



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

March 13, 2023

Honorable Ben Watson
Chairman, Health and Human Services Committee
325-A Coverdell Legislative Office Building
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill 143 (LC 33 9290)

Dear Chairman Watson:

The bill would require the Department of Community Health (DCH) to include continuous glucose monitors (CGM) as a pharmacy benefit for Medicaid recipients. All insulin-dependent (Type 1) diabetic members would be eligible for the CGM benefit regardless of age. The bill would also allow non-insulin dependent members who meet certain criteria to qualify.

As shown in **Table 1**, the bill would cost the state \$20.5 million (net of rebates) if all type 1 diabetics within the fee-for-service program were prescribed a CGM. (All would qualify for the CGM, but physicians may determine that not all eligible patients are well suited for the device.) If 25% of Type 2 diabetics also obtained a CGM, state costs would total \$27.2 million. It should be noted that the estimate includes only additional fee-for-service program costs. Managed care impacts are discussed below the table.

Table 1: Annual Fiscal Impact for LC 33 9290, Fee-for-Service Program

<i>(In millions)</i>	Type 1 Diabetics		Type 1 Diabetics + 25% of Type 2 Diabetics	
	Expenditures (No Rebate)	Expenditures (Net Rebate)	Expenditures (No Rebate)	Expenditures (Net Rebate)
Continuous Glucose Monitor	\$31.5	\$31.5	\$41.8	\$41.8
Pharmacy Costs	\$37.3	\$27.2	\$49.5	\$36.1
Dispensing Fee	<u>\$1.6</u>	<u>\$1.6</u>	<u>\$2.2</u>	<u>\$2.2</u>
Total Estimated Expenditures	\$70.4	\$60.3	\$93.5	\$80.1
Federal Funds	\$46.5	\$39.8	\$61.7	\$52.9
State Funds	\$23.9	\$20.5	\$31.8	\$27.2

The data source and assumptions used to calculate the costs are discussed below.

- *Per Unit Costs* – The CGM and pharmacy costs are based on the 2023 CMS fee schedule. A CGM cost \$2,660, while an annual supply of sensors and other pharmacy supplies are \$3,151 (without rebate) and \$2,296 (with rebate). The pharmacy dispensing fee is \$138 per member each year.
- *Number of Members* – In FY 2022, there were 11,835 Type 1 diabetics within the fee-for-service members – 818 children and 11,017 adults. In the same year, the fee-for-service

program had 15,522 Type 2 diabetics. A 25% uptake among the group would equal 3,880 members.

- *Federal & State Funds* - The estimate assumes a Federal Medical Assistance Percentage (FMAP) of 66.02% with the state paying remaining portion.

DCH noted that the bill may eventually impact capitated rates paid to care management organizations (CMOs). Two of the state's three CMOs already provide CGMs as a pharmacy benefit to members, but the bill's provisions may result in greater eligibility and utilization. While increased utilization will raise capitated rates (and state costs), these impacts may be limited due to the currently existing benefit.

Respectfully,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget

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