

# Department of Planning and Budget

## 2020 Fiscal Impact Statement

**1. Bill Number:** HB 409

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

**2. Patron:** Delany

**3. Committee:** Health, Welfare and Institutions

**4. Title:** State plan for medical assistance services; orthotic devices

**5. Summary:** The proposed legislation requires the Department of Medical Assistance Services (DMAS) to include in the state plan for medical assistance services a provision for the payment of medically necessary orthotic devices, including braces, splints, and supports, for adults enrolled in the Commonwealth's program of medical assistance services.

**6. Budget Amendment Necessary:** Yes, Item 313.

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	-	-
2020	-	-
2021	\$3,982,334	General
2021	\$7,605,459	Nongeneral
2022	\$4,561,582	General
2022	\$8,711,707	Nongeneral
2023	\$4,789,662	General
2023	\$9,147,293	Nongeneral
2024	\$5,029,145	General
2024	\$9,604,657	Nongeneral
2025	\$5,280,602	General
2025	\$10,084,890	Nongeneral
2026	\$5,544,632	General
2026	\$10,589,135	Nongeneral

**8. Fiscal Implications:** This bill would extend coverage of medically necessary orthotic devices to all full benefit Medicaid recipients. Currently, coverage is limited to medically necessary orthotics for children under the age of 21 and adults when recommended as part of an approved intensive rehabilitation program as described in 12VAC 30-60-120(K)(10).

Using 2018 Medicaid claims data, DMAS determined that approximately 12,500 adults had a primary diagnosis that was comparable to those Medicaid children who received orthotics. Further, DMAS assumes adults would use orthotic services at the same cost per person as children, along with an additional \$650 per adult per year. DMAS assumes that there would be a ten-month service ramp up over the first year with full participation being reached in the 11<sup>th</sup> month. In addition, DMAS assumes that costs would increase by approximately five percent annually after the first year. As such, DMAS estimates additional expenditures in FY

2021 of \$11,587, 973 total funds (\$3,982,334 general fund), and \$13,273,290 in FY 2022 (\$4,561,582 general fund).

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None