


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0273
Prime Sponsor(s): Sen. Nicholson

Date: February 7, 2012
Bill Status: Senate Health and Human Services
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING PROVIDING ORAL HEALTH SERVICES TO PREGNANT WOMEN WHO ARE ENROLLED IN MEDICAID.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue	Potential increase - see State Revenue section.	
State Expenditures	<u>at least \$3,502,338</u>	<u>at least \$10,334,473</u>
General Fund	1,688,669	5,135,987
Federal Funds	1,813,669	5,198,486
FTE Position Change		
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill requires the Department of Health Care Policy and Financing (DHCPF) to provide dental benefits to pregnant women enrolled in Medicaid on or before January 1, 2014. Specifically, it requires pregnant women to be eligible for the services offered in the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program with the additional benefits of oral hygiene education and instruction, the use of cariostatic agents, and the provision of periodontal services without prior authorization.

It directs the DHCPF to seek federal authorization, as necessary, to implement the bill. The DHCPF is also directed to report on the program to legislative committees and allowed to seek an independent evaluation of the health outcomes achieved as a result of the program. Finally, the bill grants the department authority to accept gifts, grants, and donations to make any required computer system modifications or to fund the independent evaluation.

Background

The DHCPF currently provides a dental benefit to children 21 years of age and younger in the EPSDT program. For clients over 21 years of age, the department provides reimbursement for emergency dental services only. Pregnant women ages 21 and older are allowed access to dental services for conditions related to oral cavities, but not preventative or restorative services.

In FY 2010-11, there were a total of 25,095 unique Medicaid births. Of this number, approximately 695 were pre-term births that included a stay in the neo-natal intensive care unit (NICU) and 2,203 were identified as low-birth weight "needy newborns." Based on current claims data, the number of eligible pregnant women is anticipated to be 16,539 for FY 2012-13 and 17,264 in FY 2013-14.

State Revenue

This bill could increase state revenue as a result of the receipt of any gifts, grants, or donations to fund computer system changes or an independent evaluation of health outcomes. As of this writing, no funding sources have been identified and, therefore, no estimate of increased revenues is provided.

State Expenditures

This bill will increase state expenditures by at least \$3,502,338 in FY 2012-13 and \$10,334,473 in FY 2013-14. These costs are addressed in Table 1 and the discussion that follows.

Table 1. Expenditures Under SB12-108		
Cost Components	FY 2012-13	FY 2013-14
Contractor costs	\$250,000	\$125,000
Dental benefits	3,498,609	10,955,749
Reduction in low-birth weight deliveries	(246,271)	(746,276)
TOTAL	<u>\$3,502,338</u>	<u>\$10,334,473</u>
General Fund	1,688,669	5,135,987
Federal Funds	1,813,669	5,198,486

Department of Health Care Policy and Financing. The DHCPF will be required to write a state plan amendment and adopt rules to implement the dental benefit. It is also directed to prepare reports for legislative committees and authorized to seek an independent evaluation of health outcomes for the program. This analysis assumes these costs, except for the independent evaluation of health outcomes, can be accommodated within existing appropriations. As of this writing, the cost for seeking a contractor to conduct a study of health outcomes was not available. The fiscal note will be updated if this information becomes available.

Contractor costs. One-time costs of \$125,000 are needed to make changes to the DHCPF's utilization management contractor's computer system. Because pregnancy is not a condition of enrollment in Medicaid and is not currently captured in state computer systems, this approach is more cost effective and timely than modifying the state's Colorado Benefits Management System or Medicaid Management Information Systems. Ongoing costs of approximately \$125,000 per year are required to determine eligibility and process claims for up to 16,539 women in FY 2012-13 and 17,264 women in FY 2013-14.

Dental benefits. Based on current use levels and costs in the Bright Smiles program operated by Dental Aid, the fiscal note assumes dental costs of \$1,267 per client will be incurred and that 50 percent of women will elect to receive benefits. Based on the assumption that the program will become available for enrollment in March 1, 2013, costs are \$3.5 million for FY 2012-13 and \$11 million for FY 2013-14.

Reduction in low-birth weight deliveries. Based on a recent study in Boulder, which showed a reduction in the number of low-birth weight babies delivered by Medicaid women receiving dental services, the fiscal note assumes that some savings will be achieved. As it is unknown whether the women in the Boulder study are representative of the entire state, the fiscal note assumes a reduction of 3 percent in the number of babies that will be born with low birth weights. Based on an estimated cost avoidance of \$5,769 for NICU pre-term births and \$9,472 for "needy newborns", the fiscal note shows an estimated savings of \$746,276 per year, pro-rated to \$246,271 for the first year.

Departmental Differences

The DHCPF estimates that state expenditures will increase by \$3,748,609 in FY 2012-13 and \$11,080,749 in FY 2013-14 and no savings will be achieved from reducing low-birth weight deliveries. The department acknowledges that many studies have shown an association between reduced oral bacteria in pregnant women and reductions in low birth weight babies. However, the department asserts that this relationship is not established conclusively. The department also indicates that to the extent a pregnant women receives dental benefits, the amount of dental procedures the child requires in the future could be reduced. According to the department, the average Medicaid child utilizes services for only nine months and therefore the program will not see savings from this change. Based on a recent study done in Boulder among Medicaid women who received dental benefits, the fiscal note assumes a 3 percent reduction in low birth weight deliveries, and therefore shows a savings of \$246,271 in FY 2012-13 and \$746,276 in FY 2013-14.

State Appropriations

For FY 2012, the Department of Health Care Policy and Financing requires an appropriation of \$3,502,338, including \$1,688,669 General Fund and \$1,813,669 federal funds.

Departments Contacted

Health Care Policy and Financing