



**State Fiscal Note for Bill
Number: 2019-H-5609**

Date of State Budget Office Approval:

Date Requested: Friday, March 22, 2019

Date Due: Monday, April 1, 2019

Impact on Expenditures

FY 2019	N/A
FY 2020	Up to \$5,720,837
FY 2021	Up to \$5,600,818

Impact on Revenues

FY 2019	N/A
FY 2020	\$0
FY 2021	\$0

**Explanation by State
Budget Office:**

This act would require the state medical assistance program and private health insurance providers to reimburse expectant mothers for doula services on a fee-for-service basis, up to \$1,500 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 Department of Health 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.

**Comments on
Sources of Funds:**

Expenditures for Medical Assistance are jointly financed by general revenues and federal funds according to the prevailing Federal Medicaid Assistance Percentage (FMAP) for the applicable population. The standard (blended) FMAP is 52.86 percent and the enhanced (blended) FMAP for the Expansion population is 91.5 percent in FY 2020. In FY 2021, the standard (blended) FMAP is projected by Federal Funds Information for States (FFIS) to increase to 53.18 percent and the enhanced FMAP for the Expansion population will decline to 90.0 percent.

Expenditures for state employee health insurance are financed by a variety of fund sources. Statewide, personnel costs were allocated 42.6 percent to general revenue in Governor's FY 2020 recommended budget, with the balance to federal, restricted, and other fund 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:**

As drafted, this act would impact state finances by affecting the benefits provided under the state medical assistance program and the benefits provided under the state employee health insurance program.

Background

Several studies have been published that show improved outcomes related to child birth 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 vaginal birth,

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Tuesday, April 9, 2019

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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 later 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 2020 and FY 2021. Specifically, the reported costs were grown by a rate of 11.6% over the 2018 rates to estimate the impact in FY 2020 and by 18.0% over 2018 rates to estimate the impact in FY 2021.

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 19.4% 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 \$1,500 per birth for doula services, the maximum 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 2020, the estimated fiscal impact ranges from an increase of \$557,295 if 10% of births are supported by doula services to \$5,574,148 if all Medicaid-financed births are supported by a doula. Nationally, 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 percent of women gave birth with doula support. Based on this finding, the fiscal impact of this act is likely to be on the lower end of the estimated range.

State Employee Health Insurance

Over the last two plan years, the state employee health insurance program has provided coverage for an average of 256 births, 81 (31.6%) of which were delivered via cesarean section. The average the plan paid for a cesarean birth was \$16,844 compared to \$10,399 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 two years and that births supported by a doula would have a cesarean rate of 18.9%, 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 \$1,500 per birth for doula services, the maximum 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 2020, the estimated fiscal impact ranges from an increase of \$17,426 if 10% of the births are supported by a doula to \$146,689 if all covered births under the state employee health insurance program are supported by a doula. Based on the study by Declercq et. al. cited above, the fiscal impact of this act is likely to be on the lower end of the estimated range.

Summary of Fiscal Impact:

FY 2019: No fiscal impact reported due to timing of passage.

FY 2020: \$574,721 to \$5,720,837 all funds / \$256,086 to \$2,533,801 general revenue

FY 2021: \$562,811 to \$5,600,818 all funds / \$237,748 to \$2,365,849 general revenue

Budget Office Signature:

Fiscal Advisor Signature:




