JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION
Fiscal Impact Review
2011 Session

Bill Number: HB 2192
Review Requested By: Delegate Putney

JLARC Staff Fiscal Estimates

The approach taken in the fiscal impact statement (FIS) for HB 2192 to estimate the cost of providing Medicaid benefits to pregnant legal alien women appears reasonable. However, the FIS does not take into account the potential savings that could be realized from improved neonatal outcomes as a result of providing prenatal care to legal alien women. Due to uncertainty surrounding many of the issues related to HB 2192, such as the extent to which some legal alien women may already be accessing prenatal care through other sources, it is not possible to estimate the specific savings from the bill. However, it is likely that in the long run, the costs related to HB 2192 may largely be offset by the associated savings resulting from improved neonatal outcomes. This is less likely to occur in the first year due to the lag in time between when women begin accessing prenatal benefits and when they give birth (and the associated savings start accruing).

An explanation of the JLARC staff review is included on the following pages.

Authorized for Release:

Glen S. Tittermary
Director

Bill Summary: HB 2192 authorizes the Department of Medical Assistance Services (DMAS) to provide Medicaid coverage for pregnant alien women lawfully residing in the United States and who are otherwise eligible for medical assistance pursuant to Section 214 of the Children's Health Insurance Program Reauthorization Act of 2009. As introduced, HB 2192 would also provide coverage to otherwise eligible non-citizen children up to age 21. The patron for HB 2192 has asked that the coverage for non-citizen children up to age 21 be dropped from the bill. Therefore, this review only addresses the costs of providing Medicaid coverage to pregnant immigrant women lawfully residing in the U.S.

Discussion of Fiscal Implications: Virginia's Medicaid program currently pays for the labor and delivery costs (emergency services) for lawfully residing resident alien women who do not meet current Medicaid alien status requirements. The fiscal impact statement (FIS) estimates that extending full Medicaid benefits (which includes prenatal and postnatal care) to these women would cost approximately $2 million. DMAS staff indicate that women's immigration status is not obtained when emergency labor and delivery services are provided, so specific data is not available to calculate the costs of providing these services to lawfully residing resident alien women. However, the approach taken to estimate these costs in the FIS appear reasonable, and JLARC staff are unable to improve upon these estimates.

Although the FIS addresses the costs for providing the coverage in HB 2192, potential savings from providing the benefits are not included. Savings in reduced neonatal costs as a result of providing prenatal care could potentially offset much of the cost of providing pregnancy care, particularly after the first year. The research literature estimates savings ranging from $1.49 to $3.38 for every dollar spent on prenatal care due to reduced neonatal costs. In particular, prenatal care can help reduce the risk of low birth weight and premature babies which can lead to much higher costs in newborn care. For example, a 2005 study estimates that mothers who do not receive prenatal care are three times more likely to deliver prematurely and four times more likely to deliver a low birth weight child. Babies born prematurely or too small can require increased hospital and provider resources at a cost ranging from $1,000 to $2,500 per day. In addition to higher neonatal costs, babies born prematurely or too small are more likely to have higher long term costs related to health, behavioral, and educational problems.

The savings per dollar of prenatal care that would be provided as a result of HB 2912 would likely be on the lower end of the range mentioned above for several reasons. In contrast to the other studies making up the range above, the $1.49 savings figure was calculated in a 1992 study focused specifically on women in the Medicaid program. (Much of the research on the potential savings resulting from prenatal care was conducted in the 1980s and 1990s.) The women who would be covered by HB 2192 are expected to be similar to pregnant women in the Medicaid population, and there are a number of reasons why savings related to prenatal care for women covered by Medicaid may be lower than for other populations. For example, some studies estimating savings per dollar spent on prenatal care assume that women begin receiving prenatal care in their first trimester. This does not appear to be typical of women receiving prenatal care through Medicaid. DMAS indicates that the average prenatal benefit provided through Virginia Medicaid is only four months long, even though the benefit is available for the duration of a woman's pregnancy. A 1989 study conducted in New Hampshire had a similar finding that prenatal care was underutilized by Medicaid mothers, even though more comprehensive prenatal care was available. This may be, in part, because additional barriers other than cost may exist for Medicaid women in accessing prenatal care.

Another factor that could lead to savings in the lower range for HB 2192 is that some legal immigrant women may already be accessing prenatal care, for example, through local Virginia health departments or federal community health centers. To the extent that they are already receiving prenatal care, their babies would also be experiencing the benefits and corresponding savings. In this case, HB 2192 would result in a cost shift from other funding sources to Medicaid. JLARC staff contacted the Virginia Department of Health (VDH) and a northern Virginia federal community health center to inquire about the extent to which legal immigrant women may be accessing prenatal care through their facilities or programs. Staff at VDH and at the northern Virginia federal community health center indicated that information is not collected on women's immigrant status when they receive care so there is no way to know the extent to which legal immigrant women are accessing prenatal benefits through these facilities or programs. However, it is likely that some legal immigrant women are accessing prenatal benefits through these sources. While not all local health districts in Virginia provide prenatal care, it is the case that most of the health districts with high foreign-born populations do provide prenatal care.

JLARC staff attempted to calculate the extent to which the savings resulting from improved neonatal outcomes may offset the cost of providing Medicaid benefits to pregnant legal alien women. It is likely that the costs of HB 2192 could largely be offset by related savings, particularly after the first year. However, it is not possible to estimate the specific savings due to uncertainty surrounding the issues discussed above. In addition, because Medicaid pregnancy costs are paid on a capitated basis, DMAS staff were unable to indicate the portion of pregnancy costs that can be attributed to prenatal versus postnatal care. The cost of the prenatal portion of the care is required to make a specific cost-benefit calculation of the overall savings.

While the long-term costs of providing Medicaid coverage to pregnant legal alien women may be largely offset, a lesser portion of the costs would be offset in the first year due to the lag in time between when women would begin accessing the health benefit and when their babies are born. For example, based on the Virginia Medicaid experience that, on average, women begin receiving prenatal benefits in their sixth month, only two-thirds of the benefits would begin accruing in the first year. If women began accessing prenatal benefits earlier in their pregnancy an even smaller portion of the savings would start accruing in the first year.

Budget Amendment Necessary: Yes, for Item 297. Because it is unclear how much of the savings from HB 2192 would fall in the first year, it may be prudent to provide an amendment in FY 2012 for the full cost or nearly the full cost estimated in the FIS, with the expectation that the costs in future years could largely be offset by the savings associated with providing prenatal care legal immigrant women.

Agencies Affected: Department of Medical Assistance Services

Date Released, Prepared By: 2/9/2011, Kimberly Sarte