

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4891-01
Bill No.: HB 1971
Subject: Health Care; Health Care Professionals; Insurance-Medical; Medicaid, Social Services Department
Type: Original
Date: April 11, 2008

Bill Summary: This legislation allows for the provision of prescribed medically necessary chiropractic services under the MO HealthNet Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$2,941,279)	(\$3,688,364)	(\$3,854,340)
Total Estimated Net Effect on General Revenue Fund	(\$2,941,279)	(\$3,688,364)	(\$3,854,340)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

*Income and costs of \$5,049,156 in FY09, \$6,331,641 in FY10 and \$6,616,565 in FY11 would net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Health and Senior Services** and the **Department of Mental Health** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Social Services - MO HealthNet Division (DSS-MHD)** states that currently, chiropractic care is not covered by MO HealthNet. If this legislation passed and was funded MHD assumes that the state plan would be amended to allow the coverage and that the policy would follow current Medicare policy regarding chiropractic care. Medicare in Missouri limits coverage to only spinal manipulation to treat subluxation when performed by a chiropractor. Medicare covers only medically necessary acute and chronic subluxation and not maintenance therapy. Diagnostic x-rays when ordered by a chiropractor are not covered.

Studies that determined the utilization of chiropractic care in the general population were reviewed to determine the potential number of MO HealthNet participants who might receive chiropractic care if this legislation passed. It is assumed that utilization in the MO HealthNet population will be similar to the general population. The National Institutes of Health (May, 2004) found that 7.5% of adults used chiropractic care within the previous 12 months. The Southern Medical Journal (April, 2000) reported that 8.7% of adults used chiropractic care within the previous 12 months. Studies that analyzed usage among children were not readily available. MHD has chosen to use 8% as the estimate of the percentage of the MO HealthNet population that will use chiropractic services. It is assumed that the legislation intends for chiropractic care to be covered for adults and children.

The number of MHD participants in FY07 was 828,196. It is estimated that 66,256 (828,196 x 8%) participants will utilize chiropractic care.

The procedure codes that are currently used under Medicare in Missouri are 98940, 98941 and 98942. The Medicare rates paid when services are delivered in a private office versus a facility were chosen for the MHD rate estimate. An average rate for these procedure codes if used under MHD was calculated assuming that MHD would pay 55% of the rate paid by Medicare. The estimated average rate for these procedures is \$18.09 (\$32.90 x 55%).

ASSUMPTION (continued)

The number of medically necessary chiropractic visits that will be prior authorized for each participant is not known. For the purpose of the fiscal note it is assumed that a series of 8 visits per year will be authorized. It is possible that some participants will receive more visits and some less. It is also possible that they may be authorized for 8 visits for one subluxation then another 8 visits for a different subluxation. This would be a new program and historical data for Missouri is not yet available. In addition, the legislation states that the program is subject to appropriation. Therefore, it must be noted that the cost estimate is based only on those parameters that are known. The impact will be zero to \$7,990,435 in the first year (10 months).

The FY09 total cost will be \$0 to \$7,990,435 (\$2,941,279 GR); FY10 \$0 to \$10,020,006 (\$3,688,364 GR); and FY11 \$0 to \$10,470,906 (\$3,854,340 GR). A 4.5% inflation factor per year was applied.

Oversight has, for fiscal note purposes only, assumed this proposal will be appropriated and will reflexed the cost without a "\$0 to" range.

Oversight notes that states can earn the federal medical assistance percentage (FMAP) on Medicaid program expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the actual FMAP each year. The FMAP is calculated using economic indicators from state and the nation as a whole. Missouri's FMAP for FY09 is a 63.19% federal match. The state matching requirement is 36.81%.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - Department of Social Services</u>			
Program Costs	<u>(\$2,941,279)</u>	<u>(\$3,688,364)</u>	<u>(\$3,854,340)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$2,941,279)</u>	<u>(\$3,688,364)</u>	<u>(\$3,854,340)</u>

FEDERAL FUNDS

Income - Department of Social Services

Federal Assistance	\$5,049,156	\$6,331,641	\$6,616,565
--------------------	-------------	-------------	-------------

Costs - Department of Social Services

Program Costs	<u>(\$5,049,156)</u>	<u>(\$6,331,641)</u>	<u>(\$6,616,565)</u>
---------------	----------------------	----------------------	----------------------

ESTIMATED NET EFFECT ON FEDERAL FUNDS

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
-------------------	-------------------	-------------------

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
-------------------	-------------------	-------------------

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

The proposed legislation adds medically necessary chiropractic services to the list of covered services under the MO HealthNet Program. An electronic web-based prior authorization system using guidelines consistent with national standards will be used to verify the medical need.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Health and Senior Services
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
April 11, 2008