

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5339H.011
 Bill No.: HB 2654
 Subject: Health Care; Insurance - Health; Health Care Professionals
 Type: Original
 Date: February 19, 2024

Bill Summary: This proposal creates provisions relating to maternal health care services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(Could exceed \$240,338)	(Could exceed \$107,737)	(Could exceed \$110,068)
Total Estimated Net Effect on General Revenue	(Could exceed \$240,338)	(Could exceed \$107,737)	(Could exceed \$110,068)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
State Road Fund (0320)	(\$300,000)	(\$300,000)	(\$300,000)
Conservation Commission Fund (0609)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Could exceed \$300,000)	(Could exceed \$300,000)	(Could exceed \$300,000)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income, savings and costs are estimated at \$91,000 annually beginning in FY 2026 and net to zero.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§§208.152, 208.662 and 208.1400 to 208,1425 – MO HealthNet coverage required for childbirth education classes and doulas

Officials from the **Department of Social Services (DSS), MO HealthNet Division (MHD)** state this legislation repeals Chapter 208 and enacts ten new sections. It states that DSS shall study the impact that childbirth education classes have on infant and maternal mortality among pregnant women of color. That DSS will submit a report to the general assembly with the result of the study before January 1, 2027. It would also add the Missouri Doula Reimbursement Act which would apply to coverage of doula services. These services would be billed on a fee-for-service basis. In addition, it addresses the services a doula may provide.

This legislation applies to the MO HealthNet Division (MHD) and managed care. Adding coverage for doula services to the MO HealthNet covered benefits would require approval of a State Plan Amendment. In addition, MO HealthNet does not include childbirth education classes as a covered service. However, some of the managed care health plans offer these classes as an additional health benefit at no cost to the member.

For the coverage of doula services, MHD does not expect an impact on managed care capitation rates as these services are intended to be a cost effective alternative to some pregnancy-related physician services and have the potential to reduce visits to the emergency room, C-section rates, and NICU deliveries. While the case is there would be actuarial costs related to rate development for a more detailed analysis of the benefit and for documentation purposes of a new benefit to the health plans and CMS. MHD estimates the actuarial cost to be no more than \$25,000.

Since this legislation requires Doulas to be reimbursed on a Fee-for-Service (FFS) basis, it could be interpreted that the services could still be covered and reimbursed through managed care just not through a sub-capitated arrangement. An option could be a directed payment for Doula services that requires FFS reimbursement with the Medicaid fee schedule being the minimum reimbursement.

For the childbirth education classes, MHD expects a minimal impact to the capitation rates of up to approximately \$30,000. The actuarial cost to evaluate this program change would be no more than \$50,000. In addition, the study would be a one-time cost of approximately \$45,000 and it would be contracted to a vendor.

There will be a fiscal impact to add doulas as a new MO HealthNet FFS provider. Currently, MHD is working on adding doulas and the fiscal impact for FFS is as follows. The doula services program is scheduled to begin October 1, 2024. The annual cost for 9 months of SFY25 is estimated to be \$81,000. There is potential savings from services in year two and beyond to

offset any costs due to other services not being needed, resulting in \$0 impact for FY26 and FY27.

FY25 Total: \$231,000 (GR \$98,506, Fed \$132,494)
FY26 Total: \$31,890 (GR \$11,063, Fed \$20,827)
FY27 Total: \$33,899 (GR \$11,760, Fed \$22,139)

Oversight does not have information to the contrary. Oversight notes the proposal does not contain an emergency clause, and therefore, the capitation amount for childbirth classes for FY25 would be \$25,000 ($30,000/12 * 10$), 34.69% GR; 65.3% Federal. Therefore, Oversight will reflect the total MHD FY25 estimates as \$226,000 (\$96,772 GR; \$129,228 Federal) for fiscal note purposes.

Officials from the **Department of Health and Senior Services (DHSS)** state §208.1405.12 of the proposed legislation requires DHSS to review and approve doula registration to allow for health insurance reimbursement of doula services.

Section 208.1420.1 of the proposed legislation requires DHSS to promulgate all necessary rules and regulations for the administration of the proposed legislation. It also requires DHSS to create the criteria for the doula registration application, review and approve or deny applications; notify applicants of approval or denial of doula registration status; and maintain a statewide registry of doulas approved for health insurance reimbursement in this state.

To implement this program, the Office on Women's Health would need to hire a Public Health Program Specialist (with an average salary within DCPH of \$52,975 as of February 2023). OWH would require this level of expertise to implement each of the components of the program fully.

