Fiscal Impact of SB 1041: No Increase in Medicaid expenditures projected, regardless of scale

Earlier versions of this bill (HB 3084 and SB 1826) have already been evaluated and recommended favorably by Appropriations subcommittees and the Healthcare Access and Availability committees in both chambers during Spring 2021.

Upon the passage of HB 3401: The Midwife Practice Act this past October, Leader Mary Flowers adapted those bills by making the following changes:

- Made the proposed program statewide rather than restricted to Cook County • Because CPM licensure had now passed, there was no need for CPM services to be embedded in an alternative healthcare delivery model demonstration program. Medicaid access to CPM services can be achieved simply by amending the Illinois Medicaid program to include licensed CPMs as Medicaid eligible providers.
- This adapted version of SB 1826/HB 3084 retains the provision establishing an alternative payment model so that the state may pilot a maternity episode reimbursement model.

14 other states (including our neighbor Wisconsin) already include licensed CPMs in their state's Medicaid health plans. The state with the highest rate of CPM attended births is Washington state—over 2% of births covered by Washington's Medicaid program are CPM attended out-of-hospital births, just under 900 births each year. Washington's Health Authority estimates that it saves an average of $2,000 per maternal-infant dyad who gives birth with a licensed CPM rather than a typical hospital birth (see attached figures reported by Washington State), for a total annual savings of over $1.9 million dollars.

Birthing centers as alternatives to hospitals are encouraged as a way to cut healthcare costs. Birthing centers are licensed by the DPH. Women at low risk for complications may prefer the low-tech environment provided by birthing centers, which employ licensed professionals (usually a midwife and a nurse) with a backup hospital nearby and a doctor on call in case of an emergency." (see HFS's Perinatal Report to the General Assembly for 2020, page 28).

Per the most recent national analysis of the cost of homebirths attended by CPMs in the United States, planned homebirth is, on average, only one-third the cost of an uncomplicated vaginal hospital birth because it does not incur facility fees. This is an even greater cost savings for planned homebirth when compared with births at freestanding birth centers.

Any planning costs associated with the design of the program can be legitimately absorbed by the $250,000 funds that have already been appropriated for a grant through IDPH to the Holistic Birth Collective for Fiscal Year 2022 as their activities relating to midwives, birthing centers, and maternal health inequities in hospital planning areas A-3 and A-4 can be leveraged to benefit maternal health innovation statewide.

More resources for further information are included below.

Holistic Birth Collective

6127 S. University Ave
Suite 107
Chicago, IL 60637
callan@holisticbirthcollective.org

More Resources

"**The Cost of Home Birth in the United States**," International Journal of Environmental Research and Public Health.

"On the basis of a nationwide study, we estimate that the average cost of a home birth in the United States is USD 4650, which is significantly below existing cost estimates for an uncomplicated birth center or hospital birth. Further, we find that each shift of one percent of births from hospitals to homes would represent an annual cost savings to society of at least USD 321 million."

"**Maternity Care Financing: Challenges and Opportunities**," Urban Institute.

"**Birth Outcomes for Planned Home and Licensed Freestanding Birth Center Births in Washington State,**" Obstetrics & Gynecology.

Impossible Math: Financing a Freestanding Birth Center and Health Equity, The American Journal Of Managed Care.

"…Birth centers can provide high-value care but keeping the doors open is not easy, and analyses showing birth centers as a low cost option are frequently premised on a continuation of the current inequitable payment model.

To be sure, some birth centers can make money by offering care to private-pay clients who can afford out-of-pocket costs of thousands of dollars for a custom-tailored birth experience. But birth centers with a commitment to taking clients from a range of socioeconomic backgrounds and that have a mission to contribute toward greater equity in childbirth struggle to make ends meet."

Medicaid Paid Maternal and Infant Services for Washington Births 2016
Home or Birth Center Deliveries with Licensed Midwives
Compared to Hospital Deliveries (not Licensed Midwives) to Low-Risk Women
FEE FOR SERVICE and MANAGED CARE

	Licensed Midwives			Low-Risk Hospital (Not LM)		
Type of Service	*(N)*	%	$/Client	*(N)*	%	$/Client
MATERNAL SERVICES						
Prior to Initial Assessment						
Outpatient	*813*	92.9%	$ 470	*27,969*	90.3%	$ 382
Inpatient	**	**	-	**	**	7,701
Prenatal Visits; OB Services	*373*	42.6%	559	*20,412*	65.9%	1,491
Prior to Delivery +						
Outpatient	*819*	93.6%	1,800	*29,387*	94.9%	1,811
Inpatient	*0*	0.0%	-	*564*	1.8%	11,838
Delivery	*717*	81.9%	6,733	*28,290*	91.3%	6,563
Postpartum +						
Outpatient	*169*	19.3%	408	*16,174*	52.2%	758
Inpatient	**	**	643	*88*	0.3%	8,436
Unknown						
Outpatient	*826*	94.4%	583	*29,570*	95.5%	534
Inpatient	**	**	-	*36*	0.1%	7,698
TOTAL MATERNAL	*875*	100.0%	**$ 8,512**	*30,977*	100.0%	**$ 10,195**
INFANT SERVICES (Liveborn Infants)						
During the first 30 days of life						
Outpatient	*780*	100.0%	$ 830	*29,438*	99.8%	$ 861
Inpatient	**	**	3,913	*7,193*	24.4%	1,376
Neonatal/Ped. Critial Care	**	**	683	*725*	2.5%	5,484
TOTAL INFANT CARE	*780*	100.0%	**$ 842**	*29,492*	100.0%	**$ 1,329**

* **Maternity Support and Case Management costs are also included in prenatal and postpartum costs.** Detailed service information, such as inpatient and outpatient and specific type of maternal services, may not be known for managed care clients.
Average payment per Client ($/Client): Total Medicaid-paid dollars for each type of service divided by the number of clients with a payment for that type of service. Capitated payments made to managed care plans are categorized as outpatient services and are reflected in total maternity care services. Delivery costs for women enrolled in managed care plans include delivery case rates paid to plans. Costs include FQHC/RHC enhancements for managed care clients. Indicators are used to mark the beginning of prenatal care. Any service which occurs before this is included in **Service Prior to Initial Assessment**. Outpatient services received after the beginning of prenatal care which are not otherwise classified (typically laboratory and pharmacy claims) are included in **Services Prior to Delivery**. Inpatient services occurring after the initiation of prenatal care are also included. The services assigned to the mother's Medicaid PIC include services the mother and her newborn infant received. If claims for the postpartum period cannot be identified either as Infant Services or as Maternal Postpartum Services, they are listed as **Unknown services**. **Licensed Midwives** are identified by the birth certificate attendant data. **Hospital Deliveries (not Licensed Midwives) to Low-Risk Women** are singleton deliveries in non-military hospitals to women with birth certificate records showing no hypertension, no prior cesarean section, no breech presentation, and no pre-extisting diabetes, with an attendant other than licensed midwife. Note that this group includes certified nurse midwives. **Suppressed per HCA Small Numbers Standard.