



**Background**

Medicaid currently provides coverage for DME, which are long-lasting devices used in the home for medical purposes. DME includes equipment such as wheelchairs, prosthetic devices, hearing aids, crutches, among many other types of devices, and must be prescribed by a health care professional. Medicaid typically covers the costs of associated doctor's visits and the equipment itself when DME is prescribed. In FY 2014-15, HCPF is projected to spend \$123.0 million on DME. CRT, as defined in this bill, will be a subcategory of DME with additional rules and requirements.

**State Expenditures**

The bill increases costs in HCPF by \$51,133 in FY 2014-15 and \$51,897 in FY 2015-16. These costs, paid with General Fund and federal funds, are summarized in Table 1 and the discussion below.

<b>Table 1. Expenditures Under HB 14-1211</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Information Technology - MMIS	\$25,200	\$0
Actuarial Services	15,000	15,000
Prior Authorization Reviews	10,933	36,897
<b>TOTAL</b>	<b>\$51,133</b>	<b>\$51,897</b>
<b>General Fund</b>	<b>16,533</b>	<b>16,724</b>
<b>Federal Funds</b>	<b>34,600</b>	<b>35,173</b>

**Assumptions.** The fiscal note assumes the following in calculating costs under the bill:

- computer system changes will be completed by April 2015 and use of new CRT billing codes and procedures will begin in May 2015;
- CRT examinations will be conducted for all wheelchairs and other specified devices purchased or rented under Medicaid (1,695 items in FY 2014-15 and 1,757 items in FY 2015-16);
- CRT items required a prior authorization review (PAR) at a costs of \$21 per review; and
- first-year PAR costs are prorated to reflect 2 months of operations following completion of the required MMIS changes.

**Information technology — MMIS.** To implement the new billing codes and procedures related to CRT devices and allowable suppliers, HCPF must make changes to the Medicaid Management Information System (MMIS). This work will result in a one-time cost of \$25,200 in FY 2014-15. This cost is based on 200 hours of contract computer programming at a rate of \$126 per hour. These costs are paid with 75 percent federal funds and 25 percent General Fund.

**Actuarial services.** To develop the billing rates for CRT services and maintain them on an ongoing basis, HCPF requires \$15,000 per year, beginning in FY 2014-15, for actuarial services. These costs are paid with 50 percent federal funds and 50 percent General Fund.

**Prior authorization review.** The fiscal note assumes PAR for CRT items require one hour of review time by registered nurse with HCPF's utilization management contractor to ensure that the examination is medically appropriate. Based on the assumptions above, these reviews are expected to increase costs by \$5,933 in FY 2014-15 and \$36,897 in FY 2015-16. In addition, a one-time cost of \$5,000 will be incurred for the contractor to set up PAR guidelines concerning CRT examinations. These costs are paid with 75 percent federal funds and 25 percent General Fund.

**Effective Date**

The bill takes effect January 1, 2015, assuming no referendum petition is filed.

**State Appropriations**

The bill requires the following appropriations totaling \$51,133 to HCPF in FY 2014-15:

- \$25,200, including \$6,300 General Fund and \$18,900 federal funds, for MMIS changes;
- \$10,933, including \$2,733 General Fund and \$8,200 federal funds for utilization and quality review (PARs); and
- \$15,000, including \$7,500 General Fund and \$7,500 federal funds, for actuarial services.

**State and Local Government Contacts**

Health Care Policy and Financing

Human Services

Office of Information Technology