

**EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: February 7, 2019

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Effect on Future Biennia
BA 3243 Cat. 12 Parents and Children (Expense)		\$8,384,038	\$8,538,247	\$17,076,494
BA 3243 Cat. 14 Aged, Blind and Disabled (Expense)		\$2,480,720	\$2,526,348	\$5,052,696
BA 3243 Cat. 19 Child Welfare (Expense)		\$1,432,715	\$1,459,067	\$2,918,134
BA 3178 Cat. 12 Nevada Check Up (Expense)		\$26,532	\$27,020	\$54,040
Total	0	\$12,324,005	\$12,550,682	\$25,101,364

Explanation

(Use Additional Sheets of Attachments, if required)

This BDR requires the Division to cover donor breast milk and formulated human milk for infants meeting specific criteria. The total computable impact is estimated at \$24,874,687 for the biennium. The estimated State General Fund impact is \$8,845,488. The BDR impacts several budget categories and both the Medicaid and Nevada Check Up budget accounts. Exhibit 1 describes the methodology used in the analysis.

Name Budd Milazzo

Title Chief Financial Officer

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Monday, January 28, 2019

The agency's response appears reasonable.

Name Nikki Hovden

Title Executive Branch Budget Officer II

Division of Health Care Financing and Policy
BDR 38-560

Methodology

BDR 38-560: Donor Breast Milk for low birth weight babies, babies with congenital or acquired intestinal conditions or otherwise requires nourishment from breast milk.

- 1 Ran a report (SFY 2018) using diagnosis codes provided by policy staff for conditions which are specified within the BDR. This provided the number of patients by GL category.

Babies with necrotizing enterocolitis (NEC) generally have not been breast fed in the early stages of life; Therefore, they run a higher risk of developing the NEC disorder. Providing the baby with breast milk helps alleviate the condition.

- 2 Calculated the cost per year by multiplying the average number of times per day a baby would be fed for age 6-8 months by the average suggested serving size for the same age range and multiplied that by 365 days. This provided an estimated number of ounces a baby would be fed in a 12-month timeframe.

This figure was multiplied by the average cost of an ounce of donor breast milk, which is \$4.00. The cost information was cited in an article found on the International Lactation Consultant Association website.

- 3 The total from #2 was multiplied by the total number of patients which provided the cost for a 12-month period.

MCO Utilization is projected at double FFS Utilization

2 **MCO Multiplier**

- 4 Policy staff researched the amount of time a baby may need the donor breast milk: The conditions are usually treated in a 72 hour to two week timeframe.
- 5 Information provided by Erin Lynch from Mother's milk bank in California:
 "There are no clear guidelines for discontinuing the use of donor human milk in an infant <15g birth weight when the volume of mother's milk is not adequate. A range of postmenstrual ages from 32 to 36 weeks is commonly used in the United States, because this range covers the highest risk period for necrotizing enterocolitis."
- 6 The 12-month figures were adjusted to reflect a one-month (four weeks) timeframe to account for the limited amount of time indicated in #5. There is a four-week period between 32 to 36 weeks.

Note: This would be billed by the ounce (unit) using HCPCS code T2101-Human breast milk processing, storage and distribution only; Provider type 33-Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS); EPSDT exception.

One month of feeding donor breast milk

Calculated **Total Computable** costs by fiscal year:
green fields are used for calculations

SFY20	\$ 12,324,005
SFY21	\$ 12,550,682
Total	\$ 24,874,687

Projected **State General Fund** cost by Fiscal Year

SFY20	\$ 4,409,641
SFY21	\$ 4,435,847
Total	\$ 8,845,488