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LB 599

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FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based on new information

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	509,311		497,061	
CASH FUNDS				
FEDERAL FUNDS	1,338,853		1,302,103	
OTHER FUNDS				
TOTAL FUNDS	1,848,164		1,799,164	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill requires the Department of Health and Human Services (HHS) to implement a separate program under the Children's Health Insurance Program (CHIP) for unborn children of mothers who are ineligible for coverage under Medicaid. Within 30 days after the effective date of this act, the department is required to submit a state plan amendment for approval by the Centers of Medicare and Medicaid (CMS) to provide for the separate program delineated in this bill. The benefits provided under the separate program are as follows: 1) professional fees for labor and delivery, including live birth, fetal death, miscarriage, and ectopic pregnancy; 2) pharmaceuticals and prescription vitamins; 3) outpatient hospital care; 4) radiology, ultrasound, and other necessary imaging; 5) necessary laboratory testing; 6) hospital costs related to labor and delivery; 7) services related to conditions that could complicate the pregnancy, including those for diagnosis or treatment of illness or medical conditions that threaten the carrying of the unborn child to full term or the safe delivery of the unborn child; and 8) other pregnancy-related services approved by the department. Postpartum services will not be covered. The income limit for eligibility is set at 185% of the federal poverty level (FPL). The bill states that the legislature finds that unborn children do not have immigration status and therefore are not within the scope of section 4-108.

The following conditions apply to a targeted child health program for the unborn under CHIP. Under this program:

The unborn child is covered if not otherwise eligible for Medicaid. A targeted low-income child must not be found or potentially found to be eligible for Medicaid under policies of the State Plan.

The state is permitted to provide health care services to promote healthy pregnancies, regardless of the mother's eligibility status.

States may set the income limits for the separate targeted children's health program at a different level than the income limit set under the CHIP Medicaid expansion program that Nebraska offers to children in families with incomes below 200% of FPL. The income level in the separate program must be at least 185% of the federal poverty level (FPL) and cannot exceed 200% of FPL.

The state determines the benefit package. Since it is the unborn child who is covered, there must be a connection between the benefits provided and the health of the unborn child.

The implementation date of the separate state children's health program is assumed to be July 1, 2012. The application for a targeted separate state program is a pre-printed form. Regional staff at the Centers for Medicare and Medicaid have indicated that the approval process would not take long and once approved can be retroactive to the beginning of the fiscal year.

This program would cover unborn children of undocumented women and women who do not otherwise qualify for Medicaid, such as incarcerated women. Illegal immigrants are required to be covered for emergency assistance, if other Medicaid qualifications are met under federal law. Labor and delivery services are emergency medical services. From March 2010 through February 2011, the average monthly deliveries under emergency Medicaid were 71. On an annual

basis, 850 women would be covered under the CHIP Unborn coverage. The cost would be \$1,694,000(\$514,129 GF and \$1,179,871 FF) in FY 13 and FY 13.

When unborn children were covered previously under Medicaid, the Department of Corrections reported that there are approximately 20 births per year. Including prenatal and labor and delivery costs, the Department would have a savings of approximately \$100,000 annually. The additional cost to Medicaid would be \$30,350 GF and \$69,650 FF in FY 13 and FY 14.

As stated previously, under federal law, coverage under CHIP can only be provided to an individual who does not qualify for Medicaid. Section 4 of the bill includes hospital delivery costs as part of the benefit package. However, undocumented women would be covered under a Medicaid provision that requires emergency services to be covered for them; therefore, the hospital delivery costs for undocumented women will be paid by the Medicaid Program and are not included in the calculations for this bill. Delivery costs for the unborn children of U. S. citizens would be covered under CHIP.

Computer changes would cost \$49,000 (\$12,250 GF and \$36,750 FF) in FY 13. Additional staff positions that would be needed are 2.0 Social Service Workers. The costs would be \$105,164 (\$52,582 GF and FF) in FY 13 FY 14. The contractor in the department's fiscal note would not be needed, as noted earlier in this fiscal note, the application is a pre-printed form and there is a streamlined approval process. The half-time physician and program analyst would not be needed, as the services provided mirror services currently provided under the state's approved Medicaid state plan. The volume of claims would not require 1.5 payment reviewers.

The problems that result from lack of prenatal care and the cost to benefit ratio of providing prenatal care is discussed In the National Conference of State Legislatures issue brief "Funding Prenatal Care for Unauthorized Immigrants: Challenges Lie Ahead for States." According to the report:

Early and continuous prenatal care provides women with opportunities for ongoing assessment for one of the most significant complications of pregnancy -- low birth weight. Low birth weight and very low birth weight which result from a failure of the fetus to fully develop (intrauterine growth retardation), the infant being born too soon (pre-term) or a combination of both, contribute substantially to infant mortality and childhood disabilities. Studies estimate that every dollar spent on prenatal care yields between \$1.70 and \$3.38 in savings by reducing neonatal complications. The savings increase dramatically when the long-term costs of caring for newborns with physical and developmental disabilities are considered, and are even greater when unforeseen maternal complications are avoided.