

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1142-01  
Bill No.: SB 263  
Subject: Chiropractors; Health Care; Health Care Professionals; Medicaid; Medical Procedures and Personnel; Physicians; Social Services Department  
Type: Original  
Date: January 31, 2017

Bill Summary: This proposal requires licensed chiropractors to be reimbursed for the provision of MO HealthNet services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	(\$5,765,546)	(\$7,046,171)	(\$7,335,063)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$5,765,546)</b>	<b>(\$7,046,171)</b>	<b>(\$7,335,063)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Federal*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and expenditures exceed \$12 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **§208.152- Chiropractors to be reimbursed under MO HealthNet**

Officials from the **Department of Social Services (DSS)** state this bill amends section 208.152 and adds services provided by a chiropractic physician licensed under chapter 331 practicing within his or her scope of practice to the list of covered services reimbursable under MO HealthNet.

The **MO HealthNet Division (MHD)** states section 208.152 (24) is added to include chiropractic physician as a provider for services currently covered by reimbursement under MO HealthNet.

In Section 208.152, which defines what medical services are to be paid by MO HealthNet on behalf of needy persons described in 208.151, other services explicitly read that the service must be medically necessary, such as (20) prescribed medically necessary durable medical equipment; (22) prescribed medically necessary dental services; and (23) prescribed medically necessary optometric services. In order to qualify for federal match, any service reimbursed by MO HealthNet must be deemed medically necessary. For the purpose of this fiscal note, MO HealthNet assumes the only chiropractic services that will be provided are those categorized as medically necessary which would qualify for federal match funds.

This legislation will increase utilization of currently paid procedure codes.

Studies that determined the utilization of chiropractic care in the general population were reviewed to determine the potential number of MO HealthNet (MHN) participants who might receive chiropractic care if this legislation passed. It is assumed that utilization in the MHN population would be similar to the general population. The National Center for Health Statistics (December 10, 2008) found that 8.6% of adults and 2.8% of children used chiropractic or osteopathic manipulation within the previous 12 months. MHN selected 9% for adults and 3% for children as the estimated population percentage that will use chiropractic services.

The number of MHN adults in fee-for-service (FFS) in FY16 was 236,777. It is estimated that 21,310 (236,777 x 9%) adult participants will utilize medically necessary chiropractic care. There were 449 children in FFS in FY16. It is estimated that 13 (449 x 3%) will utilize medically necessary chiropractic care. Therefore, a total of 21,323 FFS participants are estimated to use medically necessary chiropractic care.

ASSUMPTION (continued)

It is assumed under this legislation chiropractors would, at a minimum, bill for manipulative treatment and certain physical therapies. Procedure codes 98925, 98926, 98927, 98928, and 98929 are codes which are currently utilized for osteopathic manipulative treatment. An average rate for these procedure codes is \$28.93.

The number of medically necessary chiropractic visits that will be prior authorized for each participant is assumed to be 14.4 visits per year, based on the annual number of recommended chiropractic visits found in "A Survey of Practice Patterns and the Health Promotion and Prevention Attitudes of US Chiropractors" (Rupert, RL). The annual cost for one person in FFS will be \$366.19 (14.4 visits x \$25.43 (\$28.93 less an additional \$3.50 for copays, which are currently \$0.50 cents). The total yearly FFS cost would be \$7,808,269 (\$366.19 x 21,323 participants).

It is assumed under this legislation that an increase in provider access from the addition of chiropractic providers will increase utilization for other physical therapy services within the chiropractic scope of work that are typically offered by a physician's office. Procedure codes 97014, 97032, 97035, 97110, 97124 and 97140 are therapy codes highly utilized in the physician office setting that could fall under the chiropractor's scope of work.

Physical therapy is not currently a covered benefit for adults. While the increased cost from children assessing these services is unknown, at this time, MHD assumes 0 children less than 19 years of age in FFS may receive 14.4 treatments annually at an average cost of \$9.57 (\$13.07 less an additional \$3.50 for copays, which are currently .50 cents). The yearly cost for physical therapy for children in FFS would be \$0.

For the Managed Care (MC) population, MO HealthNet used the same methodology as FFS. The number of MHD adults in MC in FY16 was 124,451. It is estimated that 11,201 (124,451 x 9%) participants will utilize medically necessary chiropractic care. There were 632,255 children in MC in FY16. It is estimated that 18,968 (632,255 x 3%) will utilize medically necessary chiropractic care. Therefore, a total of 30,169 (11,201 adults + 18,968 children) participants are estimated to use medically necessary chiropractic care in MC. The annual cost for one person is estimated to be \$366.19. The total yearly cost for MC would be \$11,047,646.

MHD assumes 600 children less than 19 years of age in MC may receive 14.4 physical therapy treatments annually at an average cost of \$9.57. The yearly cost for physical therapy for children in MC would be \$82,685.

ASSUMPTION (continued)

There will also be a one-time system cost of \$200,000 to add a new provider type and a one-time cost for an actuarial study for managed care of \$50,000.

It is assumed there will be only a 10 month cost in FY18. Medical inflation of 4.1% was applied to FY19 and FY20.

FY18 (10 mths): \$16,032,167 (GR \$5,765,546; FF \$10,266,621)

FY19: \$19,715,083 (GR \$7,046,171; FF \$12,668,912)

FY20: \$20,523,402; GR \$7,335,064; FF \$13,188,338

The **Division of Legal Services (DLS)** state the proposal will have no impact to the DLS, but defer to MHD to determine costs for the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - DSS (§208.152)			
Increase in state share of program expenditures	(\$5,640,546)	(\$7,046,171)	(\$7,335,063)
Actuarial study and system update	(\$125,000)	\$0	\$0
Total <u>Costs</u> - DSS	<u>(\$5,765,546)</u>	<u>(\$7,046,171)</u>	<u>(\$7,335,063)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$5,765,546)</u></b>	<b><u>(\$7,046,171)</u></b>	<b><u>(\$7,335,063)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income</u> - DSS (§208.152)			
Increase in program reimbursements	\$10,266,621	\$12,668,912	\$13,188,338
<u>Costs</u> - (§208.152)			
Increase in program expenditures	(\$10,141,621)	(\$12,668,912)	(\$13,188,338)
Actuarial study and system update	(\$125,000)	\$0	\$0
Total <u>Costs</u> - DSS	<u>(\$10,266,621)</u>	<u>(\$12,668,912)</u>	<u>(\$13,188,338)</u>
<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a direct, positive fiscal impact on small business chiropractors if they decide to become MO HealthNet providers.

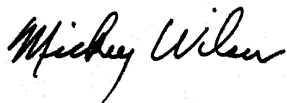
FISCAL DESCRIPTION

This act authorizes MO HealthNet reimbursement for services provided to MO HealthNet participants by licensed chiropractic physicians.

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 Social Services -  
MO HealthNet Division  
Division of Legal Services



Mickey Wilson, CPA  
Director  
January 31, 2017

Ross Strobe  
Assistant Director  
January 31, 2017