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Nonpartisan Services for Colorado's Legislature

HB 20-1221

FISCAL NOTE

Drafting Number: LLS 20-0870 Date: February 24, 2020
Prime Sponsors: Rep. Kennedy Bill Status: House Health & Insurance
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Bill Topic: COMPLEMENTARY OR ALTERNATIVE MEDICINE PILOT PROGRAM

- Summary of Fiscal Impact: State Revenue, TABOR Refund, State Expenditure, Local Government, State Transfer, Statutory Public Entity

The bill expands eligibility for the complimentary or alternative medicine pilot program for Medicaid enrollees. It affects state expenditures on an ongoing basis beginning in FY 2021-22.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The Department of Health Care Policy and Financing (HCPF) administers the Complimentary or Alternative Medicine Pilot Program, which allows Medicaid enrollees with spinal cord injuries (SCIs) to receive additional medical services not otherwise available to Medicaid clients.

The bill modifies eligibility for the program in two ways:

- geography-based eligibility is expanded from the counties of Adams, Arapahoe, Denver, Douglas, and Jefferson, listed in department rule, to also include Boulder, Broomfield, Douglas, El Paso, Jefferson, Larimer, Pueblo, and Weld counties; and
diagnosis-based eligibility is changed from individuals with a SCI, which is defined in department rule, to individuals with any of six primary conditions listed in the bill, and also a secondary condition of paralysis.

Background

The program was initiated in July 2012 after a waiver was approved by the federal Centers for Medicare and Medicaid Services (CMS). The purpose of the program is to expand the medical services available to eligible Medicaid clients to study the success of the covered services and produce an overall cost savings to the state compared to what would have otherwise been spent

on the same individuals absent the program. Participants have access to all of the services offered under the Elderly, Blind, and Disabled (EBD) Waiver Program, plus the three additional CIHS services offered under the program. Enrollment in the SCI waiver program has grown from 51 participants in FY 2013-14 to 156 participants in FY 2018-19. Under current law, HCPF projects enrollment to increase to 222 by FY 2021-22. Senate Bill 19-197 extended the program through September 1, 2025.

As required by statute, a consultant has been hired to conduct an ongoing independent evaluation of the pilot program, funded by a \$55,000 annual appropriation. The primary goals of the evaluation are to determine the effectiveness of the program in terms of health outcomes and cost-effectiveness. The June 2019 evaluation report found that total Medicaid costs have decreased for individuals for which HCPF has one full year of pre-waiver data and at least two full years of post-waiver data. While expenditures increase for CIHS services covered under the SCI waiver, total costs have decreased on average, with the reductions largely attributable to decreases in inpatient and pharmacy expenditures. This is consistent with the hypothesis that better pain management and reduced urinary and intestinal problems from CIHS services would reduce costs in these areas.

## **Assumptions**

The fiscal note assumes that new enrollment will take effect in FY 2021-22 following the submission of a waiver amendment to CMS. Modifying geography-based eligibility is expected to increase enrollment by 80 individuals in FY 2021-22 and 121 individuals in FY 2022-23.

Changes in diagnosis-related eligibility are not estimated due to insufficient data. Under current HCPF rule, a diagnosis of paralysis qualifies an individual for participation in the SCI waiver, whether or not it is a primary diagnosis; therefore, the primary conditions added under the bill do not expand eligibility beyond the status quo. Conversely, requiring specific primary conditions may reduce eligibility, as a primary diagnosis is not a current eligibility requirement.

## **State Expenditures**

The bill affects expenditures in HCPF beginning in FY 2021-22. Increased expenditures on CIHS services are assumed to be offset by decreased expenditures on other Medicaid services for the same clients, resulting in no net increase in Medicaid expenditures. For informational purposes, costs for CIHS services have averaged \$3,700 in the first year for new SCI waiver enrollees, and have decreased in subsequent years. The workload required to apply for the waiver can be accomplished within existing appropriations. Future changes in expenditures related to enrollment or costs will be addressed through the annual budget process.

## **Effective Date**

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

**Departmental Difference**

HCPF estimates that expenditures will increase by \$96,457 in FY 2021-22 and \$298,805 in FY 2022-23. These costs are shown in Table 2. The department estimate is based on the same enrollment assumptions identified above, but assuming that no cost savings or avoidance will occur, and that all expenditures for CIHS services will represent a net increase relative to current law. The fiscal note does not include these costs based on available data indicating that participation in the SCI waiver results in overall savings to the Medicaid program.

**Table 2**  
**HCPF's Estimated Medical Services Expenditures Under HB 20-1221**

	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
General Fund	-	\$43,047	\$133,352
Cash Funds	-	\$5,181	\$16,050
Federal Funds	-	\$48,229	\$149,403
<b>Total Cost</b>	-	<b>\$96,457</b>	<b>\$298,805</b>

**State and Local Government Contacts**

Health Care Policy and Financing