



State Fiscal Note for Bill Number: 2021-H-5929

Date of State Budget Office Approval: Monday, June 14, 2021

Date Requested: Tuesday, March 9, 2021

Date Due: Friday, March 19, 2021

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2021	N/A	FY 2021	N/A
FY 2022	N/A	FY 2022	N/A
FY 2023	\$96.0k GR/\$233.4k AF	FY 2023	N/A

**Explanation by State
Budget Office:**

This act would require the state Medical Assistance program and private health insurance providers to provide medical coverage for expectant mothers for doula services on a fee-for service basis at a rate that is no less than \$850 per pregnancy. Coverage would be provided for each pregnancy, regardless of the number of infants involved and reimbursement can be provided for the following activities: Prenatal visits, physical and emotional support during a childbearing individual's labor and birth, telephone or virtual communications between doula and client, time spent being on call for the birth, postpartum visits, and time spent on administrative time, such as documentation or paperwork.

The act would also require the Rhode Island Certification Board to establish a statewide registry of perinatal doulas and to promulgate rules and regulations necessary to codify the qualifications for doula registration, which are enumerated at sections 40-8.16-3 and 40-8.16-5 of the act.

This act shall take effect on July 1, 2022

**Comments on
Sources of Funds:**

Expenditures for the state Medical Assistance program (Medicaid) are jointly financed by general revenues and federal funds according to the prevailing Federal Medicaid Assistance Percentage (FMAP) for the applicable population. The relevant FMAPs for this population include the standard (blended) FMAP, or 55.38 percent, and the enhanced (blended) FMAP for the Expansion population, or 90.0 percent in FY 2023 (source: FFIS Issue Brief 21-06, May 6, 2021).

Expenditures for state employee health insurance are financed by a variety of fund sources. Statewide, in FY 2019, actual personnel costs were allocated 53.4 percent to general revenue, with the balance distributed between federal, restricted, and other fund sources. FY 2019 expenditure data was selected due to the large influx of federal pandemic related grants, which are anticipated to skew personnel costs by supplanting general revenues traditional used for public health and safety to federal sources. For purposes of this fiscal note, costs incurred under the state employee health insurance program are split by source accordingly.

**Summary of Facts
and Assumptions:**

Background
Several studies have been published that show improved outcomes related to childbirth for woman who receive doula services during pregnancy. Specifically, a 2017 Cochrane systematic review of 26 randomized controlled trials shows that woman allocated to continuous support were more likely to have a spontaneous

Prepared by:

Storm Lawrence / 4012221153 / storm.lawrence@budget.ri.gov

Thursday, June 17, 2021

Page 1 of 4

vaginal birth, lower levels of cesarean birth, shorter labor duration, among other benefits. The study did not find an impact on other intrapartum interventions, maternal or neonatal complications, such as admission to special care nursery. The authors note, however, that “overall, the quality of the evidence was all low due to limitations in study design and differences between studies” examined.

Additionally, research conducted by Kozhimannil et. al. (Birth, 2016) found a correlation between lower rates of preterm and cesarean birth and receipt of doula services in the Minnesota Medicaid program compared to Medicaid beneficiaries regionally (4.7% vs. 6.3% for preterm births, and 20.4% vs. 34.2% for cesarean delivery). The latter finding is consistent with previous research conducted by Kozhimannil et. al. (American Journal of Public Health, 2013) which found cesarean birth rates of 22.3% for births supported by doula care versus 31.5% among Medicaid beneficiaries nationally.

Considerations and Derivation of the Fiscal Impact

Based on the above-mentioned research, specifically the 2017 Cochrane review which examined 26 randomized controlled trials, there is evidence that receipt of doula services leads to lower levels of cesarean births. That same Cochrane review found no relationship between doula services and preterm birth rates, which was an additional finding in the research conducted by Kozhimannil et. al. (Birth, 2016). However, because the research conducted by Kozhimannil was not a randomized trial, the findings are less robust than the results of the trials included in the Cochrane review. Accordingly, the Budget Office estimates the fiscal impact of this act based strictly on its potential to reduce the rate of cesarean births for the portion of the beneficiary population utilizing doula services. The estimated (annual) fiscal impact for each population of beneficiaries is discussed below. Because the delivery costs reported by the Medicaid program and the state employee health insurance program are based on prior-year rates, the Budget Office trends forward these costs based on state-specific CMS National Health Expenditure Projections for Hospital Services, issued February 2018, to estimate baseline expenditures in FY 2023. Specifically, the reported costs were grown by a rate of 20.3% over the 2018 rates to estimate the impact in FY 2023.

As mentioned previously, the savings portion of this estimate only accounts for the reduction in c-section births, yet doula services have potential to further reduce costs through reducing pre-term births, which can incur medical costs 10 times greater than full-term births. Beyond cost savings, doula services can support vulnerable and minority populations who experience worse birth outcomes and can result in fewer complications, less pain medication, shorter labor hours, and higher infant APGAR scores.

