

Department of Planning and Budget 2022 Fiscal Impact Statement

1. Bill Number: HB 241

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Adams

3. Committee: -

4. Title: Medical assistance services; durable medical equipment, complex rehabilitative technology

5. Summary: The substitute bill requires Medicaid to pay up to \$7,500 for the purchase of durable medical equipment consisting of manual and power wheelchair bases and related accessories for patients who reside in nursing facilities when such replacement is (i) determined to be medically necessary or (ii) in accordance with regulations establishing service limits and replacement schedules for such durable medical equipment.

6. Budget Amendment Necessary: Yes. Items 304.

7. Fiscal Impact Estimates: Preliminary, See Item 8.

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2023	\$2,359,250	General
	\$2,405,750	Nongeneral
2024	\$2,351,658	General
	\$2,413,342	Nongeneral
2025	\$2,351,658	General
	\$2,413,342	Nongeneral
2026	\$2,351,658	General
	\$2,413,342	Nongeneral
2027	\$2,351,658	General
	\$2,413,342	Nongeneral
2028	\$2,351,658	General
	\$2,413,342	Nongeneral
2029	\$2,351,658	General
	\$2,413,342	Nongeneral

8. Fiscal Implications: The proposed legislation requires Medicaid to cover (up to \$7,500) manual and power wheelchair bases and related accessories as durable medical equipment. There is insufficient data to make a specific determination as to the exact fiscal impact of this bill. As such, this statement uses the available data to generate a potential fiscal impact based on assumptions as to the cost of complex rehabilitative technology and the number of nursing facility residents that utilize this benefit.

The bill limits the initial purchase and replacement cost of this durable medical equipment to \$7,500. It is assumed that the average cost of each unit paid by Medicaid would be \$6,500.

Based on the current number of Medicaid bed days utilized in FY 2021, the Department of Medical Assistance Services (DMAS) estimates that the annual average nursing facility population that is eligible for Medicaid benefits is approximately 14,600. Based on general utilization trends and authorization requirements, DMAS assumes that five percent of nursing home residents could receive a manual or power wheelchair each year. This rate of utilization (730 residents x \$6,500), would cost the Medicaid program \$4,745,000 each year. While total costs are expected to remain consistent, the general fund share of this amount is expected to drop from \$2,359,250 in FY 2023 to \$2,351,658 in FY 2024 based on an increase in the state's federal medical assistance percentage. Again, the fiscal impact estimate is based on available data and utilization assumptions. As utilization varies from this estimate program costs will change.

In addition to the identified medical costs, DMAS will require approximately \$20,000 (\$10,000 general fund) to enhance its existing auditing process to cover the additional validation steps required in the cost reporting process. This is largely due to difficulty in separating these reimbursements from the nursing facility per diem rate.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None