

Department of Planning and Budget

2021 Fiscal Impact Statement

1. **Bill Number:** HB 1922

House of Origin	<input checked="" type="checkbox"/>	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. **Patron:** Price

3. **Committee:** Labor and Commerce

Title: Medical assistance; coverage for reproductive health services.

5. **Summary:** The proposed legislation directs the Board of Medical Assistance Services to include in the state plan for medical assistance services a provision for the payment of medical assistance for medically necessary reproductive health care service for eligible individuals, and provides that medical benefits required to be provided to individuals eligible for medical assistance under the Family Access to Medical Insurance Security (FAMIS) Plan shall include reproductive health care services for which the payment of medical assistance is required under the state plan for medical assistance. The bill directs the Board of Medical Assistance Services to adopt emergency regulations to implement the provisions of the bill. The bill also requires health benefit plans to cover the costs of specified health care services, drugs, devices, products, and procedures related to reproductive health. The health benefit plan requirements become effective when a plan is delivered, issued for delivery, reissued, or extended in the Commonwealth on and after January 1, 2022, or at any time thereafter when any term of the health benefit plan is changed or any premium adjustment is made.

6. **Budget Amendment Necessary:** Yes, Items 312, 313, 315, and 317.

7. **Fiscal Impact Estimates:** Preliminary

Expenditure Impact*:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2021	-	-
2022	\$1,672,907 \$750,000	General Nongeneral
2023	\$1,707,716	General
2024	\$1,707,716	General
2025	\$1,707,716	General
2026	\$1,707,716	General
2027	\$1,707,716	General

* The expenditure impact does not include the costs for 12 month supply of contraceptives (\$1.5 million, \$0.1 million general fund) as funding and authority was provided in the Governor's introduced budget.

8. **Fiscal Implications:** This bill would require the Department of Medical Assistance Services (DMAS) to cover comprehensive reproductive services, including family planning, for Medicaid and FAMIS members, and certain undocumented individuals who would otherwise not be eligible for medical assistance. The majority of the services specified in HB 1922 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.

DMAS does estimate costs will be associated with: a) covering populations not previously covered for services already provided through medical assistance, b) covering services not previously covered, and c) system changes that would be required.

DMAS estimates that this bill would provide new coverage for approximately 8,597 women for reproductive health services that otherwise are not eligible for medical assistance. This population includes certain immigrants who are subject to, but have not met, the 5-year bar and undocumented immigrants. Using the average costs per month for members utilizing Plan First services, DMAS assumes the cost per month of those who would enroll in a new eligibility category for reproductive services to be \$82.88 per month. Based on experience with the Plan First program, DMAS assumes that on average, 344 individuals (4 percent) would enroll in the benefit. In total, the additional population covered is expected to cost \$341,998 annually, with an enrollment ramp up of 12 months. It should be noted that the women included in this population would otherwise be eligible for coverage of a delivery through emergency services. Assuming utilization of family planning services reduces the birth rate, it may be assumed that there would be reductions in costs associated with emergency services deliveries. DMAS has not included estimates of cost savings for this population; however, savings due to reductions in delivery costs may occur.

In addition to covering services for a new population, DMAS also estimates the cost associated with covering non-federally funded abortions. In Virginia, the rate of elective abortion is 10.2 per 1,000 women. DMAS identified 429,836 women aged 15 – 44 that would be eligible for these new services. Assuming an equivalent elective abortion rate among Medicaid women, DMAS estimates coverage for 4,384 abortions per year. This estimate is based on current enrollment. However, if enrollment declines following the end of the Public Health Emergency, members utilizing these services also are expected to decline in future years, resulting in lower costs in future years. DMAS currently covers a small number of abortions per year resulting from rape, incest or the endangerment of the mother. DMAS assumes the average cost of an abortion to be \$350 per procedure. As federal funds may not be used to support these services, the cost of these services (\$1,434,771) must be supported with general fund dollars. Due to a lag in payment, the first year reflects only 11 months of cost.

Finally, in order to accommodate providing benefits for a new population and reimbursement of new reproductive health services, DMAS believes that system changes would be required. System changes to enable reimbursement of the new reproductive services, creation of new eligibility categories and to pay claims for women not otherwise enrolled in Medicaid is estimated at \$1,000,000 total funds (\$250,000 general fund) of one-time costs paid in FY 2022.

The bill includes a provision for the extension of post-partum coverage for FAMIS MOMS to 12 months. The FY 2022 cost of post-partum coverage, estimated at \$6.0 million (\$2.1 million general fund), is authorized and funded in the current Appropriation Act (Chapter 56, 2020 Special Session I). As such, no additional fiscal impact is expected. Consequently, these amounts are not reflected in the Item 7 expenditure estimates above.

The legislation also includes a requirement to allow a 12 month supply of contraceptives to be dispensed at one time. The estimated cost of this requirement, \$1.5 million (\$0.1 million general fund), was funded in the Governor's introduced budget (along with authorizing language). As such, no additional funding is required if the Governor's budget is approved. Consequently, these amounts are not reflected in the Item 7 expenditure estimates above.

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 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

Department of Human Resource Management

10. Technical Amendment Necessary: No

11. Other Comments: None