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 DATE PREPARED: January 17, 2024
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LB 1278

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill would require the Department of Health and Human Services (DHHS) to provide coverage for doula or full spectrum doula services under the medical assistance program, Medicaid, by no later than January 1, 2026. It requires DHHS to establish a workgroup of stakeholders and experts to develop an implementation plan including a reimbursement rate which will report back to DHHS by October 1, 2025.

DHHS states the expenses to create a certification program for doulas is unknown. The federal Centers for Medicare & Medicaid Services does not define standards for reimbursements for doulas and estimates for service costs vary. Based on the assumption of 25% utilization of 8,520 Medicaid births (2,130) and using the cost of \$800 total per birth, the estimate of aid needed for the program for a full fiscal year is \$1,704,000. Using a fund mix of 65% federal contribution, the state contribution would be \$596,400 General Funds and \$1,107,600 federal funds. The aid cost for FY25 would be half due to the implementation date being 6 months into the fiscal year.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	1278	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services
REVIEWED BY:	Ann Linneman	DATE:	2-9-2024
		PHONE:	(402) 471-4180
COMMENTS: The Nebraska Department of Health & Human Services' assessment of fiscal impact seems reasonable given the assumptions used.			

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-9-2024

Phone: (5) 471-6719

	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	\$0	See Below	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB1278 requires the creation and reimbursement for two new Medicaid services: doula and full spectrum doula. The bill requires the state to reimburse members for services provided by doulas and full spectrum doulas at a rate defined by the Department of Health and Human Services (DHHS). Currently Medicaid services are only paid to providers who have been properly screened and enrolled to participate in the Medicaid program. The bill requires DHHS to establish a workgroup of stakeholders and experts to develop implementation plans and reimbursement rates and to submit an implementation plan to DHHS by October 1, 2025. It is unclear if DHHS is required to implement the rate established by the workgroup.

The bill requires a doula is trained and a full spectrum doula has appropriate training and certification. It is unclear who or what entity would determine the definition of appropriate training and certification and if this requires the Division of Public Health (DPH) to create a certification. The need to create a certification would result in an increase in expenses, which are currently unknown.

CMS does not define standards for payment of doula services. A report from the Medicaid and CHIP Payment and Access Commission (MACPAC) shows doulas are typically paid based on a per-visit basis, with a higher payment rate for attending labor and delivery, but in some circumstances, doulas may receive a greater amount than the base payment. The base payment rates range from \$350 to \$1,500 for doula services. Some states with managed care have established a fee-for-service payment rate and permit Managed Care Organizations (MCOs) to pay higher rates. Payment rates may also vary depending on whether a doula contracts directly with an MCO or bills through an intermediary organization. In some cases, doulas have advocated for increased payment rates either with the state or in direct negotiations with plans.

According to a CMS resource, 11 state Medicaid programs are actively reimbursing doula services and five are in the implementation process for reimbursement. There is no literature that could be found that shows an applicable estimated number of Medicaid patients that utilize doulas in states that cover doulas. Annual births covered by Medicaid is estimated to be 8,520. If 25% of every covered pregnancy in Medicaid had a doula service paid, then 2,130 births would have doula services covered. Using an average cost of \$800 per birth, which includes services provided for six months prenatal, labor and delivery, and two postnatal visits, the resulting annual expenses would be \$1,704,000. With reimbursement beginning January 1, 2026, the estimated total for FY25-26 is \$852,000.

Staff members from DPH will need to participate in the work group and support Medicaid to develop and implement the new program. The effort and time needed is unclear at this time, but the expenses related to these efforts can be absorbed with existing staff.

LB1278 states that reimbursement shall be paid by state funds at rates determined by DHHS. LB1278 also states that DHHS shall submit a state plan amendment, if necessary, to provide for reimbursement, which implies that the Legislature wishes for the services to be Medicaid services funded by both state and federal

matching funds. Due to these conflicting statements, it is unclear what the split should be between general funds and federal funds. It is unclear if the bill is disallowing use of federal funds and requiring the use of state funds only.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2024-2025	2025-2026
	24-25	25-26	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....				