

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2/21/07

SPONSOR Campos LAST UPDATED _____ HB _____

SHORT TITLE Oriental Medicine Medicaid Reimbursement SB 966

ANALYST Weber

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$1,769.1	\$1,769.1	\$3,538.2	Recurring	General
		\$2,030.9	\$2,030.9	\$4,061.8	Recurring	Federal Medicaid

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 966 requires the Human Services Department Medical Assistance Division to by rule provide medical assistance, including the services of licensed doctors of oriental medicine, licensed chiropractic physicians and licensed dental hygienists in collaborating practice, to persons eligible for public assistance programs under the federal act.

FISCAL IMPLICATIONS

No appropriation is included to accomplish the intent of the bill but HSD indicates there would be a requirement of \$1.8 million form the general fund.

HSD indicates that including chiropractors and doctors of oriental medicine in Medicaid's eligible providers and health care benefits, would create a need for approximately \$3.1 million to support these new providers and services. Most of the Medicaid services provided by a chiropractor would be eligible for federal match funds. However, acupuncture costs could only be paid out of state general fund.

The cost estimates are based on the assumption that (1) approximately 2% of all Medicaid recipients (both fee-for-service and managed care) would use twelve (12) visits to a chiropractor

OR doctor of oriental medicine on an annual basis; and (2) federal funding would not be available for 25% of the services – primarily those provided by doctors of oriental medicine. The total estimated expenditure is estimated to be \$3.8 million (\$1,769.1 from the state General Fund and \$2,030.9 from federal Medicaid leveraged funds.) The funds would have to be recurring.

Medicaid currently reimburses licensed dental hygienists. Therefore, there would be no fiscal impact for inclusion of these services.

The Medicaid Management Information System would require changes to accommodate a new provider type and specialty, and new procedure codes. These changes would be completed using existing resources.

SIGNIFICANT ISSUES

HSD also adds that Medicaid does not currently reimburse for services provided by licensed chiropractors except for paying the co-insurance and deductible following Medicare payment. States do have the option under federal law to cover chiropractic spinal manipulation in their Medicaid programs.

Medicaid does not currently reimburse for services provided by licensed doctors of oriental medicine. Generally, a state Medicaid program is not allowed to cover acupuncture with federal matching funds. The federally government is still studying acupuncture to determine if it should be added to the list of services that Medicaid can opt to cover. Therefore, acupuncture costs could only be paid out of state General Fund.

MW/mt