F I S C A L I M P A C T R E P O R T

SPONSOR SFC **ORIGINAL DATE** 2/18/19 **LAST UPDATED** 3/11/19 **HB**

SHORT TITLE Tobacco Cessation Coverage for Medicaid **SB** 339/SFCS

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		See Fiscal Implications	See Fiscal Implications	See Fiscal Implications	Recurring	General Fund/Federal Medicaid Matching Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION
LFC Files

Responses Received From
Human Services Department (HSD)
Department of Health (DOH)

SUMMARY

Synopsis of Bill

The Senate Finance Committee Substitute for Senate Bill 339 would require the Medicaid program to implement a comprehensive tobacco use cessation program and promulgate rules to govern the program by January 1, 2020. The program would include Medicaid coverage of all US Food and Drug Administration (FDA) approved medications for tobacco use cessation. The bill would require the Human Services Department (HSD) evaluate FDA-approved tobacco cessation medications and provide access to those medications through the tobacco use cessation program, conduct periodic reviews of and collect data related to the program, and prepare an annual report on the program including recommendations for possible improvements to the program.

The effective date of the bill would be July 1, 2019.

FISCAL IMPLICATIONS

HSD indicates the Medicaid program currently covers tobacco cessation medications and counseling. While there are limitations on the number of counseling sessions that can be provided in a 12-month period, exceptions may be made to these limitations when indicated based on medical necessity. HSD is unable to calculate a fiscal impact regarding the potential costs or savings of tobacco cessation medications likely to be FDA-approved. HSD notes it supports efforts to reduce tobacco use and requires Medicaid managed care organizations (MCOs) to offer programs and medications to assist in tobacco use cessation.

SIGNIFICANT ISSUES

HSD indicates the U.S. Preventative Services Task Force (USPSTF) recommends that clinicians ask adults and pregnant women about tobacco use, advise them to stop using tobacco, and provide behavioral interventions and FDA-approved pharmacotherapy for cessation of tobacco use. Medicaid currently covers tobacco cessation services without co-pays, deductibles, or coinsurance including:

1. Counseling sessions, which can also be provided through telemedicine, including face-to-face counseling when rendered by an appropriate medical, dental or behavioral health practitioner. A cessation counseling attempt includes up to four cessation counseling sessions (one attempt plus up to four sessions). Two cessation counseling attempts (or up to eight cessation counseling sessions) are allowed in any 12-month period. Practitioners must maintain documentation to substantiate medical necessity of services rendered. Additional services may be provided based on medical necessity and clinical indications.

2. Tobacco cessation drug products, when ordered by a Medicaid-enrolled prescriber and dispensed by a Medicaid-enrolled pharmacy, include:
   A. Sustained release bupropion products;
   B. Varenicline tartrate tablets (i.e., Champix);
   C. Prescription and over-the-counter (OTC) nicotine replacement drug products such as a patch, gum or inhaler.

3. Treatment may include prescribing any combination of tobacco cessation products and counseling. Counseling plus medication provides additive benefits.

Prior authorization is not required for Medicaid fee-for-service (FFS) beneficiaries; however, the Medicaid managed care organizations (MCOs) may require prior authorization, particularly when a non-preferred drug has been prescribed for which there is a clinically equivalent preferred drug available at a lower cost.

OTHER SUBSTANTIVE ISSUES

DOH notes New Mexico adults who are enrolled in Medicaid smoke at nearly twice the rate (28 percent) of adults with other forms of health insurance (15 percent) (2018 NM Medicaid & Tobacco Data). The higher smoking rate not only leads to disease and premature death, but costs the Medicaid program approximately $222.8 million annually (Toll of Tobacco in NM Factsheet, 2018).

DOH estimates there are 131,000 Medicaid-enrolled adults who smoke in New Mexico. Despite the high smoking rates in the Medicaid-enrolled population, there is high interest in quitting, with two-thirds of smokers having made a serious quit attempt in the past year and 88 percent reporting an interest in quitting in the next six months. In FY18, about one-third of the nearly 8,000 people served by the DOH Tobacco Cessation Program (QUIT NOW) were Medicaid enrollees. Given that Medicaid-enrolled adults represent about 45 percent of the adult smokers in the state, increasing access to tobacco cessation in this group has the potential to reduce smoking rates in the overall population. Providing evidence-based, comprehensive and barrier-free cessation services to Medicaid enrollees also has the potential to reduce Medicaid program expenditures on smoking-related health problems (Toll of Tobacco in NM Factsheet, 2018).

The Centers for Disease Control (CDC) Best Practices for Tobacco Control Programs (2014) defines a comprehensive, barrier-free cessation benefit as having "all evidence based cessation treatments - including individual, group, and telephone counseling and all seven Food and Drug Administration (FDA) approved cessation medications (bupropion, varenicline, and five forms of nicotine replacement therapy, including the patch, gum, lozenge, inhaler, and nasal spray)."
(https://www.cdc.gov/tobacco/stateandcommunity/best_practices/index.htm)

DOH reports the Affordable Care Act requires state Medicaid expansion enrollees to have a comprehensive tobacco cessation benefit and requires non-expansion enrollees to have access to all seven cessation medications. (https://www.lung.org/assets/documents/tobacco/medicaid-a-tobacco-cessation.pdf). However, data show that not all states meet these standards. In New Mexico, Medicaid coverage for tobacco cessation medications in 2017 was not consistently available for two of the seven FDA approved cessation medications (i.e., NRT nasal spray and NRT inhaler)
(https://www.cdc.gov/mmwr/volumes/67/wr/mm6713a3.htm?s_cid=mm6713a3_w).

Other barriers to some New Mexico Medicaid recipients accessing comprehensive, barrier-free cessation benefits have included co-payments, prior authorization requirements, counseling required for medications, limits on duration, and annual limits on quit attempts. Although Medicaid managed care organizations (MCOs) do provide cessation benefits as part of their contracts, coverage varies by plan. Nicotine replacement therapy gum, patches, lozenges, bupropion, and Chantix are covered by all plans, while other benefits such as individual, group and phone counseling, as well as coverage limitations, vary by Medicaid MCO plan.
(http://www.lungusa2.org/cessation2/statedetail.php?stateId=35)

RAE/al/sb