

Department of Planning and Budget

2020 Fiscal Impact Statement

1. Bill Number: SB 917

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

2. Patron: Locke

3. Committee: Education and Health

4. Title: Reproductive Health Services; Health Benefit Plans to Cover Costs of Specified Health Care Services

5. Summary: The proposed legislation amends the Medicaid state plan to require comprehensive reproductive health services for all relevant Medicaid and FAMIS populations as well as for residents who would otherwise be eligible for medical assistance but for 8 U.S.C. §§ 1611 and 1612. The bill creates similar reproductive health benefit requirements for commercial insurance. In addition to requiring payment for reproductive health services, the bill extends coverage for FAMIS MOMs through 180 days post-partum.

6. Budget Amendment Necessary: Yes, Item 312, Item 313, Item 315, and Item 317. The Governor's introduced budget includes authority and funding to extend coverage for FAMIS MOMs to 12 months. It is assumed that the estimated cost of this bill's requirement to extend FAMIS MOMs coverage for 180 days (\$637,016 general fund and \$853,814 nongeneral funds in FY 2021 and \$853,814 general fund and \$1,585,654 nongeneral funds in FY 2022) can be covered with this appropriation. As such, the expenditure impact in Item 7. can be adjusted downward by these amounts to account for the funding provided in SB 30.

7. Fiscal Impact Estimates: Preliminary

Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars*</i>	<i>Fund</i>
2020	-	-
2021	\$3,111,744	General
2021	\$2,289,666	Nongeneral
2022	\$3,703,266	General
2022	\$1,892,613	Nongeneral
2023	\$3,703,266	General
2023	\$1,892,613	Nongeneral
2024	\$3,703,266	General
2024	\$1,892,613	Nongeneral
2025	\$3,703,266	General
2025	\$1,892,613	Nongeneral
2026	\$3,703,266	General
2026	\$1,892,613	Nongeneral

- 8. Fiscal Implications:** This bill would require DMAS to cover comprehensive reproductive services, including family planning, for Medicaid and FAMIS members, and Virginia residents who would otherwise be eligible for medical assistance but for 8 U.S.C. §§ 1611 and 1612. The majority of the services specified in SB 917 are currently covered for the Medicaid and FAMIS populations, including certain legal permanent residents (LPRs). No fiscal impact is estimated for currently covered services for these populations. Additional costs are estimated for services not currently covered, and some reproductive services covered for populations not currently covered.

DMAS estimates costs associated with three components: 1) extension of post-partum coverage of FAMIS MOMs; 2) reproductive health coverage and family planning services; and 3) system changes needed for implementation. Within base Medicaid, Medicaid Expansion, FAMIS and M-CHIP, DMAS found 357,636 women enrolled as of 12/31/2019 between the ages of 15 and 44, who would be eligible for reproductive services. DMAS identified 1,719 women who are currently enrolled in FAMIS MOMs, and therefore would also be eligible for extended coverage. Additionally, DMAS estimates that 21,458 LPRs and otherwise non-qualified aliens would be newly eligible for some reproductive health services, including limited prenatal care for some additional populations.

As written, SB 917 states that provision must be made for “medical assistance for pregnant women that is authorized by Title XXI, § 2112, of the Social Security Act, 42 U.S.C. § 1397ll, for 180 days immediately postpartum.” However, in accordance with Item 313.AAAA. of the 2019 Governor’s Introduced Budget, DMAS has funding and authority to submit a state plan and waiver amendment to CMS to extend coverage up to one year postpartum for FAMIS MOMs. Based on an average growth rate of 2.5 percent, DMAS estimates the population of this new eligibility group to grow to approximately 475 individuals and cost \$384.47 per person per month. DMAS estimates inflation for this group to be three percent resulting in anticipated costs of \$1,869,723 in FY 2021 and \$2,439,467 in FY 2022 to extend coverage to 180 days. While these amounts are included in the legislation’s expenditure impact, the cost of extending this coverage can be supported with funds provided in the Governor’s introduced budget and no additional resources would be necessary.

The cost of coverage of additional reproductive health services is estimated in two parts: first the cost of reproductive services, such as family planning, for certain LPRs and otherwise non-qualified aliens, and second, the cost of limited prenatal care. Using the average costs per month for Plan First members, DMAS assumes the cost per month of those who would enroll in a new eligibility category for reproductive services to be \$59.60 per month. While many would be eligible, DMAS assumes average monthly enrollment of 858 and an annual unduplicated enrollment of 1,312. This is based on the utilization of services by those enrolled in Plan First where an average of four percent of the enrolled population used services each month. This part is expected to cost \$613,918 annually, with an enrollment ramp up of 12 months.

DMAS estimates the cost per person per month for the limited prenatal care at \$66.74. In fiscal year 2019, DMAS paid for services for 4,949 women. DMAS assumes that half of these women would enroll for prenatal care with a length of stay in the program of six months resulting in an average monthly enrollment of 1,237 and a general fund cost of \$495,420. The full cost per year for prenatal care is calculated at \$990,839 from the general fund. It should be noted that some LPRs are currently eligible for prenatal services and may receive reproductive health services for 60 days post-partum.

DMAS assumes that the bill would require the agency to cover the cost of non-federally funded abortions. Using available data, DMAS reports that the total rate of abortions for any reason is currently 10.2 per 1,000 women. Assuming an equivalent rate among Medicaid women, DMAS estimates that the agency would pay for 4,378 abortions. DMAS has determined that the average cost per abortion would be \$354. DMAS assumes that providers would bill DMAS for these procedures resulting in a total general fund cost of \$1,551,654 per year for currently eligible members. Payment lag reduces the first year costs by one month.

DMAS maintains that system changes would be needed to enable the reimbursement of the required reproductive services and to pay for claims for women not otherwise enrolled in Medicaid. The agency estimates a one-time cost of \$1,000,000 total funds (\$250,000 general fund) in FY 2021 to implement these changes. Should any portion of these costs not be federally allowable, then the general fund share would increase accordingly.

The bill also requires commercial insurance to provide reproductive health benefits. The Department of Human Resource Management (DHRM) has indicated that the state health insurance plan would provide coverage for abortion services as required by the proposed legislation; however, the fiscal impact to the state health plan is indeterminate. The state health insurance premiums and state funding provided for the employer share of health insurance premiums in House Bill/Senate Bill 30, 2020, are not expected to change as a result of the passage of the proposed legislation.

9. Specific Agency or Political Subdivisions Affected:

Department of Medical Assistance Services

10. Technical Amendment Necessary: No

11. Other Comments: None