

REVISED

BILL # SB 1526

TITLE: AHCCCS; covered services

SPONSOR: O'Halleran

STATUS: As Introduced

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FISCAL ANALYSIS

Description

The bill eliminates the statutory provision that outpatient occupational and speech therapy services are only covered for AHCCCS members less than 21 years of age. Additionally, the bill includes these services in the definition of outpatient services that shall be provided to AHCCCS members if deemed medically necessary. Adult occupational and speech therapy services are currently only available to inpatients and those on the Arizona Long Term Care System (ALTCS).

Estimated Impact

The fiscal impact of the bill cannot be determined with certainty. On a full year basis, the impact is not expected to cost more than \$474,300 from the General Fund. This amount reflects greater utilization of services among existing outpatients. The cost, however, may be offset by AHCCCS members who are currently receiving these services as inpatients being able to receive services as outpatients. If members that are currently inpatients are able to be treated as outpatients, there would be cost savings, as outpatient therapy is cheaper. However, the magnitude of this possibility is unknown.

The FY 2008 impact will depend on when the bill is implemented. AHCCCS has estimated that the program would become effective on January 1, 2008.

AHCCCS also estimates the General Fund cost to be no more than \$474,300 for a full year, not including any cost savings associated with members switching from inpatient to outpatient services.

Analysis

Currently, statute limits outpatient occupational and speech therapy services to AHCCCS members under 21 years of age. In FY 2006, AHCCCS spent approximately \$959,900 on outpatient occupational and speech therapy services for 2,846 members under 21. The bill allows AHCCCS administration to adopt rules governing which members should receive these services. AHCCCS has indicated that if the bill becomes law, AHCCCS administration would likely adopt rules stating that all members will be eligible for outpatient occupation and speech therapy services as medically necessary, as the administration has done for other optional services. It is expected that the program would be implemented on January 1, 2008. AHCCCS estimates that approximately 0.25% of members over 21 would utilize outpatient occupational and speech therapies at a total fund cost of \$711,500 in FY 2008. Approximately one-third of this cost would be borne by the General Fund and the remaining cost for these services would be paid by federal dollars according to the standard Federal Medical Assistance Percentage (FMAP).

AHCCCS estimated utilization of these services by examining the utilization of members under 21 and members on ALTCS who are already eligible for these services. AHCCCS reports that utilization of outpatient occupational and speech therapy services among elderly and physically disabled adults in ALTCS is 0.42%. Given the physical limitations experienced by this group, AHCCCS' estimate of 0.25% utilization for non-ALTCS adults appears to be reasonable. Although utilization by children in the acute care program is 0.10%, it is reasonable to assume that utilization among non-ALTCS adults will be somewhat higher due to demographic characteristics of the groups.

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Under current law, inpatient occupational and speech therapy services are covered for all AHCCCS members. Because outpatient occupational and speech therapy services are only covered for those under 21, members over 21 can only receive these services as inpatients. It may be possible for some of these members receiving services as inpatients to be treated as outpatients if the services were covered by AHCCCS. Due to the lower cost of outpatient services, there would be savings as a result of members currently receiving treatment as inpatients now receiving those services as outpatients. As the appropriateness of treating a member as an outpatient instead of an inpatient would be determined on a case by case basis by the patient's physician, it is difficult to estimate the number of patients that would be able to be treated as outpatients. Because all inpatient stays are paid on a per diem basis, AHCCCS does not collect information regarding how many of those inpatients receive occupational and speech therapy services or the cost associated with those services. Therefore, the magnitude of this issue's impact on the cost of the bill is unknown.

Local Government Impact

No local government impact is estimated.

2/27/07