Medical Assistance Program

In FY 2018, the Medical Assistance Program provided coverage for 4,947 births, 1,605 (32.4%) of which were delivered via cesarean section. The average payment for a cesarean birth was \$5,216 compared to \$2,663 for vaginal births. The estimated fiscal impact of this act varies widely and is dependent on a few factors: 1) the amount reimbursed for doula services; 2) the number of births supported by doula services; and 3) the rate of cesarean section for births supported by doula services.

To estimate the fiscal impact of this change, the Budget Office assumes total births consistent with the FY 2018 experience and that births supported by a doula would have a cesarean rate of 19.3% and that all others would maintain the current rate of 32.4%, based on the difference in cesarean rates observed in the research conducted by Kozhimannil et. al. (20.4% versus 34.2% or a difference of 40.4%). Additionally, the Budget Office assumes a reimbursement rate of \$850 per birth for doula services, the minimum permitted under the act. In all scenarios modeled by the Budget Office, net costs to the State would increase for the Medicaid program because of this act.

In FY 2023, the estimated fiscal impact is an all funds increase of \$220,858, assuming 10% of births are supported by doula services. This is the same doula utilization rate assumed in the FY 2022 Governor's Recommended Budget. However, for reference, a 100% utilization rate is estimated to cost \$2.2 million all funds. Note, the national use of doula services is low but rising. According to a study conducted in 2013 by Declercq et. al. based on a nationally representative sample of U.S. women who gave birth in 2011–2012, approximately 6% of women gave birth with doula support. Finally, this estimate includes savings associated with cesarean birth reduction of 65 births associated with 10% of mothers utilizing doula services. The savings associated by shifting a cesarean birth to a vaginal birth is estimated at \$3,071, which is calculated as the difference between the inflated FY 2018 costs of each type of birth.

Calculation:

Total Cost = (Cost of Doulas x Total Births x Utilization Rate) – ((Total C-Sections x Utilization Rate) – (Total C-Section x Utilization Rate x C-Section Avoidance Rate) x Estimated Per-Birth Savings for Avoided C-Sections))

$\$221k = ((\$850 \times 4947 \times 10\%) - (((1,605 \times 10\%) - (1,605 \times 10\% \times 1-.404)) \times \$3,071))$

*Note: All calculations were rounded up to the nearest birth.

State Employee Health Insurance

Over the last calendar year (2020), the state employee health insurance program has provided coverage for an average of 232 births, 67 (28.9 percent) of which were delivered via cesarean section. The average the plan paid for a cesarean birth was \$13,744 compared to \$10,133 for vaginal births. The estimated fiscal impact of this act on this population of beneficiaries varies widely and is dependent on the same factors discussed above. To estimate the fiscal impact of this change, the Budget Office assumes total births consistent with the plan's experience over the last calendar year and that births supported by a doula would have a cesarean rate of 17.2%, based on the difference in cesarean rates observed in the research conducted by Kozhimannil et. al. (20.4% versus 34.2% or a difference of 40.4%). Additionally, the Budget Office assumes a reimbursement rate of \$850 per birth for doula services, the minimum permitted under the act. In all scenarios modeled by the Budget Office, net costs to the State would increase for the employee health insurance program because of this act.

In FY 2023, the estimated fiscal impact is an all funds increase of \$12,498, assuming

10% of the births are supported by a doula. This is the same doula utilization rate assumed in the FY 2022 Governor's Recommended Budget for the Medical Assistance program.

Calculation:

Total Cost = (Cost of Doulas x Total Births x Utilization Rate) – ((Total C-Sections x Utilization Rate) – (Total C-Section x Utilization Rate x C-Section Avoidance Rate) x Estimated Per-Birth Savings for Avoided C-Sections))

$\$13k = ((\$850 \times 232 \times 10\%) - (((67 \times 10\%) - (67 \times 10\% \times 1-.404)) \times \$3,611))$

*Note: All calculations were rounded up to the nearest birth.

Summary of Fiscal Impact:

FY 2021: No fiscal impact reported due to timing of passage.

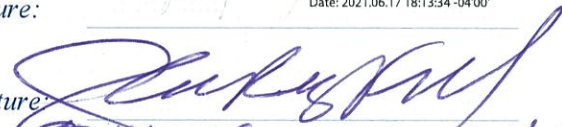
FY 2022: No fiscal impact reported due to timing of passage.

FY 2023: \$96.0k general revenue / \$233.4k all fund

Budget Office Signature:

Digitally signed by Joseph Codega
Date: 2021.06.17 18:13:34 -04'00'

Fiscal Advisor Signature:


By HARRY GUBA As amended in the
insuring for Medicaid