

Issue Brief – Medicaid Adult Vision Benefits

DEPARTMENT OF HEALTH

DOH-09-19

SUMMARY

Last year the Legislature appropriated \$174,000 one-time General Fund (\$605,400 Total Fund) to provide eyeglasses for Medicaid adults. The appropriation included intent language that required a capitated vision benefit system and a \$10 copay. The federal government did not approve the \$10 copay proposal and requires a actuarial study, estimated to cost \$50,000, to provide vision services in a capitated system. The Department has indicated that they are waiting further direction from the Legislature to know how to spend these monies. The Department has requested \$250,000 ongoing General Fund (\$877,800 Total Fund) to provide these benefits in FY 2009.

OBJECTIVE

The Department of Health was unable to spend appropriated monies from last year to provide Medicaid adults with eyeglasses because of intent language requiring a \$10 copay, which the federal government did not approve. The Department could spend these monies, but needs additional Legislative direction on how to proceed.

DISCUSSION AND ANALYSIS

Under the Medicaid program, children and pregnant women are required to be provided eyeglasses, while vision benefits for non-pregnant adults are optional. The \$174,000 one-time General Fund (\$605,400 Total Fund) appropriated last year for eyeglasses for Medicaid adults will remain unused until further Legislative direction is provided. If no action is taken, the money will lapse into the Medicaid Restricted Account (see Issue Brief DOH-09-17 “Medicaid Restricted Account” for more information). The appropriation last year included intent language with a requirement to implement a \$10 copay, which the federal government (through the Centers for Medicaid & Medicare Services) would not approve.

The Department has indicated that there are at least 2 options for implementing eyeglasses services for adults with the money already appropriated for FY 2008: (1) fee-for-service model and (2) capitated, sole-source provider. The Department would need Legislative direction to implement either option.

Fee-for-Service

Current Medicaid regulations allow Utah to provide adult eyeglasses at any time under a fee-for-service, as it is a pre-approved Medicaid optional benefit. The Department would have to submit a State Plan Amendment to the federal government for approval, but there is no reason to expect that the amendment would be denied. Under this model, Utah Medicaid would pay either a set fee or the billed fee for each pair of eyeglasses from any provider willing to participate. The Department indicates that they could start providing services as early as February 1st if Legislative direction were provided in mid-January. A \$3 copay would be approved by the federal government and could be included as part of the service.

Capitated Sole-Source Provider

A capitated sole-source provider would provide eyeglasses through one contracted provider for either a set fee for each eyeglass or a lump sum payment to the provider for serving all eligible clients. The federal government requires a special approval process to provide services in a capitated sole-source provider setting. Part of these requirements include an actuarial study to show that this method of service delivery will not cost more than the traditional fee-for-service model. The Department estimates the cost of such a study at \$50,000 based on their past experience, actuarial services costing \$200-\$400 per hour, and the number of federal requirements for the actuarial study.