactive  
3 video or interactive data communication in the delivery of medical  
4 advice, diagnosis, care or treatment, and includes the types of services  
5 described in subsection (d) of section 20-9 of the general statutes.  
6 "Telemedicine" does not include the use of facsimile or audio-only  
7 telephone.

8 (b) Each individual health insurance policy providing coverage of  
9 the type specified in subdivisions (1), (2), (4), (11) and (12) of section  
10 38a-469 of the general statutes delivered, issued for delivery, renewed,  
11 amended or continued in this state shall provide coverage for medical  
12 advice, diagnosis, care or treatment provided through telemedicine to  
13 the same extent coverage is provided for such advice, diagnosis, care  
14 or treatment when provided through in-person consultation between

15 the insured and a health care provider. Such coverage shall be subject  
16 to the same terms and conditions applicable to all other benefits under  
17 such policy.

18 Sec. 2. (NEW) (*Effective January 1, 2015*) (a) As used in this section,  
19 "telemedicine" means the use of interactive audio, interactive video or  
20 interactive data communication in the delivery of medical advice,  
21 diagnosis, care or treatment, and includes the types of services  
22 described in subsection (d) of section 20-9 of the general statutes.  
23 "Telemedicine" does not include the use of facsimile or audio-only  
24 telephone.

25 (b) Each group health insurance policy providing coverage of the  
26 type specified in subdivisions (1), (2), (4), (11) and (12) of section 38a-  
27 469 of the general statutes delivered, issued for delivery, renewed,  
28 amended or continued in this state shall provide coverage for medical  
29 advice, diagnosis, care or treatment provided through telemedicine to  
30 the same extent coverage is provided for such advice, diagnosis, care  
31 or treatment when provided through in-person consultation between  
32 the insured and a health care provider. Such coverage shall be subject  
33 to the same terms and conditions applicable to all other benefits under  
34 such policy.

|   |                        |             |
|---|------------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: |                        |             |
| Section 1   | <i>January 1, 2015</i> | New section |
| Sec. 2  | <i>January 1, 2015</i> | New section |

**INS**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

| <b>Agency Affected</b>   | <b>Fund-Effect</b> | <b>FY 15 \$</b> | <b>FY 16 \$</b> |
|--|--------------------|-----------------|-----------------|
| State Comptroller - Fringe Benefits (State Employees and Retirees Health Accounts) | GF, TF - Uncertain | See Below       | See Below       |

**Municipal Impact:**

| <b>Municipalities</b>  | <b>Effect</b> | <b>FY 15 \$</b> | <b>FY 16 \$</b> |
|------------------------|---------------|-----------------|-----------------|
| Various Municipalities | Uncertain     | See Below       | See Below       |

**Explanation**

There may be a fiscal impact to the state from requiring the state employee and retiree health plan to provide coverage for telemedicine to the same extent as in-person services in accordance with the bill, which is uncertain. The state plan does not currently provide telemedicine services or have a telemedicine reimbursement policy.<sup>1</sup> The impact will depend on 1) the extent to which employees and retirees utilize telemedicine services and the cost differential between telemedicine and in-person services, 2) the impact of telemedicine on total overall utilization of services covered by the plan, and 3) patient outcomes. <sup>2</sup> As of March of 2012, there were 25,000 members in the state's Health Enhancement Program (HEP) identified as having one of

<sup>1</sup> The state employee and retiree health plan is currently self-insured and therefore exempt from state health mandates. However, the state health plan has traditionally adopted all state health mandates. Total number of covered lives as of March 2014 = 207,099.

<sup>2</sup> The State Innovation Model (SIM), which includes the state employee and retiree health plan, is reviewing telemedicine.

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the five chronic disease state's named specifically for the program.<sup>3,4</sup>

Various case studies have suggested net health care savings from telemonitoring, primarily resulting from reduced hospital readmission, particularly for individuals with chronic diseases. It is important to note, it is uncertain from the following case studies what the upfront technology and personnel costs were and the time lag before a return on investment was realized through a reduction in overall health care costs.

