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**MEDICAID WHITE PAPER ON OPTIONAL PROGRAM EXPENDITURE  
AND COST SAVINGS IMPLEMENTATION**  
January 15, 2003

The federal government mandates State Medicaid Agencies to provide medical, hospital, long-term care (ages 21 and older) and other core medical services to all eligible groups. Other services – such as prescription drugs, chiropractic services, hospice care, eyeglasses and rehabilitative services – states have the option of covering. If the State chooses to offer an optional service, it must be offered to all eligible groups. The optional services are offered because the cost of providing them is deemed to be less than the cost of treating the more severe illnesses that may result from not covering the cost of the optional service. For individuals under 21 years of age, all mandatory and optional services must be provided, if medically necessary.

In 1991, budget cuts were necessary. Therefore, chiropractic and podiatric services were cut from the Nevada Medicaid State Plan and are only provided to federally required groups (EPSDT and QMB). For example, if a Medicaid recipient over the age of 21 who is not a qualified Medicare beneficiary (QMB) has an ingrown toenail, the recipient would be treated by a physician rather than a podiatrist. Typically the cost of reimbursement to a physician is higher than for a podiatrist. Medicaid still pays for the treatment, but at a higher rate to a more expensive clinician.

The Division of Health Care Financing and Policy is frequently asked to analyze the feasibility of cutting optional program services. The following information demonstrates the risks associated with making choices related to eliminating optional health care program services. Medicaid services are segregated into groups by whether that service was federally mandatory or optional, or if it supports another state program.

**MANDATORY PROGRAMS AND FY02 EXPENDITURES**

PROVIDER NUMBER	EXPENDITURE IN FY02	SERVICE
10	\$ 4,129,232	Hospital, Outpatient Surgery
11	106,054,436	Hospital, Inpatient
12	10,979,004	Hospital, Outpatient
15	1,126,629	Rural Clinics & FQHCs
18	13,847,977	Nursing Facilities/Skilled
20	58,307,660	Physician/Osteopath
24	1,311,028	CRNA, Nurse Anesthesia, Nurse Mid-Wife, Pas
27	635,430	Radiology & Noninvasive Diagnostic
29	4,923,768	Home Health Agencies
31	3,569,721	Health Kids -- EPSDT
32	2,223,403	Ambulance -- Air & Ground
35	1,120,883	Transportation
43	1,571,525	Laboratory -- Path/Clinical
47	1,757,956	IHS & Tribal Clinics
49	15,590	IHS Transportation
51	0	IHS Tribal Hospital -- Inpatient
52	137,367	IHS Hospital - Outpatient
TOTAL	\$211,711,609.	

EXHIBIT D Senate Committee on Finance  
Date: 1/29/03 Page 1 of 28

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