

Vermont Legislative Joint Fiscal Office

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ISSUE BRIEF

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Medicaid Coverage of Chiropractic Services in Vermont

Effective February 1, 2008, chiropractic coverage for adults in Medicaid and VHAP were discontinued. According to the Office of Vermont Health Access (OVHA), the estimated net savings from the elimination of chiropractic services was \$193,124 for SFY2009 and \$642,313 for SFY2010.¹ In a memorandum dated January 20, 2009, OVHA wrote “when the state mandate [to cover chiropractic services] is removed (as of February 1), Medicaid participants will receive these services through other covered health care providers.”² Arguably, the elimination of these services may be offset by increased utilization in other potentially more costly treatment modalities, which begs the questions:

- Will the elimination of chiropractic services achieve savings as large as the total Medicaid spending on these services?
- Will costs actually increase as a result of the elimination of chiropractic coverage?
- Will reinstating chiropractic coverage result in savings to the Medicaid program?

The Center for Medicare and Medicaid Services (CMS) recently completed a two year demonstration project that expanded the list of neuromusculoskeletal diagnoses, diagnostic tests, and chiropractic treatment modalities eligible for Medicare coverage. The final report, which will evaluate beneficiary satisfaction, utilization, and cost impacts, is expected to be released this fall. We are hopeful this report will provide clarity to the discussion enabling a deeper understanding of the true cost impacts of this issue.

History of Chiropractic Coverage in Vermont

While coverage of chiropractic services by private insurance has been mandated since 1999, chiropractic coverage under the Medicaid program has had a somewhat tumultuous history during the last decade.³ Chiropractic coverage is optional under federal rules. In 2002, facing a budget shortfall, Vermont invoked an emergency rule eliminating chiropractic coverage for adults under Medicaid. Act 65 of the 2007 Legislative session reinstated coverage for adults in Medicaid and VHAP (effective July 1, 2008). After revenues were downgraded for the second time in 2008, it was again eliminated as part of the December rescission process (effective February 1, 2009). Senate Bill S.53 – “An act relating to the restoration of chiropractic services in Medicaid in fiscal year 2009” – aims to once again reinstate Medicaid funding for chiropractic services.

Both the December rescission of chiropractor services and the introduction of S.53 are emblematic of the ongoing debate of whether or not chiropractic services cost the system money or save the system money.

Coverage in other states

In 2002 and 2003, Vermont was not alone. Many other states, also facing budget shortfalls, cut or were considering cuts to their Medicaid programs that included the elimination of chiropractic coverage.⁴ According to a 2003 survey done by the Henry J. Kaiser Family Foundation, 26 states covered chiropractic services as a Medicaid benefit. By 2006, states like Connecticut and Ohio, and had dropped their Medicaid coverage of Chiropractic coverage, while states like Arkansas, Massachusetts, and Wisconsin had added chiropractic coverage. During that same time period, many states, such as Mississippi, Kentucky, North Carolina, and Pennsylvania either instituted or increased co-pays, while others enacted coverage limitations.⁵

In 2004, the provincial government of Ontario, Canada “delisted” chiropractic services from the Ontario Health Insurance Plan (OHIP), the province’s health care plan, after covering these services for over 30 years.⁶ At the time, the Ontario finance minister termed chiropractic services as “less critical” saying the cuts would add up to millions in savings and free up money for other procedures. This decision was enacted despite a study funded by the Ontario Ministry of Health a decade earlier that found chiropractic treatment could save hundreds of millions annually.⁷

Studies

There are many studies that suggest chiropractic care saves money by diverting services from otherwise more costly treatments. According to one article published in the *Archive of Internal Medicine*, utilization rates for patients with neuromusculoskeletal (NMS) disorders, who had chiropractic insurance coverage, were significantly lower across all major high-cost areas compared with utilization rates for patients with NMS who did not have chiropractic insurance coverage. The study also found that patients with NMS conditions who had chiropractic coverage were associated with \$330 lower per-member-per-year (PMPY) total health care expenditures for the year 2000.⁸

Another study published in the *Journal of Occupational and Environmental Medicine* contended that “the presence of a chiropractic benefit does not appear to increase the number of patients who seek care for NMS pain complaints. With some relatively minor exceptions, for instance, thoracic spine pain, patients who see chiropractic care for NMS conditions appear to substitute that care for medical care on a one-on-one basis for the particular region of complaint.” The article later maintains that “a more accurate characterization of the addition of a chiropractic benefit would be that it is the equivalent of expanding the network of available providers for care of NMS,” rather than a stand alone benefit such as dental coverage which represents new costs.⁹

