



Legislative
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**FINAL
FISCAL NOTE**

Drafting Number: LLS 20-0870 **Date:** October 23, 2020
Prime Sponsors: Rep. Kennedy **Bill Status:** Deemed Lost
 Sen. Zenzinger; Smallwood **Fiscal Analyst:** Max Nardo | 303-866-4776
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Bill Topic: **COMPLEMENTARY OR ALTERNATIVE MEDICINE PILOT PROGRAM**

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

The bill would have expanded eligibility for the complimentary or alternative medicine pilot program for Medicaid clients. It may have increased state expenditures on an ongoing basis beginning in FY 2021-22.

Appropriation Summary: No appropriation was required.

Fiscal Note Status: The fiscal note reflects the introduced bill. The bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1
State Fiscal Impacts Under HB 20-1221**

		FY 2020-21	FY 2021-22	FY 2022-23
Revenue		-	-	-
Expenditures	General Fund	-	\$43,047	\$133,352
	Cash Funds	-	\$5,181	\$16,050
	Federal Funds	-	\$48,229	\$149,403
	Total	-	up to \$96,457	up to \$298,805
	Total FTE	-	-	-
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

The Department of Health Care Policy and Financing (HCPF) administers the Complimentary or Alternative Medicine Pilot Program, which allows Medicaid clients with spinal cord injuries (SCIs) to receive additional medical services not otherwise available to Medicaid clients. These services, referred to as complimentary and integrative health services (CIHS), include acupuncture, chiropractic care, and massage therapy.

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, as currently listed in department rule, to also include Boulder, Broomfield, El Paso, Larimer, Pueblo, and Weld counties; and
- diagnosis-based eligibility is expanded from individuals with a SCI, which is defined in department rule, to also include individuals with multiple sclerosis, a brain injury, spina bifida, muscular dystrophy, or cerebral palsy, and also a secondary condition of paralysis.

Background

SCI waiver program. 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 range of 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 waiver: acupuncture, chiropractic care, and massage therapy. 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.

Cost effectiveness evaluation. 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 SCI waiver participants for which HCPF has one full year of pre-waiver data and at least two full years of post-waiver data. While the state incurs new costs to pay for the three waiver services, costs for other medical services decreased by a greater amount, with savings largely coming from the inpatient and pharmacy categories. 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. However, due to limitations in the experimental design, particularly the fact that the group of individuals that actually enrolls in the SCI waiver does not represent a random sample of the population eligible to enroll, it cannot be concluded with certainty at this stage that receiving waiver services is the cause of the cost savings observed. A final evaluation of the program is due to the General Assembly by January 1, 2025.

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 may increase state expenditures in HCPF by up to \$96,457 in FY 2020-21 and \$298,805 in FY 2022-23. Table 2 displays the estimated cost of the three medical services covered under the SCI waiver for the new enrollees. These expenditures are expected to be offset in part or in full by decreased expenditures on other medical services that CIHS services function as a substitute for; however, the net impact of this is not estimated (see Background Section for limitations in attributing cost savings to waiver services). 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.

Table 2
Expenditures Under HB 20-1221

	FY 2020-21	FY 2021-22	FY 2022-23
Department of Health Care Policy and Financing			
SCI Waiver Services	-	\$96,457	\$298,805
Total Cost		\$96,457	\$298,805

Effective Date

The bill was deemed lost on June 16, 2020.

State and Local Government Contacts

Health Care Policy and Financing