Oversight does not have any information to the contrary. However, Oversight assumes the DHSS would not need additional rental space for 1 FTE. Oversight notes, depending on the number of proposals passed during the legislative session that, cumulatively, DHSS may need additional rental space or capital improvements as determined by the Office of Administration, Facilities Management, Design and Construction.

§§376.1213 and 376.1760 – Insurance coverage required for childbirth education classes and doulas

Officials from the **Missouri Department of Transportation (MoDOT)** state this bill mandates coverage of specific health benefits for perinatal doulas. Currently the MoDOT-MSHP medical plan does not cover this benefit with maternity services and estimates a negative yearly impact of \$300,000 to the State Road Fund if implemented, based on the average cost of doula services and the percentage of pregnancies in the country that currently use doula services.

Oversight notes that the MoDOT has stated the proposal would have a fiscal impact \$300,000 per fiscal year. Oversight does not have any information to the contrary. Therefore, Oversight will use MoDOT's estimated cost \$300,000 to the State Road Fund (0320).

Oversight assumes this legislation could affect other insurance plans such as the Missouri Department of Conservation and local political subdivisions. Oversight will reflect a \$0 or Unknown cost to the Conservation Commission Fund (0609) and Local Political Subdivisions.

Officials from the **Department of Commerce and Insurance (DCI)** state the Affordable Care Act (ACA) requires all non-grandfathered individual and small group health plans to cover a core set of healthcare services within 10 essential health benefit (EHB) categories. In 2011, Missouri, like other states, adopted a benchmark plan that defined the core benefits these plans must offer in the state. The ACA also requires that the cost of a new coverage mandate added by a state after adoption of its benchmark plan that is above and beyond the EHB benchmark will be the responsibility of the state.

45 C.F.R 155.170 requires states to defray the cost of additional required benefits mandated by a state on or after January 1, 2012. States may require qualified health plans to offer benefits in addition to essential health benefits. States will identify which state-required benefits are in addition to the EHB and must make payments to defray the cost of additional benefits either to enrollees in qualified health plans or directly to the qualified health plans, on behalf of their enrollees.

Documentation provided by the U. S. Department of Health and Human Services, Center for Consumer Information & Insurance Oversight (CCIIO) in October 2018 instructed states as follows:

[A]lthough it is the state's responsibility to identify which state required benefits require defrayal, states must make such determinations using the framework finalized at §155.170, which specifies that benefits required by state action taking place on or before December 31, 2011, may be considered EHB, whereas benefits required by state action taking place after December 31, 2011, other than for purposes of compliance with federal requirements, are in addition to EHB and must be defrayed by the state. For example, a law requiring coverage of a benefit passed by a state after December 31, 2011, is still a state mandated benefit requiring defrayal even if the text of the law says otherwise.

Both of these provisions create new mandates for which the state must defray payments, as required under federal law. Specifically, these proposals appear to require that health plans provide coverage for childbirth education and for the services of doulas under conditions specified in the proposal. While Maternity care is one of the ten essential health benefits outlined in the Affordable Care Act, there are no specific requirements in either federal law or state law that require the specific coverage contemplated in this proposal. Furthermore, a review of Missouri's current benchmark plan does not include any provisions indicating the services of doulas or childbirth education classes are covered benefits under the benchmark plan. Therefore,

since coverage for childbirth education classes and the services of a doula are not an essential health benefit in Missouri, the state would be required to defray the cost of the new coverage requirements and make payments to either issuers or beneficiaries to offset potential premium increases. DCI does not know the increased utilization that may be created by the provisions of this bill. As a result, **there is a zero to unknown negative impact to General Revenue.**

In 2011, the Missouri General Assembly enacted §376.1190, which states that “any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the Oversight Division of the Joint Committee on Legislative Research. The Oversight Division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted.”

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DCI as a fiscal impact of “\$0 to (Unknown)” to General Revenue.

Oversight reviewed the websites of 43 hospitals that offered childbirth classes. The classes offered varied by the type of childbirth and the length of the class. Some classes were offered virtually or in person. Some prices varied based on whether or not the participant planned on giving birth at the hospital offering the class. The cost of childbirth classes ranged from \$0 to \$180 with the average of cost of all types of childbirth classes being \$34. According to the [DHSS website](#), there were 68,954 birth in Missouri in 2022. The [DSS Caseload Counter](#) shows that pregnant women made up 32,136 MO HealthNet cases in November 2023. Some of these pregnant women, and the approximately 36,000 remaining pregnant women, may not participate in childbirth classes either because they choose not to or because they live in a maternity care desert. The [March of Dimes 2023 Maternity Care Deserts Report for Missouri](#) states, “41.7 percent of counties are defined as maternity care deserts” and that, “In Missouri, there were 7,227 babies born in maternity care deserts, 10.4% of all births”. Given the data currently available, Oversight assumes that the unknown negative fiscal impact presented by DCI for both childbirth classes and doula coverage would likely exceed \$250,000 annually.

