



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated January 28, 2022)

Drafting Number: LLS 22-0116 Date: February 21, 2022
Prime Sponsors: Rep. McCormick; Lynch Bill Status: House Appropriations
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Bill Topic: MEDICAID REIMBURSEMENT FOR THERAPY USING EQUINES

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

Conditional upon federal approval, the bill makes Medicaid reimbursement available for certain therapies using equine movement. It will increase state workload beginning in FY 2022-23 and state expenditures beginning in FY 2024-25.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Public and Behavioral Health and Human Services Committee. It has also been updated to reflect new information.

Table 1
State Fiscal Impacts Under HB 22-1068

Table with 4 columns: Category, Budget Year FY 2022-23, Out Year FY 2023-24, Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Federal Funds, Total Expenditures), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

Subject to federal authorization and federal financial participation, on or after July 1, 2024, the bill makes Medicaid reimbursement available for therapy using equine movement when provided by a physical therapist, occupational therapist, or speech-language pathologist.

Background

Equine therapy is a physical therapy, occupational therapy, and speech-language pathology treatment strategy that uses the multidimensional movement of the horse to improve neuromuscular function and sensory processing in children and adults with movement dysfunction.

Medicaid has provided some states with Section 1115 demonstration waivers to test new or existing ways to deliver and pay for health care services, and Colorado has been authorized for equine therapy for some members under three Center for Medicaid Services (CMS) waivers:

- Children's Extensive Support (CES) Waiver;
- Home and Community Based Services-Children's Habilitation Residential Program (CHRP); and
- Supported Living Services (SLS).

State Expenditures

The bill increases state workload and expenditures in the Department of Health Care Policy and Financing (HCPF) beginning in FY 2022-23.

Projected service expenditures. The fiscal note assumes federal approval will be granted to allow for equine therapy as a physical, occupational, or speech therapy for the state's Medicaid population.

Currently, 161 people receive equine therapy through waivers at a reimbursement rate of \$21; and under the bill, this population will receive equine therapy through Medicaid at a reimbursement rate of \$31 used for other forms of physical, occupational, or speech therapy. Annually, this population uses 12,322 service units; therefore, a \$10 increase in per unit reimbursement will increase costs by about \$123,220 per year, with 50 percent coming from federal funds.

Other than the waiver recipients, the fiscal note assumes the bill's impact on medical services premiums will be minimal since equine therapy will be provided within the existing physical, occupation, and speech therapy structure, and does not increase eligibility. After the first year of implementation in FY 2024-25, any caseload impact will be captured in HCPF's forecast during the annual budget process.

Waiver-related workload. Staff will establish an implementation plan for federal review; complete any necessary waiver amendments for CES, CHRP, and SLS; make conforming contract modifications; provide training; and measure performance outcomes. This work can be accomplished within existing appropriations.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amount shown in Table 1 in FY 2024-25 and ongoing, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

Departmental Difference

HCPF estimates medical services costs of \$1.3 million per year beginning in FY 2024-25, assuming that equine therapy will be provided in addition to, rather than a one-to-one substitution for, currently utilized physical, occupational, and speech therapy modalities. HCPF's cost methodology assumes that 560 Medicaid recipients will utilize equine therapy in addition to current therapies, based on current participation through the waivers and limited by provider availability. The fiscal note assumes that the number of referrals and approved service hours for physical, occupational, and speech therapy will remain constant, and that equine therapy will be used within those service amounts.

State and Local Government Contacts

Health Care Policy and Financing

Information Technology

Regulatory Agencies