

**GENERAL ASSEMBLY OF NORTH CAROLINA**



**Session 2007**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 644 (First Edition)

**SHORT TITLE:** Medicaid Coverage of Circumcision

**SPONSOR(S):** Representative Adams

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<u><b>FY 2007-08</b></u>	<u><b>FY 2008-09</b></u>	<u><b>FY 2009-10</b></u>	<u><b>FY 2010-11</b></u>	<u><b>FY 2011-12</b></u>
<b>ANNUAL COSTS</b>	\$4,061,664	\$4,566,929	\$4,977,952	\$5,424,968	\$5,914,305
<b>REVENUES</b>	\$2,824,481	\$3,163,969	\$3,448,726	\$3,759,112	\$4,097,432
<b>GENERAL FUND APPROPRIATION</b>	\$1,237,183	\$1,402,960	\$1,529,226	\$1,666,857	\$1,816,874
<b>POSITIONS (cumulative): None</b>					
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Health Human Services, Division of Medical Assistance					
<b>EFFECTIVE DATE:</b> July 1, 2007					

**BILL SUMMARY:** This bill would provide funding for optional circumcision procedures for newborns eligible for Medicaid. It appropriates \$1,237,183 for 2007-08 and \$1,402,960 for 2008-09 from the General Fund to the Department of Health and Human Services, Division of Medical Assistance, as title indicates.

**ASSUMPTIONS AND METHODOLOGY:** In SFY 2001, the General Assembly placed a restriction on the state’s Medicaid program that the medical procedure for circumcision would be performed only if medically necessary. During a 17-month period the restriction on non-medically necessary circumcisions was temporarily removed. Data from this 17-month period in SFY 2002 has been used to project the number of procedures and the cost of implementing HB 644.

The data on those projections which form the basis for this fiscal note are shown below. In estimating the costs for fiscal years 2009-10 through 2011-12 an annual inflationary cost increase of 9 percent has

been assumed. This estimate is in line with current practices in estimating the increased health care costs of Medicaid.

The Division of Medical Assistance estimates the annual number of procedures will increase by 4.89 percent annually.

	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
<b>Annual Number of Procedures Performed (est.)</b>	21,324	22,367	23,460	24,608	25,811
<b>Annual Number of Medically Necessary Procedures(est.)</b>	96	100	104	108	112
<b>Annual Number of Non-medically Necessary (NMN) Procedures(est.)</b>	21,420	22,467	23,564	24,716	25,923
<b>Average Cost Per Procedure</b>	\$ 191.34	\$205.05	\$ 223.50	\$ 243.62	\$ 265.55
<b>Annual Cost of NMN Procedures (est.)</b>	\$4,061,664	\$ 4,566,929	\$ 4,977,952	\$ 5,425,968	\$ 5,914,305
<b>Estimated Federal Funds (Revenue)</b>	\$2,606,370	\$ 2,916,441	\$ 3,178,921	\$ 3,465,024	\$ 3,776,876
<b>Estimated County Share (Revenue)</b>	\$218,111	\$ 247,528	\$ 269,806	\$ 294,088	\$ 320,556
<b>Estimated State Appropriation</b>	\$1,237,183	\$ 1,402,960	\$ 1,529,226	\$ 1,666,857	\$ 1,816,874

**SOURCES OF DATA:**

Department of Health and Human Services, Division of Medical Assistance

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION:** (919) 733-4910

**PREPARED BY:** Lee Dixon

**APPROVED BY:** Lynn Muchmore, Director  
Fiscal Research Division

**DATE:** April 30, 2007



**Signed Copy Located in the NCGA Principal Clerk's Offices**