Fiscal Note

BILL # HB 2246

TITLE: AHCCCS services; diabetes management

SPONSOR: Allen J

STATUS: As Introduced

PREPARED BY: Maggie Rocker

Description

The bill would authorize up to 10 hours of diabetes outpatient self-management training (DSMT) services as an Arizona Health Care Cost Containment System (AHCCCS) benefit. To be eligible, members would need to have been recently diagnosed with diabetes and prescribed the services by a primary care practitioner, had a change in their diabetic diagnosis or treatment, or found not to be meeting appropriate clinical outcomes. In addition, the bill would prohibit using the Hospital Assessment as a fund source for DSMT.

Estimated Impact

Based on AHCCCS' analysis, the JLBC Staff estimates that the bill would increase General Fund costs by $800,000 and Total Fund costs by $6.6 million annually. This estimate is based on an AHCCCS actuarial calculation.

The AHCCCS estimates are subject to significant uncertainty due to limited information on how frequently DSMT services would be utilized. The AHCCCS estimate also did not attempt to quantify any effects that DSMT coverage may have on utilization of other AHCCCS-covered services. A review of recent studies shows that access to DSMT services could decrease utilization of other diabetic-related services, such as hospitalizations, while potentially increasing utilization of other preventative services. Given that the studies cannot readily be applied to the AHCCCS population, utilization impacts remain unknown.

Though the bill would preclude the Hospital Assessment from covering DSMT services, AHCCCS has indicated that it would be unable to limit the portion of capitation rate payments specific to DSMT services to General Fund dollars. If payment to the Hospital Assessment is excluded, the General Fund impact would increase to $1.4 million.

Analysis

AHCCCS provides acute care, behavioral health services, and long-term care services for Medicaid-eligible adults and children. The bill would expand those services to include up to 10 hours of DSMT services, as defined by federal code, to members who have been diagnosed with diabetes, had a change in their diabetic diagnosis or treatment, or are found to not be meeting appropriate clinical outcomes and are prescribed the services by a primary care practitioner. Federal code defines diabetes outpatient self-care training services to include education and training services that prepare an individual to manage their diabetic condition, including skills related to the self-administration of injectable drugs.

AHCCCS estimates there are 158,200 diabetic enrollees, of which 71.2%, or 112,700, are not dual enrollees in Medicare (Medicare already covers up to 10 hours of DSMT services to its enrollees). The agency estimates that 12%, or 13,500, of non-dual diabetic members will utilize DSMT services in the first year. AHCCCS also estimates that the average utilizer will use 5 of the 10 hours of covered services, totaling 67,500 hours of DSMT services.

If DSMT were covered, AHCCCS intends to reimburse providers at $97.68 per hour. Therefore, the 67,500 hours would have a Total Fund cost of $6.6 million. Of this amount, $800,000 would be covered by the General Fund, $600,000 by the Hospital Assessment, $29,200 by county contributions to Long Term Care, and $5.2 million by Federal Funds.

AHCCCS' utilization estimates, however, are subject to substantial uncertainty. The agency's assumption that 12% of diabetics would use the program is higher than utilization rates observed in other programs. A 2013 study conducted by

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the Centers for Disease Control and Prevention (CDC) found typical utilization rates of 8% in Medicaid and 4-5% in Medicare. The higher 12% assumption was based on AHCCCS' own review of utilization studies.

In addition, AHCCCS' assumption that each user would utilize an average of 5 hours of services is also highly uncertain, as AHCCCS acknowledged that there is "very little public information" on DSMT hours used by Medicaid enrollees. The same CDC study cited above, however, found that typical utilization was only 1.5 hours per enrollee among Medicare enrollees.

AHCCCS' analysis also does not attempt to consider how DSMT would affect utilization of other Medicaid-covered services. A 2009 examination of relevant studies found that 18 of the 26 reviewed studies concluded that access to DSMT services resulted in cost savings. One 2018 study of West Virginia's Medicare pilot program that covered DSMT services found a 29% decrease in hospitalizations for those that completed the services compared to those who did not, which the study attributes to increased glucose control and a reduction in weight gain. These savings cannot, however, be extrapolated to Arizona since AHCCCS' coverage would only extend to non-Medicare enrollees.

It is also possible that utilization of DSMT services could result in increased utilization of some AHCCCS-covered services. A 2015 report published by the American Association of Diabetes Educators finds that those who use DSMT services are more likely to use primary care and preventive care services. The report did not, however, attempt to quantify the increase in utilization of such services or the associated costs.

Given that the above studies on DSMT cannot be readily extended to Arizona, we are not able to quantify the net fiscal impact of changes in future utilization rates that may result from AHCCCS coverage of DSMT services.

Local Government Impact

AHCCCS estimates the bill would generate $29,200 in costs for counties as result of DSMT services rendered to enrollees in the Arizona Long Term Care System (ALTCS).

1/17/20