

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB 367

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

**2. Patron:** Foy

**3. Committee:** Health, Welfare and Institutions

**4. Title:** Coverage of Donated Human Breast Milk

**5. Summary:** The proposed legislation directs the Board of Medical Assistance Services to include a provision for the payment of medical assistance for 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.

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

**7. Fiscal Impact Estimates:** Preliminary

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	-	-
2020	-	-
2021	\$2,234,419	General
2021	\$2,815,581	Nongeneral
2022	\$1,987,358	General
2022	\$2,062,642	Nongeneral
2023	\$1,987,358	General
2023	\$2,062,642	Nongeneral
2024	\$1,987,358	General
2024	\$2,062,642	Nongeneral
2025	\$1,987,358	General
2025	\$2,062,642	Nongeneral

## **8. Fiscal Implications:**

### **Department of Medical Assistance Services**

The proposal would require the Department of Medical Assistance Services (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) 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 a 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 0.5 percent of the nearly 20,000 infants enrolled in Medicaid and FAMIS. The estimated total cost of providing HDM for these infants is approximately \$337,500 per month or \$4,050,000 annually. Of this total, \$1,987,358 would come from the general fund. Additionally, DMAS estimates \$1,000,000 (\$254,275 general fund) for one-time changes to DMAS' Medicaid Enterprise Systems to allow coverage of HDM. System costs are eligible for an enhanced federal match rate of 75 percent for Medicaid and 65 percent for FAMIS.

### **Virginia Department of Health**

Since there is currently only one Human Milk Banking Association of North America (HMBNA)-accredited milk bank in Virginia, only one inspection is necessary at this time. The Virginia Department of Health (VDH) has indicated that the inspection of the milk bank itself could be assumed by an existing Medical Facilities Inspector (MFI), therefore, no new position(s) would be required at this time. It also is assumed that VDH would be able to absorb the costs associated with this legislation (i.e. promulgation of regulations, travel, and indirect expenses) to license and monitor the one existing facility in Virginia.

Hospitals are generally providing HDM at their own expense for those babies in the pediatric and neonatal intensive care units. Expectations are that the introduction of this bill may change this situation, adding to the facilities serving as human breast milk banks. Should the number of facilities increase, there may be increased demand on VDH resources which would necessitate additional positions. At this time, however, it cannot be determined how many facilities may seek licensure in the future.

**9. Specific Agency or Political Subdivisions Affected:**

Department of Medical Assistance Services  
Virginia Department of Health

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None