

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4120-02  
Bill No.: HB 1516  
Subject: Chiropractors; Medicaid/MO HealthNet  
Type: Original  
Date: January 29, 2018

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Bill Summary: This proposal specifies that licensed chiropractic physicians may treat and be reimbursed for conditions currently reimbursed under MO HealthNet.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	Less than (\$3,284,707)	Less than (\$3,900,910)	Less than (\$4,049,145)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Less than (\$3,284,707)</b>	<b>Less than (\$3,900,910)</b>	<b>Less than (\$4,049,145)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 could exceed \$7.3 million annually and net to \$0.

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 section 208.152(7) is added to include chiropractic physician as a provider for services currently covered by reimbursement under MO HealthNet. 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.

The **MO HealthNet Division (MHD)** states 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. MHD 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 October 2017 was 237,872. MHD excluded dual eligibles from this number (those with Medicare and Medicaid) because Medicare would be the primary payer in these instances. There were 154,956 dual eligibles, and therefore, the remaining non-dual adult FFS population is 82,916. It is estimated that 7,462 (82,916 x 9%) adult participants will utilize medically necessary chiropractic care. There were 3,157 children in FFS in FY17. It is estimated that 95 (3,157 x 3%) will utilize medically necessary chiropractic care. Therefore, a total of 7,557 FFS participants are estimated to use medically necessary chiropractic care in FFS.

ASSUMPTION (continued)

It is assumed under this legislation chiropractors would, at a minimum, bill for manipulative treatment and certain physical therapies. Procedure codes 98940, 98941, and 98942 are codes not currently covered by MHD. Based on rates provided by the industry for osteopathic manipulations, and weighted by the utilization frequency of 98940, 98941, and 98942, MHD arrived at an average rate of \$23.48. This was further reduced by an additional \$3.00 for copay, for a net cost per visit of \$20.48.

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 \$294.91 (14.4 visits x \$20.48 (\$23.48 less \$3.00 copay)). The total yearly FFS cost would be \$2,228,635 (\$294.91 x 7,557 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.

For the Managed Care (MC) population, MO HealthNet used the same methodology as FFS. The number of MHD adults in MC in October 2017 was 119,162. It is estimated that 10,725 (119,162 x 9%) participants will utilize medically necessary chiropractic care. There were 619,491 children in MC in October 2017. It is estimated that 18,585 (619,491 x 3%) will utilize medically necessary chiropractic care. Therefore, a total of 29,310 (10,725 adults + 18,585 children) participants are estimated to use medically necessary chiropractic care in MC. The annual cost for one person is estimated to be \$294.91. The total yearly cost for MC would be \$8,643,812 (29,310 participants X \$294.91).

Physical therapy is not currently a covered benefit for adults. 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 \$13.94 (\$16.94 less an additional \$3.00 for copays). The yearly cost for physical therapy for children in MC would be \$120,442.

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.

ASSUMPTION (continued)

It is assumed there will be only a 10 month cost in FY19. Medical inflation of 3.8% was applied to FY20 and FY21.

FY19 (10 months): \$9,330,401 (GR \$3,284,707; FF \$6,045,694)

FY20: \$11,210,478 (GR \$3,900,909; FF \$7,309,569)

FY21: \$11,636,476 (GR \$4,049,145; FF \$7,587,331)

MO HealthNet may see savings by including chiropractic physicians as a provider group. MO HealthNet is currently reviewing data on potential cost savings and will provide the estimate once it is available.

**Oversight** notes that according to the report The Cost-Efficiency and Effectiveness of Including Doctors of Chiropractic (DCs) to Offer Treatment Under Missouri Medicaid by Dr. John R. McGowan, PhD., CPA, CFE of St. Louis University (February 2017), there are several factors that could result in either a decreased estimated cost from this proposal or savings to the Mo HealthNet program. Examples of potential costs savings include:

- If a Mo HealthNet patient who currently is receiving manipulations from a Doctor of Osteopathy (DO), is now able receive the same treatment from a DC, (reimbursement for DO is higher than for a DC);
- If manipulation from a DC helps a patient avoid going to a Medical Doctor (MD) or DO, avoid going to Emergency Room, or avoid (or delay) surgery, this would result in savings;
- If manipulation from a DC helps the patient enough that medication prescribed by a MD or DO is no longer needed (or reduced); and
- Manipulation from a DC as an initial first step treatment would appear to be a less expensive than care provided by a MD or DO.

**Oversight** is unable to calculate the savings from these examples, but will reflect an unknown savings to at least partially offset the additional costs as estimated by DSS

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE FUND</b>			
<u>Savings - DSS (§208.152)</u>			
Reduction in program expenditures	Unknown	Unknown	Unknown
<u>Costs - DSS (§208.152)</u>			
Increase in state share of program expenditures	(\$3,159,707)	(\$3,900,910)	(\$4,049,145)
Actuarial study and system update	<u>(\$125,000)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - DSS	<u>(\$3,284,707)</u>	<u>(\$3,900,910)</u>	<u>(\$4,049,145)</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>Less than</u></b> <b><u>(\$3,284,707)</u></b>	<b><u>Less than</u></b> <b><u>(\$3,900,910)</u></b>	<b><u>Less than</u></b> <b><u>(\$4,049,145)</u></b>
<b>FEDERAL FUNDS</b>			
<u>Income - DSS (§208.152)</u>			
Increase in program reimbursements	\$6,045,694	\$7,309,568	\$7,587,331
<u>Savings - DSS (§208.152)</u>			
Reduction in program expenditures	Unknown	Unknown	Unknown
<u>Costs - DSS (§208.152)</u>			
Increase in program expenditures	(\$5,920,694)	(\$7,309,568)	(\$7,587,331)
Actuarial study and system update	<u>(\$125,000)</u>	<u>\$0</u>	<u>\$0</u>
Total <u>Costs</u> - DSS	<u>(\$6,045,694)</u>	<u>(\$7,309,568)</u>	<u>(\$7,587,331)</u>
<u>Loss - DSS (§208.152)</u>			
Reduction in program reimbursements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</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 2019 (10 Mo.)	FY 2020	FY 2021
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

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 bill permits the MO HealthNet division within the Department of Social Services to make MO HealthNet payments to chiropractic physicians practicing within their scope of practice for conditions currently reimbursed under the MO HealthNet program.

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

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January 29, 2018