

## Department of Planning and Budget 2013 Fiscal Impact Statement

**1. Bill Number:** HB 1513

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

**2. Patron:** Krupicka

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Medicaid coverage of smoking cessation services

**5. Summary:** The bill requires that Medicaid include coverage for tobacco cessation services that includes group and individual counseling, pharmacotherapy, and other treatment services included in the most current version of or an official update to the Clinical Health Guideline “Treating Tobacco Use and Dependence” published by the Public Health Service of the U.S. Department of Health and Human Services. In addition, it provides that these services shall not be subject to copayment requirements for recipients.

**6. Budget Amendment Necessary:** No. See Item 8.

**7. Fiscal Impact Estimates:** Minimal. See Item 8.

**8. Fiscal Implications:** This bill would require that tobacco cessation services, including pharmacotherapy, counseling services, and other treatment services included in the U.S. Public Health Service clinical health guideline “Treating Tobacco Use and Dependence” be provided to all Medicaid individuals. The fiscal impact of this bill is expected to be minimal and therefore no budget amendment is necessary.

The requirement to cover any tobacco cessation services in the guideline is an open-ended obligation for the Department of Medical Assistance Services (DMAS), making it hard to know the full cost and future liability. Based on a review of the current guidelines, it does not appear to recommend any treatment services not already covered under Medicaid. However, if the guidelines are ever updated there is the potential for significant costs if new treatments are added.

Currently, DMAS provides coverage of tobacco cessation pharmacotherapy services to all Medicaid individuals, and tobacco cessation counseling services to pregnant women. This bill would allow counseling services to all Medicaid individuals and would remove the requirement for all non-pregnant women who receive tobacco cessation pharmacotherapy to be charged nominal co-payments (\$1 for generic / \$3 for brand).

In FY 2012, DMAS reimbursed approximately \$2,500 for pharmacotherapy and counseling services to fee-for-service pregnant women. DMAS assumes the current care-taker adult population would use the tobacco cessation services at the same rate as pregnant women.

Taking into consideration the differing rates of managed care coverage, expanding to include the adult population is estimated to cost approximately \$9,200 per year. DMAS assumes the rates for managed care plans would not be adjusted for this expanded coverage because the plans either already cover the services or the amounts are too small to affect their rates. DMAS also assumes no significant use by children or the aged, blind and disabled populations.

In FY 2012, Medicaid recipients paid approximately \$4,000 for fee-for-service co-payments for tobacco cessation pharmacotherapy drugs, which under this bill would be paid by Medicaid. With this legislation, DMAS again assumes no change to managed care capitation payments. No related savings have been assumed due to healthier populations. In total, DMAS estimates the cost of the legislation to be \$12,590 total funds in FY 2014 (\$6,295 GF) and \$14,010 total funds in FY 2015 (\$7,005 GF). By FY 2019, DMAS estimates the bill's costs at \$15,164 (\$7,582 GF).

**9. Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

**Date:** 1/14/13

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