

**Department of Planning and Budget
2015 Fiscal Impact Statement**

1. Bill Number: SB 873

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

2. Patron: Cosgrove, John A.

3. Committee: Finance

4. Title: Virginia Veterans Recovery Program; created, report

5. Summary: The proposed legislation creates the Virginia Veterans Recovery Program for the purpose of providing diagnostic services, hyperbaric oxygen treatment, and support services to eligible veterans who have post-traumatic stress disorder or a traumatic brain injury. The program reimburses eligible facilities that provide hyperbaric oxygen treatment to an eligible veteran at no cost to the veteran and reimburses the eligible veteran for any necessary travel and living expenses required to receive treatment.

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>
2015	-	-	-
2016	\$10,880,582	3.0	General
2017	\$20,158,082	3.0	General
2018	\$20,158,082	3.0	General
2019	\$20,158,082	3.0	General
2020	\$20,158,082	3.0	General
2021	\$20,158,082	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 and are not eligible for Medicaid-covered services. Therefore, DMAS would not be able to claim federal matching funds for medical services or administrative expenses related to operating the Fund for non-Medicaid enrolled beneficiaries, nor could the department collect federal funds if services provided to Medicaid enrollees were not Medicaid-covered benefits.

Medical Impact

According to the US Department of Veteran Affairs, approximately 364,000 Virginians are Veterans of the Gulf War era (pre and post 9/11) and 198,000 are veterans of the Vietnam War era. Additional Virginia veterans from peacetime periods or earlier conflicts are not included in this estimate. Studied samples have shown that at least 24 percent of Gulf War era combat veterans and 15 percent of Vietnam era combat veterans have had or have either PTSD or TBI. For the purposes of this estimate DMAS assumed that 38 percent of Gulf War era veterans are combat veterans and 30 percent of Vietnam Era veterans are combat veterans. This may underestimate the number of Veterans affected with PTSD or TBI, as non-combat veterans would be eligible for the service as long as they are diagnosed with PTSD or TBI.

Using the above assumptions, DMAS estimates that 33,239 Virginia-residing Gulf War veterans and nearly 8,897 Vietnam Era veterans suffer from either PTSD, TBI or both. The extent to which those eligible would use this new program is difficult to estimate. DMAS has estimated that at least ten percent of Gulf War era veterans and five percent of Vietnam War era veterans would use Hyperbaric Oxygen Treatment (HBOT) if available at no cost to the veteran. With those assumptions, DMAS estimates that 3,769 Virginia veterans would use this service yearly. That figure is less than one percent of the combined populations of the two eras.

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. The number of sessions a patient needs can range from 10 to 100. For this estimate DMAS has assumed the average number of session 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 \$19,800,000. No change in the yearly expenditures has been assumed; however, the first year's costs are discounted by 50 percent as facilities are not able to apply for reimbursement until January 1, 2016. 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.

Administrative Impact

To administer the new program, the agency would require three positions at an estimated cost of \$358,082 per year. The new program would require a program manager, program analyst, and an appeals hearing officer. Again, because the veterans 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, the expenditures to administer the program would need to be supported entirely with general fund. In addition, DMAS has calculated an estimated one-time administrative fiscal impact of \$622,500 general fund in the first year for significant modifications to the Virginia Medicaid Management Information System (VaMMIS). This bill would require creation of a new aid category to identify the new population. DMAS estimates administrative general fund costs of \$980,582 in FY 2016 and \$358,082 in subsequent years along with three additional positions.

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

10. Technical Amendment Necessary: No

11. Other Comments: None

Date: 1/30/15