



SF 490 – Preauthorization for Tobacco Cessation (LSB2670SV)
Analyst: Jess Benson (515.281.4611) jess.benson@legis.iowa.gov
Fiscal Note Version – New

Description

[Senate File 490](#) requires the Department of Human Services (DHS) to contractually and by administrative rules remove prior authorization (PA) requirements under fee-for-service (FFS) and managed care for a Medicaid member who contacts a tobacco cessation program.

Background

Medicaid members are currently required to participate in counseling services in order to obtain smoking cessation products through PA criteria for FFS and managed care. Counseling services are currently provided via Quitline (administered by the Department of Public Health) for FFS. The managed care organizations (MCOs) have cessation counseling services either internally or through an outside contract; these services also require completion of a PA.

Assumptions

- Under the Bill, smoking cessation counseling will be optional rather than mandatory. This will result in increased utilization of smoking cessation products and may reduce call volumes for smoking cessation counseling services.
- There will be minimal programming changes required to remove the smoking cessation PA criteria from the FFS point-of-sale system, and these changes will be covered under the current contract.
- The FFS program does not project an increase in expenditures due to the low volume of members under FFS and the fact that the current PA process does not appear to hinder access for these services.
- An August FY 2017 analysis by the MCOs estimated that removing the PA requirement would increase expenditures for smoking cessation products by \$918,000. Any increase in MCO expenditures due to this change would be reflected in future capitation payments to the MCOs.
- The Federal Medical Assistance Percentage (FMAP) rate is 70.0% federal and 30.0% State based on a blended rate between Medicaid and the Iowa Health and Wellness Plan.

Fiscal Impact

[Senate File 490](#) is estimated to cost the Medicaid Program \$275,000 in FY 2020 and subsequent fiscal years. A decrease in smoking would likely reduce future pharmacy and medical expenditures for tobacco-related diseases such as chronic obstructive pulmonary disease or myocardial infarction, but the impact of any savings cannot be estimated.

Source

Department of Human Services

/s/ Holly M. Lyons

March 18, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
