

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: Finance and Appropriations

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

5. Summary: The substitute bill requires the payment of medical assistance to cover and reimburse complex rehabilitation technology (CRT) manual and power wheelchair bases and related accessories for qualified individuals who reside in nursing facilities.

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	\$5,431,619	General
	\$5,538,381	Nongeneral
2024	\$5,413,825	General
	\$5,556,175	Nongeneral
2025	\$5,413,825	General
	\$5,556,175	Nongeneral
2026	\$5,413,825	General
	\$5,556,175	Nongeneral
2027	\$5,413,825	General
	\$5,556,175	Nongeneral
2028	\$5,413,825	General
	\$5,556,175	Nongeneral
2029	\$5,413,825	General
	\$5,556,175	Nongeneral

8. Fiscal Implications: The substitute legislation requires Medicaid to cover complex rehabilitative technology 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.

DMAS indicated that the definition of complex rehabilitation technology would limit this benefit to customized manual and power wheelchairs. Therefore, it is assumed that any non-customized wheelchairs would not be covered under this service and such wheelchairs would continue to be covered under the all-inclusive payments provided to nursing facilities.

Available data indicates that the cost for customized wheelchairs can vary widely. Based on available data, it is assumed that a piece of this equipment can typically range between \$7,500 and \$50,000. For the purposes of this analysis, the Department of Medical Assistance Services (DMAS) is using an average cost of \$15,000 for each unit provided.

Based on the current number of Medicaid bed days utilized in FY 2021, DMAS estimates that the annual average nursing facility population that is eligible for Medicaid benefits is approximately 14,600. DMAS does not have a clear methodology to determine the amount or frequency of customized wheelchairs that will be provided. Based on general utilization trends and authorization requirements, DMAS assumes that five percent of nursing home residents could receive at least one piece of complex rehabilitate technology each year. This rate of utilization (730 residents x \$15,000), would cost the Medicaid program \$10,950,000 each year. While total costs are expected to remain consistent, the general fund share of this amount is expected to drop from \$ \$5,421,619 in FY 2023 to \$ \$5,403,825 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