

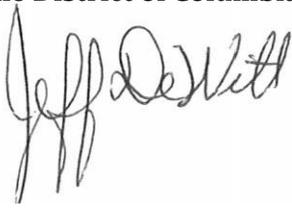
Government of the District of Columbia  
Office of the Chief Financial Officer



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer 

**DATE:** January 28, 2014

**SUBJECT:** Fiscal Impact Statement – Medicaid Reimbursement for Chiropractic Services Act of 2013

**REFERENCE:** Bill 20-174, Draft Committee Print shared with the Office of Revenue Analysis on December 19, 2013

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**Conclusion**

Funds are not sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill. The bill will cost approximately \$40,000 in FY 2014 and \$430,000 over the four-year financial plan period. Its implementation is subject to inclusion in an approved budget and financial plan.

**Background**

The bill requires the District to amend its Medicaid state plan<sup>1</sup> to cover chiropractic services. If the bill is implemented, the Department of Health Care Finance (DHCF) will be responsible for setting the parameters of the program, including population covered, patient copay, and types and number of treatments covered.

Chiropractic care is a Medicaid benefit that states can opt to provide. As of 2010, 26 states cover chiropractic care through Medicaid.<sup>2</sup> Most of these states extend the benefit to their entire Medicaid population, but some only cover sub-populations.<sup>3</sup> DHCF will likely extend chiropractic benefits to all of its Medicaid recipients if the bill is implemented.<sup>4</sup>

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<sup>1</sup> Available at <http://dhcf.dc.gov/page/medicaid-state-plan>

<sup>2</sup> Refers to adult coverage only. Source: Kaiser Family Foundation state health facts on Medicaid chiropractic services.

<sup>3</sup> Source: Kaiser Family Foundation state health facts on Medicaid chiropractic services.

<sup>4</sup> According to Darrin Shaffer, Agency Fiscal Officer at the Department of Health Care Finance, in a phone conversation on January 23, 2014.

**Financial Plan Impact**

Funds are not sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill. The estimated cost of the bill is approximately \$40,000 in FY 2014 and more than \$400,000 over the FY 2014 through FY 2017 budget and financial plan period.

DHCF and the Office of Revenue Analysis estimate that extending chiropractic care benefits to Medicaid recipients will cost around \$500,000 a year, with about \$125,000 of that annual cost paid for by the District<sup>5</sup>. Costs are expected to grow over time due to increasing Medicaid enrollment and healthcare costs. The table below shows the cost projections of covering chiropractic care from FY 2014 through FY 2017.

<b>Estimated Fiscal Impact of Bill 20-174</b>					
<b>Projections for Covering Chiropractic Care Under Medicaid, FY 2014 – FY 2017</b>					
	<b>FY 2014<sup>3</sup></b> <b>(Jun-Sep)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY14-FY17</b> <b>Total</b>
Total cost <sup>1</sup>	\$153,000	\$489,000	\$520,000	\$553,000	\$1,715,000
<b>Cost to the District<sup>2</sup></b>	<b>\$37,000</b>	<b>\$117,000</b>	<b>\$135,000</b>	<b>\$144,000</b>	<b>\$433,000</b>

Table Notes:

<sup>1</sup>Estimates based on chiropractor usage and costs for Medicaid recipients in Indiana. Numbers have been scaled to account for differences in medical practice costs in D.C. and Indiana using the Geographic Practice Cost Indices published by the Centers for Medicare & Medicaid Services. Costs are inflated 6.4 percent each year, which CMS's Office of the Actuary predicts will be the average annual increase in Medicaid costs due to growth in enrollment and healthcare costs. FY 2014 costs are for June through September only.

<sup>2</sup>For current enrollees, the District pays 30 percent of Medicaid costs and the federal government pays 70 percent. Under the Affordable Care Act, the federal government will pay 100 percent of Medicaid costs for new enrollees through December 31, 2015 and will pay 90 percent in subsequent years. DHCF says around 20 percent of its annual Medicaid enrollees are new enrollees.

<sup>3</sup> Assumes the State Plan amendment will be effective for treatments received beginning June 2014.

The projected initial costs of the program are based on chiropractor usage rates and costs from Indiana's Medicaid program, which DHCF expects will be similar to the one implemented in the District if the bill passes.<sup>6</sup> Costs have been scaled to account for differing healthcare costs in D.C. and Indiana. If implemented, the program should be monitored and cost estimates adjusted if usage rates or medical care costs vary from projections.

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<sup>5</sup> Typically the District pays 30 percent of Medicaid costs and the federal government pays 70 percent. However, the federal government will pay 100 percent of new enrollees' Medicaid costs through December 31, 2015 and 90 percent in subsequent years due to the Affordable Care Act. DHCF says around 20 percent of its annual Medicaid enrollees are new enrollees.

<sup>6</sup> According to Darrin Shaffer, Agency Fiscal Officer at the Department of Health Care Finance, in a phone conversation on January 23, 2014.