

## HF1357 - 1E - "Chiropractic MA Service Coverage Modified"

Chief Author: **Glenn Gruenhagen**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **03/15/2017**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.  
 Reductions shown in the parentheses.

State Cost (Savings)		Biennium			Biennium	
Dollars in Thousands		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	3,913	7,546	7,665	8,061	
Total	-	3,913	7,546	7,665	8,061	
Biennial Total			11,459	15,726		

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2017	FY2018	FY2019	FY2020	FY2021
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Ahna Minge      Date: 3/15/2017 10:42:30 AM  
 Phone: 651 259-3690      Email: ahna.minge@state.mn.us

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>
<b>Dollars in Thousands</b>		<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>
General Fund	-	3,913	7,546	7,665	8,061
<b>Total</b>	<b>-</b>	<b>3,913</b>	<b>7,546</b>	<b>7,665</b>	<b>8,061</b>
<b>Biennial Total</b>			<b>11,459</b>		<b>15,726</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	3,913	7,546	7,665	8,061
<b>Total</b>	<b>-</b>	<b>3,913</b>	<b>7,546</b>	<b>7,665</b>	<b>8,061</b>
<b>Biennial Total</b>			<b>11,459</b>		<b>15,726</b>
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>		<b>-</b>

**Bill Description**

This bill expands coverage provided by chiropractors to include services already covered under the Medical Assistance (MA) program that are within a chiropractor's scope of practice. The bill maintains the limitation of 24 visits but allows for additional evaluations and management services and other therapy services that are related to the chiropractic plan of care. This bill gives the Health Services Policy Committee authority to set the policy for the services.

**Assumptions**

Currently, chiropractic services are limited to 24 visits per year and one evaluation and management service. Coverage is also limited to manual spinal manipulation to treat subluxation, x-rays needed to support subluxation and acupuncture. The bill would maintain the 24 visit limit but expand the number of services provided by a chiropractor to other services provided under Medical Assistance within the chiropractor's scope of practice. The bill would allow for further evaluation and management services when the condition of the patient requires it in addition to the initial patient assessment already included within the chiropractic service.

The impact of eliminating the limitation of one evaluation per year is additional evaluation and management billing by chiropractors. This estimate assumes that current law billing of chiropractors for evaluation and management codes will double if this limit is eliminated. Expanding the number of chiropractic covered procedures is expected to increase the average cost per claim by allowing additional procedure codes to be billed within the claim. To estimate the fiscal impact, it is assumed that covered chiropractic services would most likely expand to a set of procedure and diagnosis codes related to back pain. To estimate the impact, this fiscal note assumes that the chiropractic claims for would increase under this bill to be similar to claims from physical therapists for back pain related codes.

DHS claims data show that overall claims for chiropractic services were paid at an average per member per month cost of about \$70 in FY2016. During the same period, claims for lower back pain were paid at an average per member per month cost of \$200 when the treating provider was a physical therapist. Based on this data, it is assumed that allowing chiropractors to bill for new codes within their scope of practice will increase the average cost of claims for chiropractic services by about \$130 per member per month. This estimate assumes a proportional impact to managed care.

Under Minnesota Statutes 256B.69 sub. 5a, requirements applicable to managed care programs under 256B and 256L established after the date of the contract take effect when the contract is next issued or renewed. Accordingly this estimate assumes January 1, 2018 effective date for the rate increase and change in covered service requirements in managed care and assumes the July 1, 2017 effective date of the bill for the rate increase in fee for service.

**Expenditure and/or Revenue Formula**

Minnesota					
MEDICAL ASSISTANCE					
Fiscal Analysis of HF1357 1E					
Expand Chiropractic Services					
Increased Evaluation and Management	FY 2016	FY 2018	FY 2019	FY 2020	FY 2021
MA Elderly & Disabled					
Total FFS chiropractic services		\$539,144	\$570,079	\$605,386	\$638,032
Proportion evaluation and management	11.35%	11.35%	11.35%	11.35%	11.35%
Total chiropractic evaluation and management					
under current law		\$61,192	\$64,704	\$68,711	\$72,416
Percent increase in FFS evaluation and management		100.00%	100.00%	100.00%	100.00%
Increase in FFS evaluation and management costs		\$61,192	\$64,704	\$68,711	\$72,416
Phase-in		83.33%	100.00%	100.00%	100.00%
Increase in FFS chiropractor payments		\$50,994	\$64,704	\$68,711	\$72,416
Chiropractic share of managed care payments		\$1,045,844	\$1,006,991	\$915,093	\$967,608
Percent increase in HMO chiropractic payments		11.35%	11.35%	11.35%	11.35%
Phase-in		41.67%	100.00%	100.00%	100.00%
Increase in HMO chiropractor payments		\$49,459	\$114,293	\$103,863	\$109,823
Increase in HMO performance payments		\$0	\$2,509	\$7,589	\$9,409
Total Costs MA Elderly & Disabled		\$100,453	\$181,505	\$180,163	\$191,649
Federal share %		50.00%	50.00%	50.00%	50.00%
Federal share \$		\$50,227	\$90,753	\$90,081	\$95,824
State share		\$50,227	\$90,753	\$90,081	\$95,824
MA Adults without					

