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Fiscal Note

Drafting Number:	LLS 21-0473	Date:	February 25, 2021
Prime Sponsors:	Sen. Zenzinger; Smallwood Rep. Kennedy; Van Winkle	Bill Status:	Senate HHS
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Bill Topic: **EXPANSION OF COMPLEMENTARY & ALTERNATIVE MEDICINE**

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill expands eligibility for the complimentary or alternative medicine pilot program for Medicaid clients. It increases state expenditures through FY 2024-25, after which the waiver program is scheduled to repeal.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$75,967 to the Department of Health Care Policy and Financing.

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

**Table 1
State Fiscal Impacts Under SB 21-038**

		Budget Year FY 2021-22	Out Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-	-
Expenditures	General Fund	\$37,984	\$263,509	\$398,119
	Cash Funds	-	\$143,039	\$240,725
	Federal Funds	\$37,983	\$406,548	\$638,844
	Centrally Appropriated	\$14,954	\$16,495	\$16,495
	Total Expenditures	\$90,921	\$829,591	\$1,294,183
	Total FTE	0.9 FTE	1.0 FTE	1.0 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 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 include eligible individuals residing anywhere in the state.
- diagnosis-based eligibility is expanded from individuals with a SCI, which is further defined in department rule, to also include individuals with a primary condition of multiple sclerosis, a brain injury, spina bifida, muscular dystrophy, or cerebral palsy, with the total inability for independent ambulation directly resulting from one of these diagnoses.

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 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 198 in December 2020. 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 data before waiver enrollment and two full years of data post-waiver enrollment. While the state incurred new costs to pay for the three waiver services, costs for other medical services declined 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 these 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 those eligible to enroll, it cannot be confidently concluded that the observed cost savings are attributable to waiver services, or that expanding eligibility will result in savings for that population. A final evaluation of the program is due to the General Assembly by January 1, 2025.

Assumptions

It is assumed that new enrollment will begin in FY 2022-23 following the submission of a waiver amendment to CMS and a year of preparation. Enrollment attributable to expanded eligibility is estimated to increase persons served under the waiver by 233 in FY 2022-23 and 380 in FY 2023-24. This assumes that newly eligible individuals will enroll in the program at an equivalent rate to those currently eligible.

State Expenditures

The bill increases state expenditures in HCPF by an estimated \$90,000 in FY 2021-22, \$830,000 in FY 2022-23, and \$1.3 million in FY 2023-24. These costs are for SCI waiver services for new enrollees, staffing in the department to administer the expansion, and an evaluation contractor, as shown in Table 2 and described below. Costs for SCI waiver services may be partially offset by savings on other Medicaid expenditures.

Table 2
Expenditures Under SB 21-038

	FY 2021-22	FY 2022-23	FY 2023-24
Department of Health Care Policy and Financing			
SCI Waiver Services	-	\$686,039	\$1,154,555
Personal Services	\$65,801	\$71,783	\$71,783
Capital Outlay Costs	\$6,200	-	-
Operating Costs	\$3,966	\$5,274	\$1,350
Evaluation Contractor	-	\$50,000	\$50,000
Centrally Appropriated Costs ¹	\$14,954	\$16,495	\$16,495
Total Cost	\$90,921	\$829,591	\$1,294,183
Total FTE	0.9 FTE	1.0 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

SCI waiver services. Spending on the three waiver services (acupuncture, chiropractic care, and massage therapy) totals about \$3,000 per year for current program enrollees. The fiscal note assumes new enrollment will total 233 and 380 in the first two years of expansion, with annual per-enrollee costs of \$2,944 and \$3,038 respectively. New expenditures may be partially offset by savings on other medical services that waiver services function as substitutes for; however, the net impact of this is not estimated—see Background section for limitations in attributing cost savings to waiver services. Costs are split evenly between state funds and federal funds, with state funds being a mix of General Fund and Healthcare Affordability and Sustainability Fee Cash Fund.

Staffing. HCPF requires 1.0 FTE of additional staffing to expand the program. Duties begin in FY 2021-22, a year before the expansion services are available to new enrollees, to engage stakeholders, submit the waiver amendment to CMS, revise regulations, train case management agencies, and

recruit providers. Ongoing work includes the continuation of enrollment work and provider recruitment as the program is scaled up over time, evaluation, and general oversight. Costs are split evenly between General Fund and federal funds. First-year costs are prorated to reflect the General Fund paydate shift.

Evaluation. The current program includes \$55,000 annually for evaluation, which includes data collection from providers and enrollees, including interviews and surveys to evaluate health outcomes and cost-effectiveness. By more than doubling program enrollment, the expansion requires a commensurate increase in evaluation costs, which are split evenly between General Fund and federal funds.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$14,954 in FY 2021-22 and \$16,495 in FY 2022-23 and FY 2023-24.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Health Care Policy and Financing