

STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

March 12, 2018

The Honorable Vicki Schmidt, Chairperson
Senate Committee on Public Health and Welfare
Statehouse, Room 441-E
Topeka, Kansas 66612

Dear Senator Schmidt:

SUBJECT: Fiscal Note for SB 436 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 436 is respectfully submitted to your committee.

SB 436 would require the Kansas Department of Health and Environment (KDHE) to provide coverage of tobacco cessation treatments for any state Medicaid beneficiary. Tobacco cessation treatments include all FDA-approved medications individual, group, or telephone counseling. Coverage of tobacco cessation treatments would not be limited in the number of attempts for counseling treatments, whether on an annual or lifetime basis, but would be limited to four attempts per year for medication treatments. No prior authorization or co-pay would be required.

Currently, KDHE covers tobacco and smoking cessation individual and group counseling for pregnant women only. However, KDHE covers all FDA-approved tobacco cessation medications for all Medicaid beneficiaries, with limitations in line with the 2014 Federal Affordable Care Act (ACA) requirement for coverage of tobacco cessation as a preventive service. SB 436 would change the KDHE policy in extending coverage to all beneficiaries for tobacco cessation treatment as a preventive service, with no limit to the number of attempts for counseling services and prescriptions. Although KDHE would not impose restrictions on limit quantities for pharmacies, there would be limitations for each prescribed product according to manufactured guidelines existing for safety reasons.

Estimated State Fiscal Effect				
	FY 2018 SGF	FY 2018 All Funds	FY 2019 SGF	FY 2019 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$1,189,609	\$2,735,364
FTE Pos.	--	--	--	--

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Currently KDHE only covers individual, telephone and group counseling services for pregnant women with a diagnosis of tobacco dependency. SB 436 would extend this coverage to cover all Medicaid beneficiaries, with no limits on number of cessation attempts. Each counseling session costs between \$9.50 and \$16.24 per session, depending on the type of service received. There are currently 4,788 non-pregnant Medicaid beneficiaries with a diagnosis of tobacco dependence. If all 4,788 beneficiaries participate in a counseling session, with types of counseling session being equal to the proportion used by the currently covered population, KDHE estimates additional expenditures of \$57,104 from all funding sources, including \$24,834 from the State General Fund.

KDHE currently adheres to the ACA guidelines on tobacco cessation for pharmacies, which requires states to offer some level of treatment with a limitation of up to two cessation attempts per year. This is in line with the requirements of Medicare, Medicaid expansion beneficiaries, and other health insurance marketplace plans. SB 436 would require no restrictions on the number of cessation attempts for each beneficiary. Research conducted by the KDHE clinical team shows that patients seeking tobacco cessation have far greater success if they combine two different types of prescriptions into each treatment. There are currently 3,315 beneficiaries using tobacco cessation prescriptions at a cost of \$1,418,053. If these beneficiaries also utilize the two-prescription combination strategy, the incremental cost would be \$1,418,053. If the remaining 1,473 beneficiaries with a tobacco dependency diagnosis also utilize the two-prescription combination strategy additional expenditures would total \$1,260,207. The net impact of the increased utilization for these populations would be \$2,678,260 from all funding sources, including \$1,164,775 from the State General Fund. Any fiscal effect associated with SB 436 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Larry L. Campbell
Chief Budget Officer

cc: Dan Thimmesh, Health & Environment