

## Department of Planning and Budget 2014 Fiscal Impact Statement

**1. Bill Number:** HB 531

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

**2. Patron:** Marshall, R.G.

**3. Committee:** Appropriations

**4. Title:** Planned Parenthood funding

**5. Summary:** The bill prohibits any state agency from providing state funds to the Planned Parenthood Federation of America, Inc., or any affiliates thereof.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate. See Item 8.

**8. Fiscal Implications:** The fiscal impact of this bill is difficult to determine. While state agencies would be prohibited from using state funds to pay for services from Planned Parenthood and its affiliates, it is likely the agency would pay another provider for the same services. Planned Parenthood generally provides medical services and there are other providers of similar services that could substitute and provide those services. Therefore, a fiscal impact is not expected.

The Medicaid program provides obstetrical, gynecological and other women's health services, including family planning, pregnancy testing, pelvic exams, cervical and breast cancer screening, screening and treatment for sexually transmitted diseases, birth control and elective abortions only when a physician certifies that the life of the mother would be substantially endangered if the fetus were carried to term. Planned Parenthood centers provide many of these Medicaid-covered women's health services in both the fee-for-service (FFS) and the Medicaid managed care programs.

Federal regulation prohibits Medicaid programs from excluding certain providers under 42 U.S.C. §1396a(a)(23), the 'any willing provider' provision. In a 2011 Information Bulletin, the U.S. Department of Health and Human Services (HHS) stated that "Medicaid programs may not exclude qualified health care providers-whether an individual provider, a physician group, an outpatient clinic, or a hospital from providing services under the program because they separately provide abortion services (not funded by federal Medicaid dollars, consistent with the federal prohibition) as part of their scope of practice." Therefore, it is unknown whether or not federal law would permit the state from excluding Planned Parenthood and its affiliates from participating in the state's Medicaid program.

In FY 2013, the Department of Medical Assistance Services (DMAS) paid \$179,207 to Planned Parenthood clinics for providing service to enrollees in the Medicaid FFS program, the majority of which was for family planning services. The state receives an enhanced federal match rate for family planning services of 90 percent; therefore, 10 percent of the total payment (about \$18,000) was paid with state funds for women enrolled in the DMAS FFS program. Several of the MCOs report that although Planned Parenthood centers are in their provider networks, they have not historically generated a large number of claims; despite this, several of the Medicaid MCOs stated that they do increase access to covered services. These expenditures are unlikely to be seen as savings under the proposed legislation as the services are still covered and could be obtained through another provider.

Passage of the legislation would require changes to the Medicaid Management Information System (MMIS) to create an edit to deny claims submitted by Planned Parenthood providers. However, it should be noted that many services provided at Planned Parenthood centers are billed under the treating providers' name, versus the center name, and denying providers based on their name may not be readily feasible since these individual providers may also offer unrelated services at hospitals, medical offices, and other clinics.

The other state agency impacted by this bill is the Department of Health, which so far in FY 2014 has paid Planned Parenthood of Southeastern Virginia \$3,600 to provide breast and cervical diagnostic services to low-income, uninsured women aged 18-39 as part of the Every Woman's Life Program. These diagnostic services are being provided to determine if the women have breast or cervical cancer. However, this bill is not likely to have any fiscal impact because the agency could contract with other providers for the diagnostic services.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Medical Assistance Services and the Department of Health.
- 10. Technical Amendment Necessary:** No.
- 11. Other Comments:** None.