



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 190** HLS 21RS 169
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 27, 2021	6:52 PM	Author: WILLARD
Dept./Agy.: LDH/Medicaid		Analyst: Shawn Hotstream
Subject: Maternity services of midwives and doulas.		

INSURANCE/HEALTH OR INCREASE GF EX See Note Page 1 of 2
 Provides relative to maternity services of midwives and doulas

Proposed law requires any health coverage plan delivered or issued in this state that provides benefits for maternity services to include coverage for healthcare services provided by a certified midwife. Proposed law requires any health coverage plan delivered or issued in this state that provides benefits for maternity services to include coverage for services provided by a doula before, during, and after childbirth. Proposed law provides that LDH shall ensure that Medicaid reimbursement rates paid for health services delivered by midwives are at least equal to the provider reimbursement rates paid by Medicare for those services.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

This measure requires health coverage plans that provide benefits for maternity services to also include coverage for services provided by midwives and doulas before during and after childbirth effective January 1, 2022. Proposed law will increase SGF expenditures of LDH and increase claims expenditures of the Office of Group Benefits. Claims expenditures for the health insurance industry will increase by an estimated \$195,000 to \$546,000 in FY 22 and premiums by an estimated \$229,500 to \$642,000 in FY 22. Projected costs of this measure for Medicaid, the Office of Group Benefits, and the health insurance industry are reflected below.

Medicaid:

LDH anticipates an increase in Medicaid expenditures as a result of increasing rates for certified nurse midwives equal to Medicare rates for those services. Based on historical claims for Certified Nurse Midwives from 2018, repricing payments for these services to the Medicare rate will increase Medicaid expenditures by \$313,552 in FY 22, \$805,201 in FY 23, \$861,565 in FY 24, \$921,875 in FY 25, and \$986,406. Expenditures are comprised of both state and federal matching funds (out-year match approximately 31.98% state, 68.02% federal). Information provided by LDH legal indicates provisions of this measure related to doula benefits do not apply to the Medicaid program.

Office of Group Benefits:

Proposed law will increase SGR expenditures for claims for doula services by \$13,360 in FY 22, \$27,602 in FY 23, \$28,513 in FY 24, \$29,454 in FY 25, and \$30,426 in FY 26. This cost is net of deductibles, copays, and coinsurance provisions. There is no additional costs associated with midwife claims, as OGB reports that all OGB self funded plans currently provide coverage for maternity services that include midwives (benefits are available for pregnancy care furnished from physicians, a hospital, a midwife, or allied health provider).

Private Insurance Impact:

Pursuant to LA R.S. 234:603.1 the following is the projected private insurance impact of this bill. Based on the actuarial analysis prepared by the LA Department of Insurance, proposed law is anticipated to increase expenditures associated with claims (\$195,000 to \$546,000) and premium increases (\$229,500 to \$642,000) for private insurers and the insured in FY 22 with a phase up to an estimated \$500,000 to \$1.3 M for claims and estimated \$600,000 to \$1.6 M for premiums by FY 26. LDI bases this on the following assumptions: the calculations apply on a fiscal year basis, a total insured population of 650,000, La annual birth incidence per population is 1.4%, cost of midwife is neutral offset by OB/GYN savings, cost of doula birth (low=\$800, high=\$1,200), medical cost inflation is assumed to be 5%, premium loss ratio is 85%, and the coverage is in effect for half of FY 21-22 fiscal year.

See page 2 for additional expenditure explanation

REVENUE EXPLANATION

The Office of Group Benefits (OGB) does not anticipate that the additional costs associated with this measure will require premium increases, and therefore will not affect SGR premium collections. Furthermore, OGB reports that projected costs for the proposed legislation would be covered by its fund balance of approximately \$350 M. However, while proposed law may not necessitate premium increases for OGB, to the extent numerous pieces of legislation are enacted that increase overall costs of the OGB program, the office may be required to increase premiums to fund ongoing program costs and maintain an actuarially sound fund balance of \$250 M.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

Expenditure Explanation Continued from Page One

Private Insurance Impact (continued from page one)

Estimated annual cost increase for insurance providers calculation for FY 22 (range)

FY 22 - \$195,000 (650,000 members * \$0.05 PMPM costs * 6 months) - \$546,000 (650,000 members * \$0.14 PMPM * 6 months)
Out-years annualized for 12 months and a 5% medical inflation factor

Estimated annual cost increase for the insured associated with premiums for FY 22 (range)

FY 22 - \$229,500 (650,000 * \$0.05 PMPM * 6 months/.85 LR) - \$642,000 (650,000 * \$0.14 PMPM * 6 months /.85 LR)
Out-years annualized for 12 months and a 5% medical inflation factor

Insurance Exchange (State General Fund impact)

Proposed law will increase SGF expenditures for the state beginning in FY 22 and in subsequent fiscal years according to the analysis provided by the La. Department of Insurance. The state would be required to fund health claims expenditures associated with proposed law for policies issued by qualified health plans through the health insurance exchange beginning in FY 22 with estimated costs totaling \$25,000 to \$70,000 SGF and a phase-up of costs to approximately \$61,000 to \$169,000 by FY 26. Claims expenses associated with proposed law would be paid out of the La Dept. of the Treasury. LDI bases this impact on the following assumptions: the calculation are assumed to apply on a fiscal year basis, Louisiana exchange population is approximately 83,000, the insured population is assumed to be stationary, medical cost inflation is assumed to be 5%, the assumed premium loss ratio is 85%, the estimated cost of this bill is between \$0.05 and \$0.14 PMPM over the entire ensured population.

Estimated annual cost increase (state expenditure increase) for FY 22 (range)

FY 22 - \$25,000 (83,000 exchange pop. * \$0.05 PMPM costs * 6 months) - \$70,000 (\$83,000 exchange pop. * \$0.14 PMPM costs * 6 months)
Out-years annualized for 12 months and a 5% inflation factor.

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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