

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

Under this bill chiropractic coverage under Medicaid would include all services within the scope of practice by a licensed chiropractor and no less than 24 visits per benefit year.

Currently Medicaid regulations limit chiropractic visits to 12 a year. This would increase the allowable limit to a minimum of 24. The array of services currently allowable would also expand. Additionally the Department of Health and Human Services fiscal note assumes the medical necessity requirement for chiropractic services provided in the Medicaid Program is eliminated. This would result in the services not being eligible for a federal match. The intent of the bill is not to remove the medical necessity requirement. The department shows costs of \$2,765,922 (\$1,277,856 GF and \$1,488,066 FF) in FY 20 and \$5,749,473 (\$2,656,257 GF and \$3,093,216 FF) in FY 21 which includes increased medical costs and a one-time cost of \$10,000 an actuarial study required to change capitation rates. The cost of increasing the number of visits from 12 to 24 without the scope of practice expansion would reduce the costs by approximately half.

There is some evidence that more use of chiropractic services can result in savings, but any offsetting cost related to this bill cannot be determined and are not included. In 2012 Rhode Island instituted an integrated pain management program which expanded pain management services offered by chiropractors and other providers for individuals with four or more emergency room visits in a 12 month period. The initiative included a control group. After two years of study, it showed the integrated pain management program saved money. This study limited the use of chiropractic services to a more narrow population than the scope in this bill. It does provide an indication that there could be some savings offsets. The extent is unknown, however.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 439	AM:	AGENCY/POLT. SUB: Nebraska Department of Health and Human Services	
REVIEWED BY: Ann Linneman	DATE: 2-15-19	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Health and Human Services' assessment of fiscal impact.			

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 2-14-19

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	<u>FY 2019-2020</u>		<u>FY 2020-2021</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$1,277,856		\$2,656,257	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$1,488,066		\$3,093,216	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$2,765,922		\$5,749,473	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB 439 would require coverage for all services in the scope of practice for a chiropractor under the Medical Assistance Act. Currently Nebraska Medicaid covers 12 visits a year for adults 21 years and older, covering manual manipulation and spinal x-rays. The bill will require 24 treatments per year regardless of medical necessity and expands the scope of services chiropractors can provide. With chiropractors having a full scope of practice, they will be able to order a wide array of diagnostic tests and things such as DME. Those elements drive a portion of the additional amounts. Since medical necessity is a requirement of federal financial participation, the state could have to pay for the expansion of chiropractic services using all state general funds. This is a significant change to current chiropractor rules and regulations. It is assumed that expanded services would start January 1, 2020. The increase in services is also attributable to Medicaid expansion. The table provides the estimated expenses above existing levels:

	FY20	FY21
Medicaid	\$2,241,052	\$4,482,103
Expansion	\$514,870	\$1,267,370
Totals	\$2,755,922	\$5,749,473

MLTC would need to submit a State Plan Amendment (SPA) for the new chiropractic services. If the Center for Medicare and Medicaid Services (CMS) would deny the SPA, the new services would require 100% of General Funds to supplement the costs.

Additional staffing is listed with the Department of Health and Human Services absorbing staffing costs identified below:

	Hours	Cost/Hour	One-time costs	Ongoing Costs
Program Specialist	40	\$22.519	\$ 901	
Administrator	10	\$30.821	\$ 308	
Program Coordinator	20	\$23.054	\$ 461	
Benefits			\$ 544	
Overhead			\$ 722	
<b>Total Absorbed</b>			\$ 2,936	
Reimbursement Analyst	60	\$23.744		\$ 1,425
Administrator	5	\$30.821		\$ 154
Budget Analyst	45	\$25.015		\$ 1,126
Benefits				\$ 882
Overhead				\$ 1,169
<b>Total Absorbed</b>				\$ 4,756

It is estimated \$10,000 in one time expenses to change the capitation rates by the state actuaries.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2019-2020	2020-2021
	19-20	20-21	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....			\$10,000	
Aid.....			\$2,755,922	\$5,749,473
Capital Improvements.....				
<b>TOTAL.....</b>			<b>\$2,765,922</b>	<b>\$5,749,473</b>