Department of Planning and Budget
2019 Fiscal Impact Statement

1. **Bill Number:** SB 1650

House of Origin	☒	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☐ Enrolled

2. **Patron:** Howell, Janet D.

3. **Committee:** Commerce and Labor

4. **Title:** Health insurance; coverage for donated human breast milk

5. **Summary:** The proposed legislation requires health insurers, corporations providing health care coverage subscription contracts, and health maintenance organizations to provide coverage for expenses incurred in the provision of pasteurized donated human breast milk. The requirement applies if the covered person is an infant under the age of six months, the milk is obtained from a human milk bank that meets quality guidelines established by the Department of Health, and a licensed medical practitioner has issued an order for an infant who satisfies certain criteria. The measure applies to policies, contracts, and plans delivered, issued for delivery, or renewed on or after January 1, 2020. The measure also requires the state plan for medical assistance services to include a provision for payment of medical assistance services incurred in the provision of pasteurized donated human breast milk.

6. **Budget Amendment Necessary**: Yes

7. **Fiscal Impact Estimates:** Preliminary.

Expenditure Impact:

Fiscal Year	*Dollars*	*Fund*
2019	-	-
2020	$2,025,000 $2,025,000	General Federal
2021	$2,025,000 $2,025,000	General Federal
2022	$2,025,000 $2,025,000	General Federal
2023	$2,025,000 $2,025,000	General Federal
2024	$2,025,000 $2,025,000	General Federal
2025	$2,025,000 $2,025,000	General Federal

8. **Fiscal Implications:** The fiscal impact reflected in this statement only includes those estimates provided by the Department of Medical Assistance Service (DMAS). The Departments of Human Resource Management (DHRM) and Health (VDH) are still

assessing the potential impact of this bill. This statement will be updated and revised once this additional information is available.

Department of Medical Assistance Services
The bill requires DMAS and the department's contracted managed care organizations (MCO) to provide coverage for expenses incurred in the provision of pasteurized donated human breast milk. The requirement applies if the covered person is an infant under the age of six months, the milk is obtained from a human milk bank that meets quality guidelines established by the Department of Health, and a licensed medical practitioner has issued an order for an infant who satisfies certain criteria.

DMAS reports that the cost of human donated milk (HDM) cost is covered within the hospital inpatient payment for babies receiving care in neonatal intensive care units (NICU); however, Virginia, does not cover HDM costs once an infant is discharged from the NICU (i.e. outpatient costs). Based on information from the American Academy of Pediatrics, the average cost of pasteurized donated human breast milk ranges from $4.00 to $5.00 per ounce, as such this statement assumes a cost of $4.50 per ounce. Assuming, on average, approximately 25 ounces of breast milk per baby is used each day, the average daily cost of providing outpatient HDM is approximately $112.50. As this is new service, there is no way to readily project the number of children or length of time HDM may be utilized on an outpatient basis. For the purposes of this statement, DMAS estimates that 100 babies would utilize HDM between leaving the hospital and six months of age. This estimated number of babies represents 0.05 percent of the nearly 20,000 infants enrolled in Medicaid. The estimated cost of providing HDM for these infants is approximately $337,500 per month or $4,050,000 annually, $2,025,000 general fund.

9. **Specific Agency or Political Subdivisions Affected:**
   Department of Medical Assistance Services
   Department of Human Resource Management
   Virginia Department of Health

10. **Technical Amendment Necessary:** No

11. **Other Comments:** This bill is a companion to HB 2049.