

AGENCY FISCAL ESTIMATE OF PROPOSED REGULATIONS

AGENCY SUBMITTING REGULATION Department of Social Services DATE March 27, 2012SUBJECT MATTER OF REGULATION Requirements for Payment to Birth CentersREGULATION SECTION NO. 17b-262-956 to 965 STATUTORY AUTHORITY 17b-262

OTHER AGENCIES AFFECTED _____

EFFECTIVE DATE USED IN COST ESTIMATE April 1, 2012ESTIMATE PREPARED BY Annemarie MadoreQUESTIONS SHOULD BE ADDRESSED TO Lee Voghel TELEPHONE 424- 5842

SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency Department of Social Services Fund Affected General

	First Year 2012	Second Year 2013	Full Operation
Number of Positions	_____	_____	_____
Personal Services	_____	_____	_____
Other Expenses	_____	_____	_____
Equipment	_____	_____	_____
Grants (Medicaid)	_____	_____	_____
Total State Cost (Savings)	_____ (\$71,856)	_____ (\$95,808)	_____ (\$95,808)
Estimated Revenue Gain (Loss)	_____ (\$35,928)	_____ (\$47,904)	_____ (\$47,904)
Total Net State Cost (Savings)	_____ (\$35,928)	_____ (\$47,904)	_____ (\$47,904)

STATE IMPACT OF REGULATION:

This proposal seeks to amend sections 17b-262-956 of the Regulations of Connecticut State Agencies regarding requirements for payment to birth centers.

Sections 17b-262-956 to 17b-262-965, inclusive, of the Regulation of Connecticut State Agencies set forth the Department of Social Services requirements for payment to birth centers that are medically necessary and are

provided to clients who are determined to be eligible to receive such goods and services under Medicaid pursuant to section 17b-262 of the Connecticut General Statutes.

The purpose of the proposed regulation is to establish the rules for Medicaid payments to free-standing birth centers. Birth centers are independently licensed health care facilities that perform low-risk deliveries following a low-risk pregnancy by a licensed health professional.

The problems, issues or circumstances that the regulation proposed to address; Section 2301 of the federal Patient Protection and Affordable Care Act, codified at 42 USC 1396d(a)(28) and 1396d(1)(3), requires states to provide Medicaid coverage for freestanding birth center services and other ambulatory services offered by a free-standing birth center and otherwise included in the Medicaid State Plan. Adopting regulations governing payment to birth centers is necessary to provide this mandatory coverage.

The main provisions of this regulation: (1) establish requirements for birth center provider participation, including licensure and accreditation; (2) ensure that the birth center uses prenatal screening and performs only low-risk deliveries; (3) describes the birth center services to be covered; and (4) sets payment methodologies for determining fee schedules and amounts.

The legal effects of the regulation, include all the ways that the regulation would change existing regulations or other laws: The proposed regulation will establish requirements for Medicaid payments to birth centers, coverage that is required by federal law.

FINANCIAL IMPACT:

The state anticipates a reduction in Medicaid costs associated with adding birthing centers to the fee-for-service network because the facility fees of the birthing center are estimated to average less than the average hospital cost per delivery. This is because the care received in the birthing center is provided at lower ambulatory care rates while the average delivery in a hospital is provided at higher inpatient care rates.

Based on an average maternal cost of a delivery and hospital stay of \$3,513 and the average nursery cost of a newborn hospital stay of \$3,504 and an estimated birthing center fee of \$2,500, the estimated savings per birth is \$4,517. We estimate that 62 clients per year will utilize the birthing center for prenatal care and 41% of those clients will complete delivery of the newborn in the center based on data provided by the ASO and the one free-standing birthing center in the state, resulting in an estimated annual savings of \$114,194. Of the estimated 36 clients who do not complete delivery in the center, we estimate that half will begin labor in the center but will end up transferring to a hospital prior to delivery. The cost of the services provided during labor at the center is estimated at \$1,000 per recipient which is estimated at \$18,386 annually. The total saving from adding birthing centers to the providers who may bill Medicaid is estimated at \$95,808 annually.

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION: None.

SMALL BUSINESS IMPACT : None

While the Department does not anticipate that the proposed regulations will have a significant impact on small businesses, small businesses will have the opportunity to bring any unanticipated concerns to the Department's attention through notice and public comment.