

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2875-01
BILL NO.: HB 1136
SUBJECT: Chiropractors; Medicaid
TYPE: Original
DATE: January 24, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$2,074,621)	(\$4,149,992)	(\$4,149,992)
Total Estimated Net Effect on <u>All</u> State Funds	(\$2,074,621)	(\$4,149,992)	(\$4,149,992)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds *	\$0	\$0	\$0

*Cost and revenues of approximately \$6 million annually net to \$0.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan**, the **Department of Conservation**, the **Department of Transportation**, the **Department of Public Safety - Missouri State Highway Patrol**, and the **Department of Insurance** assume this proposal would not fiscally impact their agencies.

Department of Social Services (DOS) officials state that currently chiropractic services are not covered Medicaid services. DOS assumes that the program would begin in January, 2001. DOS also assumes the services would be provided by fee-for-service and managed care programs. DOS estimated the number of potential Medicaid recipients based upon a 1991 Gallup Poll that found 10.1% of adults had used chiropractic services in the past year. DOS estimated the percentage of usage for children. DOS applied the percentages against the current number of Medicaid eligibles. DOS projects the number of Medicaid users at 51,560. DOS estimates the Medicaid rate of reimbursement for an office visit to be fifty percent of the Medicare rate. DOS assumes eleven office visits and one x-ray per year to be the average usage. DOS estimates visit costs to be \$9,346,796 and x-ray costs to be \$1,273,532. DOS estimates the annual increase to be \$45,000 per year. DOS assumed a match rate of 61.03%. DOS assumes additional claims would be processed that would result in higher payments to the contractor. DOS projects that 567,160 units of service would be provided (51,560 x 11 visits). Of these, DOS estimates that approximately one-half or 283,580 claims would be processed by the contractor as fee-for-service claims. DOS states the additional claims would result in increased payments to the contractor of \$21,000 in FY2001 and \$45,000 for the following years.

DOS states there are 1,726 licensed chiropractor physicians in Missouri and if 75% enroll in the Medicaid program, additional staff would be needed to handle the increased workload. DOS states there are currently thirteen staff who handle the enrollment issues and 32,880 providers enrolled in the Medicaid program or 2,529 providers per staff member. DOS states that if 1,295 chiropractors enroll in the Medicaid program, one-half FTE would be needed ($1,295/2,529 = 51\%$). The additional FTE would be responsible for enrolling the providers - mailing enrollment packets, reviewing applications for accurate and complete information, issuing provider numbers, and updating provider files. DOS assumes the additional staff would be hired in October, 2000.

Oversight assumes no additional staff would be required for the enrollment process.

L.R. NO. 2875-01
BILL NO. HB 1136
PAGE 4 OF 4
January 24, 2000

This proposal would add the services of licensed chiropractors to the list of medical services authorized for payment under the Medicaid program.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Department of Transportation
Department of Public Safety
Missouri State Highway Patrol
Department of Conservation



Jeanne Jarrett, CPA
Director
January 24, 2000