The **Oversight Division** states in 2011, the Missouri General Assembly enacted section 376.1190, which states, “any health care benefit mandate proposed after August 28, 2011, shall be subject to review by the oversight division of the joint committee on legislative research. The oversight division shall perform an actuarial analysis of the cost impact to private and public payers of any new or revised mandated health care benefit proposed by the general assembly after August 28, 2011, and a recommendation shall be delivered to the speaker and the president pro tem prior to mandate being enacted.”

The customary process for an actuarial analysis involves Oversight contracting with an outside firm who will request experience data from the largest insurance carriers in the State of Missouri. Since current law (§ 376.1190) requires any “proposed” mandate receive an actuarial analysis, the timing may not allow for such in-depth reviews. In 2013 Oversight contracted with a

company to perform an actuarial analysis for Senate Bill 262, Senate Bill 159, and Senate Bill 161. Due to the timing of the analysis, the company noted requesting outside data was not possible. This limited analysis in 2013 cost almost \$25,000. Given the cost increases over the last ten years, the varying degree of available information to the outside firm and the potential for more in-depth analysis if the information and timing allow, Oversight assumes that a current analysis “could exceed \$50,000”.

The Oversight Division does not currently have the appropriation to cover the costs of an actuarial analysis and would need to request such additional funding through the budget process. Oversight will reflect a onetime cost of “Could Exceed \$50,000” to the General Revenue Fund in FY 2025.

Responses regarding the proposed legislation as a whole

Officials from the **Department of Public Safety, Missouri Highway Patrol** defer to the Missouri Department of Transportation for the potential fiscal impact of this proposal. **Oversight** notes DPS/MHP’s deferral to MoDOT for a statement of fiscal impact; for fiscal note purposes, Oversight assumes no fiscal impact for DPS/MHP.

Officials from the **Oversight Division, the Missouri Consolidated Health Care Plan, the Missouri Department of Conservation** and the **Newton County Health Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local public health agencies were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Savings</u> - DSS, MHD (§§208.152, 208.662, 208.1400 - 208.1425) Cost avoidance due to reduced use of other services p. 3-4	\$0	\$37,465	\$37,465
<u>Costs</u> – DSS, MHD (§§208.152, 208.662, 208.1400 - 208.1425) p. 3-4			
Impact study of childbirth classes	(\$22,500)	\$0	\$0
Actuarial study to evaluate the MO HealthNet childbirth classes program change	(\$25,000)	\$0	\$0
Increase in capitation rates for childbirth classes	(\$8,673)	(\$11,063)	(\$11,760)
Actuarial study to evaluate the MO HealthNet doula services program change	(\$12,500)	\$0	\$0
Increase in capitation rates for doula services	(\$28,099)	(\$37,465)	(\$37,465)
<u>Total Costs</u> - DSS, MHD	(\$96,772)	(\$48,528)	(\$49,225)
<u>Costs</u> – DHSS (§§208.1405 & 208.1420) p. 4			
Personal service	(\$44,146)	(\$54,034)	(\$55,115)
Fringe benefits	(\$29,627)	(\$35,963)	(\$36,382)
Equipment and expense	(\$19,793)	(\$6,677)	(\$6,811)
<u>Total Cost</u> - DHSS	(\$93,566)	(\$96,674)	(\$98,308)
FTE Change - DHSS	1 FTE	1 FTE	1 FTE
<u>Costs</u> – DCI (§§376.1213 and 376.1760) Cost to defray coverage requirement p. 5-6	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> – Oversight Division (§§376.1213 and 376.1760) Actuarial analysis/impact study p. 6-7	(Could exceed \$50,000)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$240,338)	(Could exceed \$107,737)	(Could exceed \$110,068)
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
STATE ROAD FUND (0320)			
<u>Cost – MoDOT (§§376.1213 and 376.1760)</u> Perinatal doulas coverage p. 4-5	<u>(\$300,000)</u>	<u>(\$300,000)</u>	<u>(\$300,000)</u>
ESTIMATED NET EFFECT TO THE STATE ROAD FUND (0320)	<u>(\$300,000)</u>	<u>(\$300,000)</u>	<u>(\$300,000)</u>
CONSERVATION COMMISSION FUND (0609)			
<u>Cost – MDC (§§376.1213 and 376.1760)</u> Perinatal doulas coverage p. 5	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT TO THE CONSERVATION COMMISSION FUND (0609)	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
FEDERAL FUNDS			
<u>Income - DSS, MHD (§§208.152, 208.662, 208.1400 - 208.1425) p. 3-4</u>	\$63,827	\$20,827	\$22,139
<u>Savings - DSS, MHD §§208.152, 208.662, 208.1400 - 208.1425) Cost avoidance due to reduced use of other services p.3-4</u>	\$0	\$70,535	\$70,535
<u>Costs – DSS, MHD (§§208.152, 208.662, 208.1400 - 208.1425) p. 3-4</u>			
Impact study of childbirth classes	(\$22,500)	\$0	\$0
Actuarial study to evaluate the MO HealthNet childbirth classes program change	(\$25,000)	\$0	\$0
Increase in capitation rates for childbirth classes	(\$16,327)	(\$20,827)	(\$22,139)

