

**UNSOLICITED
EXECUTIVE AGENCY
FISCAL NOTE**

AGENCY'S ESTIMATES

Date Prepared: May 8, 2023

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

| Items of Revenue or Expense, or Both | Fiscal Year 2022-23 | Fiscal Year 2023-24 | Fiscal Year 2024-25 | Effect on Future Biennia |
|---------------------------------------------|----------------------------|----------------------------|----------------------------|---------------------------------|
| Medical Services (Expense) | | \$436,617 | \$583,924 | \$1,557,126 |
| Actuarial (Expense) | | \$30,000 | | |
| Total | 0 | \$466,617 | \$583,924 | \$1,557,126 |

Explanation

(Use Additional Sheets of Attachments, if required)

The Division has reviewed the reprint of Assembly Bill 283 and determined it will change the fiscal note DHCFP previously submitted. In the bill as introduced, DHCFP would be required to increase the reimbursement rate for delivery services provided by a doula to \$1200 per delivery event. The amended version of this bill indicates that DHCFP should reimburse doula services "at an amount that is intended to cover the cost of the services." The bill also requires that DHCFP create a program to provide incentive payments for doulas who provide services to individuals living in rural regions.

To project the costs under the reprinted version of the bill, DHCFP assumed the total reimbursement for doulas would be \$1500 (\$900 for deliveries and \$100 per visit with a maximum of 6 visits). For patients living in rural areas, these payments are projected to be paid an additional 10% (\$1650 total; \$990 per delivery and \$110 per visit). A provider shortage adjustment of 25% was also applied to the projections as there are currently very few doulas enrolled with Medicaid.

The total computable impact for medical services in the FY24-25 biennium is \$1,020,541 (\$356,406 in state funds). As this bill indicates a 10/1/23 start date for the rate increase, actuarial costs of \$30,000 (\$15,000 state share) are anticipated for possible recalculation of the CY23 capitation rates.

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Fiscal Impact Analysis

**Division of Health Care Financing and Policy
AB 283 (Doula) Amendment
Analysis Summary**

Estimated Fiscal Impact FY22-FY23 Biennium

| State Fiscal Year | Total Computable | Federal Funds | General Fund | County Funds |
|-------------------|------------------|---------------|--------------|--------------|
| FY22 | \$0 | \$0 | \$0 | \$0 |
| FY23 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$0 | \$0 | \$0 |

Percent of patients using doula services
6%

Estimated Fiscal Impact FY24-FY25 Biennium

| State Fiscal Year | Total Computable | Federal Funds | General Fund | County Funds |
|-------------------|------------------|---------------|--------------|--------------|
| FY24 | \$436,617 | \$285,717 | \$150,891 | \$9 |
| FY25 | \$583,924 | \$378,396 | \$205,515 | \$13 |
| Total | \$1,020,541 | \$664,113 | \$356,406 | \$22 |

Number of prenatal/postpartum visits
6

Rural Rate Adjustment
10%

Description of Budget Concept

This fiscal note estimates the cost of increasing rates for doulas, with an added rural rate differential of 10%.

Methodology

- 1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service:
SFY22 (07/01/2021 - 06/30/2022) Incurred with Runoff, Net Allowed Amount, delivery codes billable by a doula by patient region (urban/rural)
- 2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.
- 3) The Division assumed the total reimbursement paid to a doula treating a patient living in an urban area would be \$1500; 10% was added for patients living in rural regions (\$1650 total). Of the total reimbursement, it was assumed 60% would be paid for the delivery (\$900 urban, \$990 rural) and the remaining 40% would be allocated for prenatal and postpartum visits (urban - \$600 for all visits/\$100 per visit; rural - \$660 for all visits/\$110 per visit). DHCFP assumed all patients would receive 6 visits. The difference between the current delivery rate (\$150)/visit rate (\$50) and projected rates was determined. The Division located information from a 2012 study indicating that 6% of all pregnant individuals opt for a doula during their pregnancy/delivery.
- 4) The number of all individuals with utilization of a delivery code billable by a doula was determined. DHCFP assumed 6% of all identified patients would receive services from a doula. The number of potential doula patients was multiplied by the difference in reimbursement rates by region (urban/rural). DHCFP assumed all MCO patients live in urban areas as currently only urban Clark/Washoe county patients are assigned to MCO coverage.
- 5) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.
- 6) A provider shortage adjustment of 25% was applied to FFS and MCO expenditures. Per step (3) above, DHCFP is projecting 6% of all births (roughly 700 per year) would be performed by a doula; however, there do not appear to be enough enrolled doulas to perform this many deliveries as only 6 have enrolled with Medicaid as of 3/2023. Currently, 5/6 of the enrolled doulas are in the Reno-Sparks area, with 1 doula enrolled in Las Vegas and none in the rural regions.
- 7) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).