<b>Children</b>					
Total FFS chiropractic services		\$551,542	\$585,256	\$590,918	\$619,394
Proportion evaluation and management	16.47%	16.47%	16.47%	16.47%	16.47%
Total chiropractic evaluation and management					
under current law		\$90,836	\$96,389	\$97,321	\$102,011
Percent increase in FFS evaluation and management		100.00%	100.00%	100.00%	100.00%
Increase in FFS evaluation and management costs		\$90,836	\$96,389	\$97,321	\$102,011
Phase-in		83.33%	100.00%	100.00%	100.00%
Increase in FFS chiropractor payments		\$75,697	\$96,389	\$97,321	\$102,011
Chiropractic share of managed care payments		\$2,294,152	\$2,571,602	\$2,429,735	\$2,567,000
Percent increase in HMO chiropractic payments		16.47%	16.47%	16.47%	16.47%
Phase-in		41.67%	100.00%	100.00%	100.00%
Increase in HMO chiropractor payments		\$157,431	\$423,529	\$400,164	\$422,771
Increase in HMO performance payments		\$0	\$7,986	\$27,187	\$35,643
Total Costs MA Adults without Children		\$233,128	\$527,903	\$524,673	\$560,425
Federal share %		94.50%	93.50%	91.50%	90.00%
Federal share \$		\$220,306	\$493,590	\$480,075	\$504,383
State share		\$12,822	\$34,314	\$44,597	\$56,043
<b>MA Families with Children</b>					
Total FFS chiropractic services		\$1,170,362	\$1,221,544	\$1,268,433	\$1,329,403
Proportion evaluation and management	15.86%	15.86%	15.86%	15.86%	15.86%
Total chiropractic evaluation and management					
under current law		\$185,653	\$193,772	\$201,210	\$210,881
Percent increase in FFS evaluation and management		100.00%	100.00%	100.00%	100.00%

Increase in FFS evaluation and management costs		\$185,653	\$193,772	\$201,210	\$210,881
Phase-in		83.33%	100.00%	100.00%	100.00%
Increase in FFS chiropractor payments		\$154,711	\$193,772	\$201,210	\$210,881
Chiropractic share of managed care payments		\$4,930,810	\$4,680,891	\$4,591,800	\$4,743,268
Percent increase in HMO chiropractic payments		15.86%	15.86%	15.86%	15.86%
Phase-in		41.67%	100.00%	100.00%	100.00%
Increase in HMO chiropractor payments		\$325,903	\$742,523	\$728,391	\$752,418
Increase in HMO performance payments		\$0	\$16,531	\$49,472	\$63,850
Total Costs MA Families with Children		\$480,614	\$952,826	\$979,073	\$1,027,149
Federal share %		50.00%	50.00%	50.00%	50.00%
Federal share %		\$240,307	\$476,413	\$489,536	\$513,575
State share		\$240,307	\$476,413	\$489,536	\$513,575
<b>Total MA State Share - Increased E&amp;M</b>		<b>\$303,355</b>	<b>\$601,479</b>	<b>\$624,215</b>	<b>\$665,442</b>
<b>Expanded Covered Services</b>					
	<b>FY 2016</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>MA Elderly &amp; Disabled</b>					
Base Chiropractic average cost	\$59.13				
Base Physical Therapist average cost	\$220.34				
Difference	\$161.21	\$161.21	\$161.21	\$161.21	\$161.21
Total FFS chiropractic member months	6,967	6,967	6,967	6,967	6,967
Phase-in		83.33%	100.00%	100.00%	100.00%
Increase in FFS chiropractic service costs		\$935,952	\$1,123,142	\$1,123,142	\$1,123,142
Chiropractic share of managed care payments		\$1,045,844	\$1,006,991	\$915,093	\$967,608
Percent increase in base average costs	272.64%	272.64%	272.64%	272.64%	272.64%

