

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 and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2/4/19

SPONSOR Cisneros LAST UPDATED _____ HB _____

SHORT TITLE Opioid Replacement Therapy Reimbursement Rate SB 205

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$1,500.0	\$1,500.0	\$3,000.0	Recurring	General Fund
		\$4,000.0	\$4,000.0	\$8,000.0	Recurring	Federal Medicaid Matching Funds
Total		\$5,500.0	\$5,500.0	\$11,000.0	Recurring	General Fund, Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 205 proposes the Human Services Department (HSD) establish a minimum reimbursement rate for opioid replacement therapy (ORT) to treat opioid use disorder (OUD). The bill proposes HSD reimburse health care providers at a bundled rate of \$17.00 for each unit of ORT provided. SB205 would require HSD to adjust the rate annually after July 1, 2022, for any increase from the preceding year in the Consumer Price Index (CPI) in the urban market for the west region.

FISCAL IMPLICATIONS

HSD reports the proposed minimum reimbursement rate of \$17.00 is an increase of \$3.70 over the current rate of \$13.30. In FY18, there were 1,478,146 ORT claims. Assuming the same number of claims in FY20, the total fiscal impact would be approximately \$5.5 million, with a general fund impact of \$1.5 million. Beginning in FY22, the fiscal impact could increase per the proposed CPI adjustment.

SIGNIFICANT ISSUES

HSD reports it allows billing for the provision of one to three ORT services with a bundled reimbursement rate of \$13.30. The maximum allowable billing is one unit/day. Recently, some providers have expressed concern their costs have increased, and HSD reviewed a possible rate increase and found New Mexico's Medicaid reimbursement rates are among the highest in the nation for ORT. The decision was made to keep the current rate in place for now.

HSD's Behavioral Health Supplement, which is under review for adoption in 2019, will allow additional billing for other professional services, with the intent of encouraging counseling and therapy support to better address the root causes of addiction.

ADMINISTRATIVE IMPLICATIONS

HSD indicates raising the reimbursement rate for ORT would require federal approval of a State Plan Amendment. It could be difficult to receive approval of the new minimum rate from the Centers for Medicare and Medicaid Services (CMS) since New Mexico's rate is already quite high compared to other states. In general, CMS will not approve outlier rates without substantial documentation showing why such an increase is warranted and necessary.

TECHNICAL ISSUES

HSD notes New Mexico's Medicaid rates are not generally increased yearly based on CPI. The bill may need to be amended as to not restrict its provisions to "methadone clinics" and to reconcile it with terminology found in other proposed legislation.

OTHER SUBSTANTIVE ISSUES

DOH reports:

- New Mexico had the 17th highest drug overdose death rate among all states in 2017, down from 12th in 2016 (CDC Drug Overdose Death Data: 2017 Deaths and 2016 Deaths), <https://www.cdc.gov/drugoverdose/data/statedeaths.html>
- In 2017 in NM, most overdose deaths were due to non-fentanyl prescription opioids with a rate of 9.0/100,000, and heroin at 7.5/100,000 (all rates are age adjusted; data source is NMDOH Bureau of Vital Records and Health Statistics death data).
- According to the HSD State Opioid Treatment Authority (SOTA) point in time census count, in December of 2018, there were 6,641 total patients with Medicaid paid methadone.

- Currently under HSD’s MAT Reimbursement Plan, the fee for administering or dispensing methadone or other narcotic replacement or agonist drug items is \$10-\$11 per day.
- Nationally, there is a treatment gap for individuals in need of treatment and those who actually receive treatment. A 2015 American Journal of Public Health article states that changes to administrative barriers such as clinician reimbursement that provide appropriate and timely payment for services are needed to address the treatment gap. (<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4504312/>)

RAE/sb