

SF595 - 0 - Coverage of Chiropractic Services Modified

Chief Author: **Bill Lieske**
 Committee: **Health And Human Services**
 Date Completed: **3/13/2025 10:59:43 PM**
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium				
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	2,034	5,202	5,700	5,852
Health Care Access	-	363	894	1,006	1,046
Total	-	2,397	6,096	6,706	6,898
Biennial Total			8,493		13,604

Full Time Equivalent Positions (FTE)	Biennium				
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-
Health Care Access	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium		Biennium		
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	2,034	5,202	5,700	5,852
Health Care Access		-	363	894	1,006	1,046
	Total	-	2,397	6,096	6,706	6,898
			Biennial Total	8,493		13,604
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund		-	2,034	5,202	5,700	5,852
Health Care Access		-	363	894	1,006	1,046
	Total	-	2,397	6,096	6,706	6,898
			Biennial Total	8,493		13,604
2 - Revenues, Transfers In*						
General Fund		-	-	-	-	-
Health Care Access		-	-	-	-	-
	Total	-	-	-	-	-
			Biennial Total	-		-

Bill Description

Section 1 modifies Medical Assistance (MA) and MinnesotaCare coverage of chiropractic services to include manual therapy, spinal manipulation and therapeutic exercise. Section 1 also increases the number of evaluation and management services that can be covered for chiropractic services.

Section 2 makes a technical change to conform with section 1 of the bill.

Assumptions

Bill is assumed to be effective January 1, 2026.

This bill expands the number of allowable chiropractic evaluations, expands the number of covered procedures (by including Manual Therapy, Therapeutic Exercise, and Extraspinal Manipulation), and broadens the conditions under which a chiropractor would be allowed to bill Medical Assistance.

Expanding the number of allowable chiropractic evaluations (new client) and re-evaluations (existing client) is expected to increase the number of billed evaluations/re-evaluations. Based on department claims data, overall MA FFS payments for evaluations and re-evaluations were about \$329,000 in FY2024. It is assumed that these payments will increase by 25% under the proposed change.

The primary fiscal impact of expanding the number of chiropractic covered procedures is to increase the average cost per claim by allowing additional procedure codes to be billed within the claim. To estimate this fiscal impact, it is assumed that the average amount billed for these additional covered services would be similar to the average per member per month cost of claims from physical therapists over these same procedure codes. Extraspinal Manipulation is not currently an MA covered service, so the estimated average per member per month cost of the new chiropractic covered services are limited to Manual Therapy and Therapeutic Exercise. Based on department data, overall claims for chiropractic services were paid at an average per member per month cost of about \$126 in FY2024. During the same time period, claims for Manual Therapy and Therapeutic Exercise paid at an average per member per month cost of about \$135 when the

treating provider was a physical therapist. It is assumed that half the current recipients of chiropractic services would receive additional services under one or more of these new covered services billed at \$135 per member per month.

Broadening the conditions under which a chiropractor is allowed to treat and bill MA is expected to increase overall utilization of chiropractic services. Based on department claims data, overall MA FFS payments for chiropractic services were about \$3.5 million in FY2024. It is assumed that these payments will increase by 10% under the proposed change.

Together, these three changes imply a 66% increase in total FFS chiropractic payments in the base year. It is assumed that the impact of these changes in managed care will be proportional to the FFS impact.

Expenditure and/or Revenue Formula

	FY 2026	FY 2027	FY 2028	FY 2029
MA Elderly & Disabled				
<i>Allow Additional Evaluations/Re-evaluations</i>				
FFS claims for chiro evaluations/re-evaluations	\$42,000	\$42,000	\$42,000	\$42,000
Projected percent increase in claims	25.00%	25.00%	25.00%	25.00%
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for chiro evaluations/re-evaluations	\$3,500	\$10,500	\$10,500	\$10,500
<i>Additional Covered Services</i>				
FFS chiropractic member months	2,750	2,750	2,750	2,750
Base physical therapist average cost	\$134.81	\$134.81	\$134.81	\$134.81
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for added covered services	\$123,556	\$370,667	\$370,667	\$370,667
<i>Broaden Treating Conditions for Chiropractors</i>				
Overall FFS claims for chiropractors	\$423,000	\$423,000	\$423,000	\$423,000
Projected percent increase in claims	10.00%	10.00%	10.00%	10.00%
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for broadening treating conditions	\$14,100	\$42,300	\$42,300	\$42,300
<i>Impact on Managed Care</i>				
Chiropractic share of managed care payments	\$1,462,278	\$1,559,125	\$1,637,082	\$1,718,936
Percent change in base average costs	65.86%	65.86%	65.86%	65.86%
Phase-in	41.67%	100.00%	100.00%	100.00%
HMO chiropractic service costs	\$401,263	\$1,026,813	\$1,078,154	\$1,132,062
HMO withhold payments	\$0	\$0	\$86,977	\$91,892
Total Costs MA Elderly & Disabled	\$542,419	\$1,450,280	\$1,588,598	\$1,647,421
Federal share %	50.68%	50.68%	50.68%	50.68%
Federal share	\$274,898	\$735,002	\$805,102	\$834,913
State share	\$267,521	\$715,278	\$783,497	\$812,508
MA Adults without Children				

