

Department of Legislative Services
 Maryland General Assembly
 2019 Session

FISCAL AND POLICY NOTE
 First Reader

Senate Bill 1009

(Senator Benson)

Finance

Maryland Medical Assistance Program - Coverage - Acupuncture Services

This bill requires Medicaid, subject to the limitations of the State budget, to provide acupuncture services administered by a health care practitioner licensed by the State Acupuncture Board and operating within their scope of practice.

Fiscal Summary

State Effect: Medicaid expenditures increase by \$5.0 million (63% federal funds, 37% general funds) in FY 2020, as discussed below. Federal fund revenues increase accordingly. Future years reflect annualization and enrollment growth. **The bill increases the cost of an entitlement program beginning in FY 2020.**

(\$ in millions)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
FF Revenue	\$3.2	\$4.3	\$4.5	\$4.6	\$4.7
GF Expenditure	\$1.8	\$2.6	\$2.7	\$2.7	\$2.8
FF Expenditure	\$3.2	\$4.3	\$4.5	\$4.6	\$4.7
Net Effect	(\$1.8)	(\$2.6)	(\$2.7)	(\$2.7)	(\$2.8)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law/Background: Under the Early Periodic Screening, Diagnostic, and Treatment (better known as EPSDT) Program, Maryland Medicaid currently provides

coverage for acupuncture for recipients who are age 20 and younger. Medicaid does not cover acupuncture for adults age 21 and older.

State Fiscal Effect: Medicaid expenditures increase by an estimated \$5.0 million (63% federal funds, 37% general funds) in fiscal 2020, which accounts for the bill's October 1, 2019 effective date. Federal fund revenues increase accordingly. This reflects the cost to expand Medicaid coverage to include acupuncture services for adults ages 21 through 64. The information and assumptions used in calculating this estimate are stated below.

- The average monthly enrollment of adults (ages 21 through 64) in HealthChoice in the first half of fiscal 2019 is 546,455; this same level of enrollment is assumed to continue in fiscal 2020.
- The average monthly enrollment of adults (ages 21 through 64) in Medicaid fee-for-service (FFS) in the first half of fiscal 2019 is 188,346; this same level of enrollment is assumed to continue in fiscal 2020.
- The actuarial per member per month (PMPM) cost to provide acupuncture to members of CareFirstBlueCross was \$0.68 in fiscal 2015.
- Assuming a 12.2% increase in health care costs between fiscal 2015 and 2019, the estimated actuarial cost to provide acupuncture in fiscal 2019 is \$0.76 PMPM; this analysis assumes no increase in the \$0.76 PMPM cost through fiscal 2024.
- The total annual cost to provide acupuncture to HealthChoice enrollees is \$5,003,080.
- The federal matching rate for HealthChoice enrollees is 68% in fiscal 2020 and 67% in fiscal 2021 and thereafter.
- The total annual cost to provide acupuncture to FFS Medicaid enrollees is \$1,724,406.
- The federal matching rate for FFS is 50%.
- The total cost to provide acupuncture to adult Medicaid enrollees on an annual basis is \$6,727,485.
- For nine months of coverage in fiscal 2020, Medicaid costs increase by \$5,045,614 (a blended average of 63% federal funds, 37% general funds).
- Future years reflect 3% enrollment growth.

To the extent access to acupuncture for adult Medicaid enrollees results in a reduction in other services or prescription drugs, Medicaid expenditures may be offset.

Small Business Effect: Licensed acupuncturists who are small businesses benefit from Medicaid reimbursement for acupuncture provided to adults.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Health; Department of Legislative Services

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