

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB 243

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Cosgrove

3. Committee: Education and Health

4. Title: Virginia Veterans Recovery Grant Program and Fund; established, report.

5. Summary: This bill establishes the Virginia Veterans Recovery Grant Program and Virginia Veterans Recovery Fund for the purpose of providing hyperbaric oxygen treatment to veterans residing in Virginia who have a post-traumatic stress disorder (PTSD) or traumatic brain injury (TBI) diagnosis. The Fund would be a special non-reverting fund. The Department of Medical Assistance Services (DMAS) would use the Fund to provide hyperbaric oxygen treatment to any veteran living in Virginia who has been diagnosed with PTSD or TBI, has been prescribed hyperbaric oxygen treatment, and agrees to receive the treatment. The bill also requires that DMAS seek reimbursement from any other health insurance the veteran may have for any services paid for by the Fund.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2019 | \$20,488,500 | 3.0 | General |
| 2020 | \$19,438,500 | 3.0 | General |
| 2021 | \$19,438,500 | 3.0 | General |
| 2022 | \$19,438,500 | 3.0 | General |
| 2023 | \$19,438,500 | 3.0 | General |
| 2024 | \$19,438,500 | 3.0 | General |

8. Fiscal Implications: The proposed legislation creates a new program, administered by the Department of Medical Assistance Services (DMAS), for the assistance of Virginia veterans who have post-traumatic stress disorder (PTSD) or a traumatic brain injury (TBI). It is assumed that most Virginia veterans are not Medicaid enrollees or eligible for Medicaid-covered services. DMAS would not be able to claim federal matching funds for medical services costs or administrative costs associated with operating the Fund for non-Medicaid enrolled beneficiaries, nor could it collect federal funds if services provided were not Medicaid-covered benefits. The bill also allows for gifts, grants, or donations from public or private sources; however, there is no indication that such funding will be available to cover the program. Therefore, this statement assumes that all costs will be entirely supported with

general fund dollars. There is no indication that Expenditures and disbursements from the Fund would be made on warrants issued by the Comptroller upon written request signed by the DMAS. Treatment plans must be submitted to and approved by DMAS.

Medical Costs

According to the US Census Bureau, approximately 285,503 Virginians are Veterans of the Gulf War era (pre and post 9/11) and 209,223 are veterans of the Vietnam War era. Additional Virginia veterans from peacetime periods or earlier conflicts are not included in this estimate. According to the U.S. Department of Veterans Affairs, approximately 12 percent of Gulf War veterans have had or have PTSD, while approximately 15 percent of Vietnam veterans have had and have PTSD. Traumatic brain injury prevalence data from the U.S. Centers for Disease Control and Prevention (CDC) indicate that approximately 4.2 percent of service members suffer from a TBI at some point.

Using these assumptions, DMAS estimates that approximately 65,644 Virginia-residing veterans suffer from PTSD and 20,777 from TBI. It is assumed that approximately 15,584 suffer from both PTSD and TBI and are included in both counts; therefore, the total estimated eligible population is 70,837.

The extent to which those eligible would use this new program is difficult to estimate. DMAS has estimated that veterans with only a PTSD diagnosis would utilize the treatment at lower rates than veterans with a TBI diagnosis. Additionally, DMAS estimated that Gulf War era veterans would utilize the treatment at higher rates than Vietnam era veterans. The following table summarizes the take-up rate assumption that were used for the estimate:

| | Gulf War Era Veterans | Vietnam War Era Veterans |
|----------------------|--------------------------|-----------------------------|
| TBI Diagnosis Only | 10% | 5% |
| TBI & PTSD Diagnosis | 10% | 5% |
| PTSD Diagnosis Only | 5% | 3% |

With those assumptions, DMAS estimates that 3,646 Virginia veterans would use this service yearly.

Reports of the costs of HBOT vary widely. Typically, \$250 per session is reported, though many suggest ranges of \$100 to \$1,000 per session depending on the facility. Similarly, reports on the typical number of sessions needed per patient can vary widely ranging from 10 to 100. For this estimate DMAS has assumed the average number of sessions to be 20 and the cost per session of \$250, for a yearly cost per service recipient of \$5,000. Transportation and other related services are assumed to be \$250 per person per year. If living expenses are to include overnight stays in facilities the costs would be much greater, but they have not been included in this estimate. Medical costs to the general fund of the new program are therefore estimated at \$19,141,500. No change in the yearly expenditures are assumed. The eventual decline in the base population will take place over many years and will be overshadowed by near term fluctuations coming from the potential success of the program.

The bill also requires that DMAS seek reimbursement from any other health insurance the veteran may have for any services paid for by the Fund. However, most insurers, including Tricare, appear to not reimburse for hyperbaric oxygen for TBI or PTSD. As a result, this estimate does not include any assumption regarding recovered funds.

Administrative Impact

The newly established program would require three positions at an estimated cost of \$297,000 per year. The new program would require a program manager, program analyst, and an appeals hearing officer. In addition, SB 243 would require the creation of a new aid category to identify the new population and changes to agency systems. DMAS estimates, such changes would total \$1,050,000 in the first year for the significant modifications (estimated 7,500 contractor hours) necessary to pay claims under the provisions of this bill.

DMAS estimates administrative general fund costs of \$1,347,000 in FY 2019 and \$297,000 in subsequent years along with three additional positions. Because the veterans that would be eligible for services under the bill would typically not be Medicaid members and because neither PTSD nor TBI are on the list of conditions for which this service is eligible for Medicaid funding, DMAS anticipates the expenditures to administer the program would be entirely funded by the general fund.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None