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## FISCAL IMPACT REPORT

SPONSOR Campos/Hochman-Vigil ORIGINAL DATE 1/28/19  
 LAST UPDATED 2/07/19 HB \_\_\_\_\_  
 SHORT TITLE Chiropractor Medicaid Reimbursement SB 132  
 ANALYST Esquibel

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Medicaid Program		\$15,400.0	\$15,400.0	\$30,800.0	Recurring	General Fund
Medicaid Program		\$40,800.0	\$40,800.0	\$81,600.0	Recurring	Federal Medicaid Funds
<b>Total</b>		\$56,200.0	\$56,200.0	\$112,400.0	Recurring	General Fund & Federal Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)

Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 132 would require the Medicaid program to reimburse for services provided by licensed chiropractic physicians and naprapathic medical providers.

### FISCAL IMPLICATIONS

SB132 would add chiropractic and naprapathic services to the Medicaid benefit package. The Human Services Department (HSD) reports that currently Medicaid covers chiropractic and naprapathic services only for adults under the Self-Directed Community Benefit (SDCB) and Mi Via programs. The bill would require coverage of services provided by licensed naprapaths and licensed chiropractic physicians for all Medicaid recipients. HSD is unable to predict the level of service utilization for these; however, the addition of these services would result in additional Medicaid program costs. If this bill was enacted, approximately 748,000 Medicaid recipients would be able to access these two services.

HSD writes that Washington required its commercial insurance companies to cover complementary and alternative medical (CAM) services. A 2002 study (*Insurance Coverage and Subsequent Utilization of Complementary and Alternative Medical (CAM) Providers*, Lafferty et al) reviewed the utilization of various CAM services in Washington and found 13.7 percent of covered individuals utilized a CAM service, and the average number of visits per utilizer per year was 8.35. Additionally, the study found the median per visit expenditure for CAM providers was \$39.00. Applying these assumptions to the New Mexico Medicaid population and adjusting expenditures for medical inflation, the Medicaid program is projected to have about 748,000 full-benefit enrollees that would be eligible for these services, and assuming 102,480 (or 13.7 percent) would seek CAM services 8.35 times per year at a cost per visit of \$68.58, the resulting cost would be \$56.2 million with a \$15.4 million impact to the general fund. Should utilization be higher, the cost would be larger.

### **SIGNIFICANT ISSUES**

HSD reports SB132 would expand the Medicaid program to add chiropractic and naprapathic services which would require approval by the federal Centers for Medicare and Medicaid Services (CMS). In general, Medicaid follows CMS guidelines for coverage rules and benefits, and it is unclear if CMS would approve the addition of these services in the Medicaid benefit package.

The addition of these services to Medicaid 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, the Medicaid Management Information System (MMIS) would need to be updated to enable accurate claim adjudication and encounter submissions, and new eligible providers would need to be enrolled.

The bill provides no funding for the state match share of the benefit cost, and the bill does not provide funding for the considerable administrative and technical expenses HSD would incur to implement the provisions of the bill.

### **ADMINISTRATIVE IMPLICATIONS**

Implementation of the provisions in the bill would require the Human Services Department (HSD) to implement the following changes to the Medicaid program's systems:

1. Claim edits and payment rules would need to be changed in the Medicaid Management Information System (MMIS);
  2. Medicaid's contracts with the managed care organizations (MCOs) would have to be changed, and the MCOs' IT systems would have to be revised, with the administrative costs of these changes passed on to the Medicaid program;
  3. The Provider Enrollment system would have to be changed to provide for enrollment of these providers, which includes making provision for certification of licensure and assurance that there were no criminal or licensure sanctions on the applicants for enrollment; and
  4. The reporting systems of the MMIS and MCOs would have to be revised.
- HSD reports the cost impact of all these required changes are not known at the time of this analysis.

**OTHER SUBSTANTIVE ISSUES**

HSD indicates some studies show the addition of chiropractic benefits might reduce per-member costs over time, particularly in the area of chronic pain management, when interventions such as the use of prescription drugs or surgery could be offset when medically appropriate by chiropractic and naprapathic services. However, changes in utilization would likely be gradual and would not result in immediate cost savings to the Medicaid program.

RAE/sb