<i>Allow Additional Evaluations/Re-evaluations</i>				
FFS claims for chiro evaluations/re-evaluations	\$79,000	\$79,000	\$79,000	\$79,000
Projected percent increase in claims	25.00%	25.00%	25.00%	25.00%
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for chiro evaluations/re-evaluations	\$6,583	\$19,750	\$19,750	\$19,750
<i>Additional Covered Services</i>				
FFS chiropractic member months	1,955	1,955	1,955	1,955
Base physical therapist average cost	\$134.81	\$134.81	\$134.81	\$134.81
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for added covered services	\$87,830	\$263,491	\$263,491	\$263,491
<i>Broaden Treating Conditions for Chiropractors</i>				
Overall FFS claims for chiropractors	\$918,000	\$918,000	\$918,000	\$918,000
Projected percent increase in claims	10.00%	10.00%	10.00%	10.00%
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for broadening treating conditions	\$30,600	\$91,800	\$91,800	\$91,800
<i>Impact on Managed Care</i>				
Chiropractic share of managed care payments	\$1,881,198	\$1,893,125	\$1,949,919	\$2,008,417
Percent change in base average costs	65.86%	65.86%	65.86%	65.86%
Phase-in	41.67%	100.00%	100.00%	100.00%
HMO chiropractic service costs	\$516,219	\$1,246,780	\$1,284,184	\$1,322,709
HMO withhold payments	\$0	\$0	\$108,131	\$110,313
Total Costs MA Adults without Children	\$641,232	\$1,621,821	\$1,767,356	\$1,808,063
Federal share %	90.00%	90.00%	90.00%	90.00%
Federal share	\$577,109	\$1,459,639	\$1,590,620	\$1,627,257
State share	\$64,123	\$162,182	\$176,736	\$180,806
MA Families with Children				
<i>Allow Additional Evaluations/Re-evaluations</i>				
FFS claims for chiro evaluations/re-evaluations	\$208,000	\$208,000	\$208,000	\$208,000
Projected percent increase in claims	25.00%	25.00%	25.00%	25.00%
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for chiro evaluations/re-evaluations	\$17,333	\$52,000	\$52,000	\$52,000
<i>Additional Covered Services</i>				
FFS chiropractic member months	9,181	9,181	9,181	9,181
Base physical therapist average cost	\$134.81	\$134.81	\$134.81	\$134.81
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for added covered services	\$412,548	\$1,237,645	\$1,237,645	\$1,237,645

<i>Broaden Treating Conditions for Chiropractors</i>				
Overall FFS claims for chiropractors	\$2,157,000	\$2,157,000	\$2,157,000	\$2,157,000
Projected percent increase in claims	10.00%	10.00%	10.00%	10.00%
Phase-in	33.33%	100.00%	100.00%	100.00%
FFS costs for broadening treating conditions	\$71,900	\$215,700	\$215,700	\$215,700
<i>Impact on Managed Care</i>				
Chiropractic share of managed care payments	\$10,753,238	\$11,026,948	\$11,357,756	\$11,698,489
Percent change in base average costs	65.86%	65.86%	65.86%	65.86%
Phase-in	41.67%	100.00%	100.00%	100.00%
HMO chiropractic service costs	\$2,950,792	\$7,262,161	\$7,480,025	\$7,704,426
HMO withhold payments	\$0	\$0	\$624,961	\$642,543
Total Costs MA Families with Children	\$3,452,573	\$8,767,506	\$9,610,332	\$9,852,315
Federal share %	50.68%	50.68%	50.68%	50.68%
Federal share	\$1,749,764	\$4,443,372	\$4,870,516	\$4,993,153
State share	\$1,702,809	\$4,324,134	\$4,739,816	\$4,859,162
Total MA State Share	\$2,034,453	\$5,201,594	\$5,700,048	\$5,852,476
MinnesotaCare				
Chiropractic share of managed care payments	\$1,323,799	\$1,356,888	\$1,411,164	\$1,467,610
Percent change in base average costs	65.86%	65.86%	65.86%	65.86%
Phase-in	41.67%	100.00%	100.00%	100.00%
HMO chiropractic service costs	\$363,263	\$893,623	\$929,368	\$966,543
HMO withhold payments	\$0	\$0	\$76,917	\$79,520
Total Costs MinnesotaCare (State HCAF)	\$363,263	\$893,623	\$1,006,285	\$1,046,063

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2026	FY2027	FY2028	FY2029
GF	33ED	MA Grants	268	715	783	813
GF	33AD	MA Grants	64	162	177	181
GF	33FC	MA Grants	1,703	4,324	4,740	4,859
HCAF	31	MinnesotaCare Grants	363	894	1,006	1,046
		Total Net Fiscal Impact	2,398	6,095	6,706	6,899
		Full Time Equivalents	0	0	0	0

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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