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
Actuarial study to evaluate the MO HealthNet doula services program change	(\$12,500)	\$0	\$0
Increase in capitation rates for doula services	<u>(\$52,901)</u>	<u>(\$70,535)</u>	<u>(\$70,535)</u>
Total <u>Costs</u> - DSS, MHD	<u>(\$129,228)</u>	<u>(\$91,362)</u>	<u>(\$92,674)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Cost</u> - Local Political Subdivisions (§§376.1213 and 376.1760) Perinatal doula coverage p. 4-5	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

FISCAL IMPACT – Small Business

This proposal will increase the number of small businesses and create more sustainability for existing small businesses in the State of Missouri. Doulas mainly practice as independent small business owners. Increasing funding streams for doulas would increase the number of people in the state able to earn a living as a doula and increase the success of current businesses in the state. (§§208.152, 208.662, 208.1400 - 208.1425, 376.1213 and 376.1760)

FISCAL DESCRIPTION

This bill requires insurance coverage for childbirth education classes. This requirement is for all individual and group health insurance policies including government plans that are delivered, issued for delivery, continued, or renewed on or after January 1, 2025.

The Department of Social Services shall study the impact that the childbirth education classes have on the infant and maternal mortality of certain pregnant women. The study shall be reported to the General Assembly by January 1, 2027. (§208.152)

This bill also creates the "Missouri Doula Reimbursement Act".

Under the Act, doula services are eligible for coverage throughout the state through MO HealthNet and health benefit plans as specified in the bill. The bill lists conditions that must be met in order for a doula to receive reimbursement including a national provider identification number, approval for all required MO HealthNet program provider enrollment forms, verification of doula training; and providing a signed and dated attestation of being trained and meeting all doula core competency requirements, as specified in the bill. Once enrolled as a program provider for MO HealthNet, doulas shall be eligible to enroll as a provider with certain care services and arrangements affiliated with the MO HealthNet program. (§§208.152, 208.662, 208.1400 - 208.1425, 376.1213 and 376.1760)

The MO HealthNet program, managed care organizations, and accountable care payers are required to report utilization and cost information related to perinatal doula services before July 1, 2026, and every July 1 thereafter. Health carriers and health benefit plans offering or issuing plans must provide coverage for perinatal doula services if said services are within the area of professional competence for perinatal doulas. Supervision, signature, or referral by any other health care provider is not required as a condition of reimbursement, except when those requirements are also applicable to other categories of health care providers. Additionally, health carriers or benefit plans are not required to pay for duplicate services actually rendered by both a perinatal doula and any other health care provider. (§208.1425)

Every health carrier and benefit plan required to cover perinatal services must report utilization and cost information related to these services to the Department of Commerce and Insurance before July 1, 2026, and every July 1 thereafter. Certain provisions of this bill will not apply to certain supplemental insurance policies, as determined by the Director of the Department of Commerce and Insurance. (§376.1760)

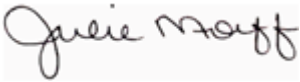
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

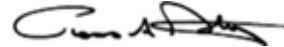
Department of Commerce and Insurance
Department of Health and Senior Services
Department of Public Safety - Missouri Highway Patrol
Department of Social Services
Joint Committee on Administrative Rules
Missouri Consolidated Health Care Plan

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Missouri Department of Conservation
Missouri Department of Transportation
Office of the Secretary of State
Oversight Division
Newton County Health Department



Julie Morff
Director
February 19, 2024



Ross Strobe
Assistant Director
February 19, 2024