

Department of Planning and Budget 2001 Fiscal Impact Statement

1. Bill Number HB1592

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Callahan

3. Committee Passed Both Houses

4. Title Medicaid Coverage of Custom Ocular Prostheses

5. Summary/Purpose:

This bill requires the Department of Medical Assistance Services (DMAS) to revise the state plan for medical assistance services to include the coverage of ocular prostheses (artificial eyes) for individuals age 21 and over. DMAS currently provides this service to individuals under the age of 21.

6. Fiscal Impact Estimates are: Final

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	\$0	0.0	GF
2000-01	\$0	0.0	NGF
2001-02	\$18,169	0.0	GF
2001-02	\$19,331	0.0	NGF
2002-03	\$18,679	0.0	GF
2002-03	\$19,796	0.0	NGF

6b. Revenue Impact: None

7. Budget amendment necessary: Yes, Item 319, Subprogram 45609. While the estimated amounts in the second year are small, DMAS cannot currently absorb them. DMAS estimated an increase in Medicaid utilization and inflation for both FY 2001 and FY 2002. This increased need was included in the Governor's Budget Bill. However, given the current fiscal situation, the lack of that additional funding will make it difficult for DMAS to meet its current Medicaid demands. At this point, the agency cannot absorb additional unfunded mandates.

8. Fiscal implications: This bill will make ocular prostheses available to all Medicaid eligible individuals. During the past three years, DMAS reimbursed 16 eye removals for individuals age 21 and over. Fourteen of these removals occurred within the past two years. By using the past two years' worth of eye removal data, as well as the number of requests received for this service during the past year, DMAS estimates that it will average 10 ocular prostheses per year for persons covered under the fee-for-service program.

In addition, once this service is covered under the fee-for-service program, the Medicaid health maintenance organizations (HMOs) will also be required to provide it. Currently, two-thirds of Virginia's Medicaid population are being covered under the fee-for-service program with the other one-third being covered by HMO programs. This means that HMOs will receive approximately five requests per year for ocular prostheses. In total, DMAS could be reimbursing for up to 15 of these services annually.

DMAS maintains that current professional trade organization data (www.artificialeye.net) shows that the average professional fees for fitting and producing an ocular prosthesis in the United States ranges between \$1,800 and \$2,800 per eye, depending on the type of artificial eye used to replace the removed one. This professional fee does not include the current \$65 annual cleaning and polishing cost. In addition, doctors recommend that ocular prostheses be replaced approximately every five years.

DMAS estimates that it will reimburse approximately \$2,500 (\$1,211 GF) for each new ocular prosthesis. In order to provide the service required by this bill, the estimated annual cost would be \$37,500 (\$18,169 GF) plus the annual cleaning and polishing cost of \$975 (\$473 GF) that would begin in FY 2003. Furthermore, if the State Plan is changed to cover ocular prostheses for individuals age 21 and over, the Commonwealth will incur the new expense to replace, clean, and polish artificial eyes that had been provided outside of Medicaid. However, DMAS is unable at this time to estimate the fiscal impact of this aspect of the new expense.

9. Specific agency or political subdivisions affected: DMAS

10. Technical amendment necessary: No

11. Other comments: None

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cc: Secretary of Health and Human Resources

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