



THE SECRETARY OF HEALTH AND HUMAN SERVICES  
WASHINGTON, D.C. 20201

OCT 28 2008

The Honorable Richard B. Cheney  
President of the Senate  
Washington, DC 20510

Dear Mr. President:

Section 651 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Public Law 108-173 required that the Secretary provide a report to Congress one year following the end of the Demonstration of Coverage of Chiropractic Services under Medicare. The demonstration was conducted from April 1, 2005, to March 31, 2007. The Centers for Medicare & Medicaid Services (CMS) conducted a formal evaluation to assess implementation, beneficiary satisfaction, utilization, and cost impacts.

I am respectfully submitting this letter to provide initial information to Congress about the demonstration. We describe here the experience and findings over the initial 18 months of the demonstration, through September 2006. We plan to submit a full Report to Congress in fall 2009, covering findings over the entire 24 months of demonstration experience as well as the assessment of budget neutrality for the expansion of Medicare coverage of the chiropractic benefit.

The demonstration greatly expanded the lists of neuromusculoskeletal (NMS) diagnoses, diagnostic tests, and chiropractic treatment modalities eligible for Medicare coverage. The demonstration took place in four geographically diverse regions (including five states: Illinois, Iowa, Maine, New Mexico, and Virginia), consisting of two urban and two rural regions, and with each type having a Health Professional Shortage Area (HPSA). Chiropractors practicing within any demonstration region were eligible to participate on a voluntary basis. Over the course of the demonstration only about 40 percent of eligible chiropractors participated. Chiropractors anecdotally reported that the main effect of the demonstration was to shift payment for chiropractic services from the patient or from other insurers to Medicare.

Chiropractic recipients reported positive reactions to the chiropractic care they received in terms of relief of symptoms and satisfaction with care. Nearly 70 percent of survey respondents reported that they had insurance, in addition to Medicare, that paid for chiropractor services.

For patients with NMS diagnoses, the number of beneficiaries who utilized any expanded chiropractic services increased by 62 percent within the four demonstration regions, while remaining stable in comparison areas. The principal expanded services utilized were: evaluation and management visits, physical therapy, manipulation of extremities, and spinal x-rays.

The Medicare Part B cost for reimbursements for chiropractic services increased by about 78 percent in demonstration areas, due to increases in both the number of beneficiaries receiving expanded services and the total reimbursements per user. The interim cost impact was an average increase of \$180 per expanded chiropractic user beyond the cost per standard care user, per each six-month span. Notably, during this initial 18-month period, no cost offsets were found within Medicare Part B. The 24-month analysis, to be included in the final Report to Congress in 2009, will further assess potential cost offsets within both Parts A and B, and will determine whether budget neutrality was achieved.

I am also sending a copy of this letter report to the Speaker of the House of Representatives.

Sincerely,

Michael O. Leavitt



THE SECRETARY OF HEALTH AND HUMAN SERVICES  
WASHINGTON, D.C. 20201

OCT 28 2008

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
Washington, DC 20515

Dear Madam Speaker:

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