



**EXECUTIVE AGENCY**  
**FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: March 21, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

<b>Items of Revenue or Expense, or Both</b>	<b>Fiscal Year 2022-23</b>	<b>Fiscal Year 2023-24</b>	<b>Fiscal Year 2024-25</b>	<b>Effect on Future Biennia</b>
Medical Expenses (Expense)		\$1,239,172	\$1,298,765	\$2,597,530
System Costs (MMIS Changes) (Expense)		\$18,000		
Actuarial Expense (Expense)		\$30,000		
Total	0	\$1,287,172	\$1,298,765	\$2,597,530

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed this BDR and determined it would have a fiscal impact. Nevada Medicaid covers treatment for gender dysphoria, including hormonal, psychosocial and surgical interventions. This BDR expands coverage to those services deemed as 'cosmetic' for adults (21 and older). Recipients under the age of 21 may already receive these services if medically necessary, under the federally mandated "Early Periodic Screening, Diagnostic, and Treatment" (EPSDT) benefit. The Division has revised its fiscal note to ensure utilization was not overstated given the state's provider shortage and further research.

Current data indicates 783 individuals enrolled in Nevada Medicaid would be eligible for these services and that no more than 20% of these individuals would utilize at least one of these services. Existing rates were used for most services or established based on rates paid by other payors. A provider shortage adjustment was applied as well to account for the low number of specialty providers (e.g., plastic surgeons in the Nevada Medicaid program) enrolled in the Nevada Medicaid program to provide these services.

The total computable impact to medical budgets for Medicaid for the FY24-25 biennium is \$2,537,937 (\$345,580 in State General Funds). The BDR would require that Division to add at least 25 new procedure codes into MMIS, resulting in a total systems cost of \$18,000 for the biennium (\$4,500 in State General Funds). System costs also include reprocessing claims with effective date of 7/1/23, as it will take approximately 4-6 weeks to implement the changes into the Medicaid State Plan and to receive federal approval. Actuarial costs of \$30,000 for managed care rate setting are also anticipated (\$15,000 in State General Funds for the FY24-25).

Name Stacie Weeks

Title Administrator

**GOVERNOR'S OFFICE OF FINANCE COMMENTS**

Date Tuesday, March 21, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director

## Fiscal Impact Analysis

**Division of Health Care Financing and Policy  
Gender Dysphoria-Reassignment Surgery  
Analysis Summary**

**Percent of transgender population receiving  
any new service**

**20.0%**

**Estimated Fiscal Impact FY22-FY23 Biennium**

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	\$0	\$0	\$0	\$0
FY23	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

**Estimated Fiscal Impact FY24-FY25 Biennium**

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	\$1,239,172	\$1,075,564	\$162,926	\$682
FY25	\$1,298,765	\$1,115,071	\$182,654	\$1,040
Total	\$2,537,937	\$2,190,635	\$345,580	\$1,722

Description of Budget Concept

It was requested for the Division to evaluate the addition of potentially medically necessary services for Transgender recipients. This includes the addition of facial hair removal, hair transplants, facial feminization, partial mastectomy, lipectomy, excision of excess skin, tracheal shave and voice modification and therapy. Many of the services related to this are currently covered by Nevada Medicaid, however, the addition of some codes would need to be evaluated.

Methodology

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service:

*SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount*, patients aged 21+ who received medical services with a diagnosis of F64.0 (transsexualism), F64.1 (dual role transvestism), F64.2 (gender identity disorder of childhood), F64.8 (other gender identity disorders), F64.9 (gender identity disorder), and Z87.90 (personal history of sex reassignment).

2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.

3) It was assumed that a percentage of these recipients identified in steps 1-2 above would utilize the new services in a given year. Data was collected to estimate the cost and frequency of each service or item. This cost times the number of potential patients provides the estimated cost of expanding surgery options to individuals age 21 and older. Most services are anticipated to only be utilized once per individual.

4) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

5) A provider shortage adjustment of 25% was applied as the Division is unsure if there are a sufficient number of providers enrolled to perform the new services. A ramp up period of 9 months was also applied as this BDR would become effective 7/1/23; the ramp up reflects time needed to establish relevant policies, submit any State Plan Amendments, system updates, etc.

6) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).