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FISCAL IMPACT REPORT

ORIGINAL DATE 2/11/2020

SPONSOR Hochman-Vigil LAST UPDATED _____ HB 194

SHORT TITLE Chiropractic Svcs for Medicaid SB _____

ANALYST Esquibel

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$4,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$0.0	\$4,000.0	\$4,000.0	Recurring	General Fund
		\$14,200.0	\$14,200.0	\$28,400.0	Recurring	Federal Medicaid Matching Funds
Total		\$14,200.0	\$18,200.0	\$32,400.0	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)

SUMMARY

Synopsis of Bill

House Bill 194 (HB194) would appropriate \$4 million from the general fund to the Human Services Department (HSD) in FY21 to provide chiropractic services to persons eligible for Medicaid.

FISCAL IMPLICATIONS

The appropriation of \$4 million contained in the bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY21 shall revert to the general fund.

HSD indicates currently Medicaid covers chiropractic services for adults only under the self-directed community benefit (SDCB) and the Mi Via programs. The bill would require coverage of chiropractic services for 733,000 full-benefit Medicaid recipients. The \$4 million appropriation in HB94 would leverage approximately \$14.2 million in additional federal Medicaid matching funds, for a total of \$18.2 million to add chiropractic services to the Medicaid program in FY21.

The state general fund share to pay for chiropractic services in FY22 and in subsequent years would be approximately \$4 million per year to maintain the same coverage level of these services in the Medicaid program.

HSD reports Washington State requires its commercial insurance companies to cover Complementary and Alternative Medical (CAM) services, primarily consisting of chiropractic care. A 2002 study (*Insurance Coverage and Subsequent Utilization of CAM Providers*, Lafferty et al) reviewed the utilization of CAM services in Washington. The study found that 13.7 percent of covered individuals utilized a CAM service, with the average number of visits per utilizer per year being 8.35.

Assuming a utilization rate of chiropractic services similar to the state of Washington, approximately 100,000 (or 13.7 percent) of full-benefit Medicaid recipients would seek chiropractic services. The average cost of a chiropractic visit is \$60-\$64. HSD estimates that the appropriation contained in HB194 is sufficient for 100,000 Medicaid-eligible members to visit a chiropractor an average of three times each. HSD would be able to design a chiropractic benefit that includes utilization and medical necessity criteria, or other features to control the cost of the program to align with the appropriation, such as annual visit limitations or a dollar caps.

Some studies show that the addition of chiropractic services may reduce per-member costs over time, particularly in the area of chronic pain management. For example, chiropractic services can help some individuals avoid pain management interventions such as prescription medicines and/or surgery. The avoidance of these types of medical interventions when medically appropriate could offset some of the costs of adding chiropractic services to the Medicaid benefit package, but any changes in utilization patterns would likely be seen over time and would not result in immediate savings to the Medicaid program. The amount of potential savings or offset costs cannot be calculated at this time.

SIGNIFICANT ISSUES

HB194 provides for an expansion of Medicaid services that would require approval by the federal Centers for Medicare and Medicaid Services (CMS). In general, Medicaid follows CMS guidelines for coverage rules and benefits. The Medicare program covers chiropractic care only under certain specific circumstances and for certain diagnoses. Some states offer chiropractic care to Medicaid beneficiaries as a limited benefit (i.e., with annual visit or dollar limit caps)

based on medical necessity. New Mexico could design a chiropractic program with similar features.

The addition of Medicaid chiropractic services would also require promulgation of new rules defining provider responsibilities and requirements, service limitations and restrictions, and reimbursement requirements. Medicaid fee schedule rates would need to be established for service codes, and the HSD and managed care organization (MCO) systems would need to be updated to enable accurate claim adjudication and encounter submission. New eligible providers would need to be enrolled, credentialed, and contracted with HSD and the Medicaid MCOs.

PERFORMANCE IMPLICATIONS

As noted in the Fiscal Implications section above, some studies show that chiropractic care can result in cost-savings in areas such as pain management, lower back pain, and surgical interventions. Additionally, some studies have shown that acute and chronic chiropractic patients experienced better outcomes in pain, functional disability, and patient satisfaction compared to patients receiving traditional medical care. (See: <https://www.ncbi.nlm.nih.gov/pubmed/16226622>)

ADMINISTRATIVE IMPLICATIONS

HSD reports HB194 would have the following IT and administrative impacts within the Medicaid program:

- Claim edits and payment rules would have to be changed in the HSD and MCO IT systems.
- Medicaid contracts with the MCOs would have to be amended.
- The provider enrollment system would have to be changed to provide for enrollment of new providers.
- HSD would have to promulgate regulations and amend the Medicaid State Plan and/or 1115 Demonstration Waiver.
- HSD would have to research and establish appropriate payment levels for the new service.
- HSD would have to include chiropractic care in the managed care rate-setting process.

RAE/sb