**Case 1:** The Partners HealthCare program out of the Center for Connected Health did a study on their telehealth/telemonitoring program for individuals with cardiac disease and reported net savings over a seven year period of approximately \$10 million for 1,265 patients (net savings per patient of \$8,155).<sup>5</sup> The Partners' program savings may not be representative of potential savings for commercial plans as the program included participants predominately enrolled in public programs (e.g. Medicare, Medicaid and the state's safety net program) who may have disproportionately lower health outcomes.

**Case 2:** The Veterans Health Administration (VHA) started its telehealth program as a multisite pilot program and as of 2010 had over 300,000 lives in its Care Coordination/Home Telehealth Program.<sup>6</sup> The VHA reported cumulative net benefits of \$3 billion since the program's inception in 1990. Savings are attributable to a reduction in redundant services and improved quality and health outcomes. The VHA program provides biometric information to remote monitoring care coordinators for individuals with various

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<sup>3</sup> Source: Office of the State Comptroller, March 5, 2012.

<sup>4</sup> The Revised SEBAC 2011 Agreement listed the following chronic disease state's for the HEP program: Diabetes (Type I and II), Asthma and COPD, Heart Failure/Disease, Hyperlipidemia, and Hypertension.

<sup>5</sup>Source: Broderick, A., (2013). *Partners HealthCare: Connecting Heart Failure Patients to Providers Through Remote Monitoring*. Case Studies in Telehealth and Adoption; The Commonwealth Fund.

<sup>6</sup> Source: Broderick, A., (2013). *The Veterans Health Administration: Taking Home Telehealth to Scale Nationally*. Case Studies in Telehealth and Adoption; The Commonwealth Fund.

conditions, including heart failure, diabetes and Post Traumatic Stress Disorder (PTSD). The VHA reports annual costs per patient of \$1,600.

The bill's telemedicine coverage requirements may result in a fiscal impact to certain fully insured municipalities who do not currently provide the coverage specified in the bill. The coverage requirements may impact premium costs for the municipality when they enter into new health insurance contracts after January 1, 2015. Due to federal law, municipalities with self-insured plans are exempt from state health insurance mandates.

Lastly, many municipal plans may be recognized as "grandfathered"<sup>7</sup> plans under the federal Affordable Care Act (ACA). It is uncertain what the effect of this mandate will have on the grandfathered status of those municipal plans.

For the purposes of the ACA this bill is not considered an additional mandate and therefore will not result in an additional state cost related to reimbursement for the mandate for those covered through the exchange plans.

### ***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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<sup>7</sup> Grandfathered plans include most group health insurance plans and some individual plans created or purchased on or before March 23, 2010.

**OLR Bill Analysis****SB 202*****AN ACT CONCERNING HEALTH INSURANCE COVERAGE FOR  
TELEMEDICINE SERVICES.*****SUMMARY:**

This bill requires certain health insurance policies to cover medical services provided through telemedicine to the same extent they cover the services through in-person visits between an insured person and a health care provider. The coverage is subject to the same terms and conditions that apply to other benefits under the policy (e.g., copay requirements).

EFFECTIVE DATE: January 1, 2015

**COVERAGE OF TELEMEDICINE SERVICES*****Definition***

The bill defines “telemedicine” as using interactive audio, video, or data communication to deliver medical advice, diagnosis, care, or treatment. This includes diagnostic or treatment services, such as primary diagnosis of pathology specimens, slides, or images, provided electronically to a person in Connecticut, regardless of where the provider is located. “Telemedicine” does not include fax or audio-only telephone contact.

***Applicability***

The bill applies to individual and group health insurance policies delivered, issued, renewed, amended, or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including coverage under an HMO plan.

Due to the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 12 Nay 7 (03/13/2014)