Phase-in		41.67%	100.00%	100.00%	100.00%
Increase in HMO chiropractor payments		\$1,188,085	\$2,745,475	\$2,494,923	\$2,638,102
Increase in HMO performance payments		\$0	\$60,265	\$182,310	\$226,028
Total Costs MA Elderly & Disabled		\$2,124,037	\$3,928,882	\$3,800,375	\$3,987,272
Federal share %		50.00%	50.00%	50.00%	50.00%
Federal share %		\$1,062,018	\$1,964,441	\$1,900,187	\$1,993,636
State share		\$1,062,018	\$1,964,441	\$1,900,187	\$1,993,636
<b>MA Adults without Children</b>					
Base Chiropractic average cost	\$96.66				
Base Physical Therapist average cost	\$204.41				
Difference	\$107.75	\$107.75	\$107.75	\$107.75	\$107.75
Total FFS chiropractic member months	5,947	5,947	5,947	5,947	5,947
Phase-in		83.33%	100.00%	100.00%	100.00%
Increase in FFS chiropractic service costs		\$533,979	\$640,775	\$640,775	\$640,775
Chiropractic share of managed care payments		\$2,294,152	\$2,571,602	\$2,429,735	\$2,567,000
Percent increase in base average costs	111.47%	111.47%	111.47%	111.47%	111.47%
Phase-in		41.67%	100.00%	100.00%	100.00%
Increase in HMO chiropractor payments		\$1,065,491	\$2,866,438	\$2,708,306	\$2,861,308
Increase in HMO performance payments		\$0	\$54,047	\$184,004	\$241,234
Total Costs MA Adults without Children		\$1,599,470	\$3,561,260	\$3,533,084	\$3,743,317
Federal share %		94.50%	93.50%	91.50%	90.00%
Federal share %		\$1,511,499	\$3,329,778	\$3,232,772	\$3,368,986
State share		\$87,971	\$231,482	\$300,312	\$374,332
<b>MA Families with Children</b>					
Base Chiropractic average cost	\$68.14				
Base Physical Therapist average cost	\$173.73				

Difference	\$105.59	\$105.59	\$105.59	\$105.59	\$105.59
Total FFS chiropractic member months	19,717	19,717	19,717	19,717	19,717
Phase-in		83.33%	100.00%	100.00%	100.00%
Increase in FFS chiropractic service costs		\$1,734,970	\$2,081,964	\$2,081,964	\$2,081,964
Chiropractic share of managed care payments		\$4,930,810	\$4,680,891	\$4,591,800	\$4,743,268
Percent increase in base average costs	154.96%	154.96%	154.96%	154.96%	154.96%
Phase-in		41.67%	100.00%	100.00%	100.00%
Increase in HMO chiropractor payments		\$3,183,740	\$7,253,692	\$7,115,632	\$7,350,353
Increase in HMO performance payments		\$0	\$161,494	\$483,294	\$623,753
Total Costs MA Families with Children		\$4,918,710	\$9,497,149	\$9,680,890	\$10,056,070
Federal share %		50.00%	50.00%	50.00%	50.00%
Federal share %		\$2,459,355	\$4,748,575	\$4,840,445	\$5,028,035
State share		\$2,459,355	\$4,748,575	\$4,840,445	\$5,028,035
<b>Total MA State Share - Expanded Services</b>		<b>\$3,609,344</b>	<b>\$6,944,498</b>	<b>\$7,040,945</b>	<b>\$7,396,002</b>
<b>Fiscal Summary</b>		<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
Increased Evaluation and Management		\$303,355	\$601,479	\$624,215	\$665,442
Expanded Covered Services		\$3,609,344	\$6,944,498	\$7,040,945	\$7,396,002
Total General Fund		\$3,912,700	\$7,545,977	\$7,665,159	\$8,061,444

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2018	FY2019	FY2020	FY2021
GF	33	MA Grants	3,913	7,546	7,665	8,061

		<b>Total Net Fiscal Impact</b>	3,913	7,546	7,665	8,061
		<b>Full Time Equivalents</b>				

### Long-Term Fiscal Considerations

Costs for the changes to chiropractic services under Medical Assistance continue beyond the FY2020-21 biennium.

### Local Fiscal Impact

none

### References/Sources

DHS Reports and Forecasts Division. February 2017 Medical Assistance program forecast.

**Agency Contact:** Patrick Hultman (651) 431-4311

**Agency Fiscal Note Coordinator Signature:** Don Allen

**Phone:** 651 431-2932

**Date:** 3/15/2017 9:17:22 AM

**Email:** Don.Allen@state.mn.us