

**Department of Planning and Budget  
2025 General Assembly Session  
State Fiscal Impact Statement**

**PUBLISHED: 1/29/2025 3:02 PM**

**ORIGINAL**

**Bill Number:** HB 1596 H1 **Patron:** Clark  
**Bill Title:** Department of Medical Assistance Services; state plan for medical assistance services; telemedicine services

**Bill Summary:** The substitute bill directs the Department of Medical Assistance Services (DMAS) to amend the state plan for medical assistance to include a provision for the payment of medically necessary health care services provided through real-time audio-only telephone. Services must be authorized by and in compliance with federal law and delivered to a patient via audio-only means when no other means of real-time, two-way audio-visual or other telecommunications or electronic communications are available and operational to the patient or the patient does not have the capability to use such real-time, two-way means of communication.

**Budget Amendment Necessary:** Yes **Items Impacted:** 288

**Fiscal Summary:** The proposed legislation will require expenditures for which the agency is not currently appropriated. See table and fiscal analysis below.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
<b>DMAS (602)</b>	-	\$1,215,969	\$1,392,837	\$1,462,479	\$1,535,603	\$1,612,383

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
<b>DMAS (602)</b>	-	\$1,812,035	\$2,075,603	\$2,179,383	\$2,288,353	\$2,402,770

**Fiscal Analysis:** DMAS currently covers audio-only telemedicine interactions for general clinical services. The ability to provide these enhanced services was provided by the Centers for Medicare and Medicaid Services (CMS) as a pandemic-related flexibility. However, this authorization is set to expire for most services on March 31, 2025. Notwithstanding the ending federal pandemic flexibilities, DMAS telemedicine services are subject to the provisions of Virginia Code § 38.2-3418.16. which defines telemedicine services to specifically exclude audio-only telephone exchanges between providers and patients. The proposed bill would require that DMAS resume the coverage of telemedicine for audio-only interactions between Medicaid members and health care providers. Based on costs incurred in FY 2024 for these audio-only interactions, DMAS estimates that the bill's provisions would cost approximately \$3.1 million (\$1.2 million general fund) in FY 2026. This amount is assumed to grow at approximately five percent in subsequent years.

The American Relief Act, 2025 extends certain telehealth flexibilities, including non-behavioral/mental health audio-only telehealth services, through March 31, 2025. CMS recently announced that it will not provide continued federal funding for all non-behavioral health/mental health audio-only services. Currently, the scope of services covered and the timeframe for how long federal funding will be available are uncertain.

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Should federal reimbursement not be available, the general fund impact would have to cover the federal share of costs.

**Other:** None