



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0244

Title: Require Medicaid coverage of weight-loss reduction procedures

Primary Sponsor: Bennett, Bryce

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$188,489	\$193,580	\$198,312	\$203,119
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$962,498	\$985,774	\$1,009,863	\$1,034,337
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	\$962,498	\$985,774	\$1,009,863	\$1,034,337
Net Impact-General Fund Balance:	<u>(\$188,489)</u>	<u>(\$193,580)</u>	<u>(\$198,312)</u>	<u>(\$203,119)</u>

Description of fiscal impact: SB 244 requires Medicaid coverage of bariatric surgery and other weight-loss procedures undertaken for the purpose of weight reduction when recommended by a physician, physician assistant, or advanced practice registered nurse.

FISCAL ANALYSIS

Assumptions:

Department of Public Health and Human Services

- The department assumes that any Medicaid enrollee requiring bariatric surgery or other weight-loss procedures is over the age of 18 years of age and has an obesity diagnosis.

2. These assumptions use the criteria and data as defined in the International Statistical Classification of Diseases and Related Health problems (ICD-10) associated medical procedure codes related to bariatric surgery and other weight loss procedures.
3. The criteria baseline for the members who are eligible for these services is estimated at 23,039 who are classified as obese. It is estimated that .3 percent of these 23,039 members would opt into a surgery option (69 members in FY 22).
4. The average Medicaid caseload growth is based a projected growth of 1% per year.
5. The average member utilization growth is projected 1% per year.
6. These procedures would require prior authorization to determine medical necessity, which will increase costs under the prior authorization contract, effective 07/01/2021. The cost for the medical necessity reviews is \$7.20 per review. Costs for prior authorization review are projected to increase 3% per year.
7. The Medicaid administrative reviews receive Federal Medical Assistance Percentage (FMAP) administrative matching rate, which is 25% state funding and 75% federal funding each fiscal year.
8. This fiscal note assumes the costs for the 138 eligible members for a biennium are spread across the following populations: Traditional Medicaid (34.3%), Medicaid Expansion (43.8%), Indian Health Services (8.8%), and Indian Health Services Expansion (13.2%).
9. Traditional Medicaid services receive Federal Medical Assistance Percentage (FMAP) at the following rates:
 - a. SFY 2022 is 34.99% state funding/65.01% federal funding.
 - b. SFY 2023, SFY 2024, and SFY 2025 are 35.10% state funding/64.90% federal funding.
10. Medicaid Expansion services are funded with 10% state funding and 90 % federal funding each fiscal year.
11. Indian Health Services and Indian Health Services Expansion services are 100% federally funded each fiscal year.
12. The following table shows the estimated benefit expenditures by fiscal year and estimated impacts by funding source.

	FY 2022	FY 2023	FY 2024	FY 2025
Medicaid Coverage of Bariatric Surgery				
Estimated Members Served	69	70	71	72
Estimated Per Member Per Surgery/procedure	\$ 16,673.76	\$ 16,840.50	\$ 17,008.91	\$ 17,179.00
Medically Necessity Reviews (Members Served x Rate)	\$ 496.80	\$ 519.12	\$ 542.33	\$ 566.47
Rate Growth at 1%				
Served Growth at 1%				
Estimated Expenditure (Members Served x Rate)	\$ 1,150,490	\$ 1,178,834	\$ 1,207,632	\$ 1,236,889
TOTAL Medicaid Coverage of Bariatric Surgery				
Medicaid - 34%	\$ 394,388	\$ 404,104	\$ 413,977	\$ 424,005
TOTAL Medicaid Coverage of Bariatric Surgery				
Medicaid Expansion - 44%	\$ 503,685	\$ 516,094	\$ 528,701	\$ 541,510
TOTAL Medicaid Coverage of Bariatric Surgery				
IHS - 9%	\$ 101,013	\$ 103,502	\$ 106,030	\$ 108,599
TOTAL Medicaid Coverage of Bariatric Surgery				
IHS Expansion - 44%	\$ 151,404	\$ 155,135	\$ 158,924	\$ 162,775
TOTAL				
	\$ 1,150,987	\$ 1,179,354	\$ 1,208,174	\$ 1,237,455
FMAP				
	FY 2022	FY 2023	FY 2024	FY 2025
Medicaid Administration				
State Share	25.00%	25.00%	25.00%	25.00%
Federal Share	75.00%	75.00%	75.00%	75.00%
Standard Medicaid				
State Share	34.99%	35.10%	35.10%	35.10%
Federal Share	65.01%	64.90%	64.90%	64.90%
Medicaid Expansion				
State Share	10.00%	10.00%	10.00%	10.00%
Federal Share	90.00%	90.00%	90.00%	90.00%
INDIAN HEALTH SERVICES				
State Share	0.00%	0.00%	0.00%	0.00%
Federal Share	100.00%	100.00%	100.00%	100.00%
INDIAN HEALTH SERVICES EXPANSION				
State Share	0.00%	0.00%	0.00%	0.00%
Federal Share	100.00%	100.00%	100.00%	100.00%
FUNDING				
	FY 2022	FY 2023	FY 2024	FY 2025
HB 2 & STATUTORY FUNDING				
State - Medicaid	\$ 138,120	\$ 141,971	\$ 145,442	\$ 148,968
Federal - Medicaid	\$ 256,765	\$ 262,652	\$ 269,078	\$ 275,604
State - Medicaid Expansion	\$ 50,369	\$ 51,609	\$ 52,870	\$ 54,151
Federal - Medicaid Expansion	\$ 453,316	\$ 464,485	\$ 475,831	\$ 487,359
Federal - Indian Health Services	\$ 101,013	\$ 103,502	\$ 106,030	\$ 108,599
Federal - Indian Health Services Expansion	\$ 151,404	\$ 155,135	\$ 158,924	\$ 162,775
TOTAL HB2	\$ 1,049,974	\$ 1,075,852	\$ 1,102,144	\$ 1,128,856
Total STATUTORY	\$ 101,013	\$ 103,502	\$ 106,030	\$ 108,599
Total FUNDING	\$ 1,150,987	\$ 1,179,354	\$ 1,208,174	\$ 1,237,455

	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$497	\$519	\$542	\$566
Benefits	\$1,150,490	\$1,178,834	\$1,207,632	\$1,236,889
TOTAL Expenditures	<u>\$1,150,987</u>	<u>\$1,179,353</u>	<u>\$1,208,174</u>	<u>\$1,237,455</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$188,489	\$193,580	\$198,312	\$203,119
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$962,498	\$985,773	\$1,009,862	\$1,034,336
TOTAL Funding of Exp.	<u>\$1,150,987</u>	<u>\$1,179,353</u>	<u>\$1,208,174</u>	<u>\$1,237,455</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$962,498	\$985,773	\$1,009,862	\$1,034,336
TOTAL Revenues	<u>\$962,498</u>	<u>\$985,773</u>	<u>\$1,009,862</u>	<u>\$1,034,336</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$188,489)	(\$193,580)	(\$198,312)	(\$203,119)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	(\$0)	(\$0)	(\$0)

Technical Notes:

1. A state plan amendment adding the additional service must be written and sent to the Centers for Medicare and Medicaid Services (CMS) for approval. It must be approved to receive federal matching funds for this service.

NO SPONSOR SIGNATURE 2/23 KA 2/19/21
 Sponsor's Initials Date Budget Director's Initials Date