While there are many studies that suggest both the medical and fiscal benefits of chiropractic services, no research is free of limitations or skepticism. As part of Act 215 of 2006, OVHA was required to “review available literature and clinical findings related to clinical outcomes and overall treatment costs associated with chiropractic treatment.” In their literature review they identified and addressed many studies summarizing both their findings and empirical limitations, including the aforementioned article from the *Archive of Internal Medicine* in which they referenced a commentary also published in the same journal that claimed the validity of the results were compromised due to “the lack of a random element in defining the

populations with and without access to chiropractic care” and expressed concern over the “favorable health profile of the ‘chiropractically insured’” used in the study.¹⁰ OVHA concluded that “clearly, there is literature supporting the efficacy of chiropractic care in treating back conditions, but as to the supposed cost-effectiveness there is an honest open debate, that in the minds of the medical community ... is still unresolved.”¹¹

In September 2009, The Center for Medicare & Medicaid Services (CMS) is expected to release a full report of its findings concerning the “Demonstration of Coverage of Chiropractic Services under Medicare.” The demonstration was conducted from April 1, 2005 to March 31, 2007 in four “geographically diverse” regions (including five states: Illinois, Iowa, Maine, New Mexico, and Virginia) to “assess implementation, beneficiary satisfaction, utilization, and cost impacts.” The demonstration expanded the lists of NMS diagnoses, diagnostic tests, and chiropractic treatment modalities eligible for Medicare coverage. The final report will assess the potential cost offsets within both Medicare Parts A and B, and will determine whether budget neutrality was achieved.¹² While CMS has released some initial findings, the full report when released, is anticipated to shed new light on the issue of the impact of chiropractic coverage on health spending.

Conclusion

Medicaid spending on Chiropractic Services was less than 1% of the overall Medicaid budget. As such, a cursory analysis of the impact on overall Medicaid spending, or even broad categorical services (such as overall physicians services or hospital services), both pre and post the elimination of chiropractic coverage in Vermont (circa 2001-2004), would be inconclusive. The existing data is also limited. For one, OVHA only has data as far back as January 2001. Chiropractic services for adults were eliminated in 2002, so the data for this period is narrow. Also the level of coverage for chiropractic care prior to 2002 was not as comprehensive as the level of coverage instituted in 2008. More recently, while coverage was reinstated in July 1, 2008, it was cut again as of February 1, 2009, so there is only seven months worth of data for this period. Nonetheless, further research could be done, including an analysis of the available data tracking the changes in patterns of care for Medicaid beneficiaries who had utilized chiropractic services when they were available, although there may not be enough data from which to make conclusive determinations.

While it is hoped that the final report from CMS will inform the dialogue as to whether or not chiropractic coverage can save the health system money, it is unlikely to end the debate. Despite any limitations in the existing literature or the dearth of data at the state-wide level the potential financial benefits of chiropractic services should not be disregarded. There is a compelling argument that chiropractic coverage can achieve savings by shifting utilization from more expensive treatment modalities, although how much is still uncertain. Pending the final report from CMS and further analysis at the state-level there is no incontestable conclusion.

¹ SFY 09 is for 4 months. Also, these estimates are at the regular FMAP (federal medical assistance percentage) rate and not at the enhanced rate as part of the American Recovery & Reinvestment Act of 2009 (ARRA).

² Memo from OVHA titled “Explanation of SFY '09 Rescissions”, January 20, 2009.

³ Act 16, 1999, “An Act Relating to Health Insurance and Chiropractic Services.” Regulation can be found in Title 8, §4088a.

⁴ More Medicaid Cuts Loom for Chiropractic. *Dynamic Chiropractic*. May 19, 2003; Vol. 21, Issue 11

⁵ Henry J. Kaiser Family Foundation. Medicaid Benefits: Online Database: <http://www.kff.org/medicaid/benefits>

⁶ Ontario Removes Chiropractic from Provincial Health Plan. *Dynamic Chiropractic*. July 1, 2004; Vol. 22 Issue 14

⁷ Manga, P., Angus D, et al (1993). The Effectiveness and Cost-Effectiveness of Chiropractic Management of Low-Back Pain. Funded by the Ontario Ministry of Health.

⁸ Legorrata, A., Metz, R., Nelson, C., et al. Comparative Analysis of Individuals With and Without Chiropractic Coverage. *Archives of Internal Medicine*. 2004; 164:1985-1993. Note: ASHP = American Specialty Health Plans, which was the chiropractic health plan analyzed in the study.

⁹ Metz, R., Nelson, C., et al. Chiropractic Care: Is it Substitution Care or Add-on Care in Corporate Medical Plans?” *Journal of Occupational and Environmental Medicine*. 2004; 46: 847-855.

¹⁰ Ness, J., Nisly, N. Cracking the Problem of Back Pain: Is Chiropractic the Answer? *Archives of Internal Medicine*. 2004; 164:1953-1954.

¹¹ Office of Vermont Health Access. Medicaid Budget Document, State Fiscal Year 2008. Appendix 8.

¹² Letter from Secretary of Health and Human Services Michael Leavitt to Vice President Cheney and Speaker of the House Representative Nancy Pelosi. October 28, 2008.