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FISCAL IMPACT REPORT

SPONSOR: Herrera DATE TYPED: 02/22/01 HB 548
 SHORT TITLE: Medicaid Reimbursement for Chiropractic Costs SB _____
 ANALYST: Taylor

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY01 | FY02 | FY01 | FY02 | | |
| | | See Narrative | | | |

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Human Services Department (HSD)
 Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

House Bill 548 amends the set of services eligible for Medicaid reimbursement to include chiropractor services.

FISCAL IMPLICATIONS

The fiscal impact of House Bill 548 on the Medicaid program cost is uncertain. Currently, Medicaid does not include chiropractor services, but a Medicaid recipient suffering from lower back or similar ailments could receive care and treatment from a physician. Thus to the extent that adding chiropractic services would simply shift the treatment of care from one group of service providers (physicians) to another group (chiropractors), there should be little fiscal impact. However, if adding chiropractic services results in increased demand (utilization) of Medicaid services, the fiscal impact would be to increase the cost of the program.

The Human Services Department reports that the bill would increase the cost of the Medicaid program because it provides for additional services. However, the department does not attempt to quantify the estimate.

ADMINISTRATIVE IMPLICATIONS

The Human Services Department reports that the enactment of this bill would require them to develop a reimbursement methodology and to promulgate rules for the expanded services.

OTHER SUBSTANTIVE ISSUES

Based on conversations with medical experts, there seems to be evidence that chiropractors can treat lower back pain in as cost effective manner as physicians. Thus, the question of whether adding chiropractor services would be costly hinges on utilization. In a managed care environment, utilization is controlled by the primary care physician, and thus there should be no fiscal impact there. However, on the fee-for-service side utilization is not managed. Thus, if adding chiropractor services resulted in increased fee-for-service utilization, Medicaid costs would increase.

BT/ar/njw