



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1608

PRINTER'S NO. 3740

PRIME SPONSOR: Cephias

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY:

House Bill 1608 Printer's Number 3740 amends the Human Services Code to add a new section requiring the coverage of doula services in the Medical Assistance (MA) Program and requires the Department of Human Services to establish the Doula Advisory Board. This legislation also adds requirements for certain health insurance policies of individuals that are also enrolled into the Medical Assistance program to accept the Department of Human Services' approval of prior authorization for an item or services.

ANALYSIS:

Medical Assistance – Doula Services

This legislation amends Act 21 of 1967, known as the Human Services Code, to add Section 443.15 Medical Assistance Coverage for Doula Services. Subject to federal approval, the MA program will cover doula services provided to enrolled individuals during pregnancy, labor and delivery, and up to one year postpartum. The Department of Human Services will seek a state plan amendment or federal waiver, if necessary, to allow for the coverage of doula services.

Doula Advisory Board

The department will establish a Doula Advisory Board to advise the Secretary of Human Services on best practices, doula participation, racial and geographic disparities in maternal health services, and equity and inclusion.

Third Party Liability Requirements

This legislation amends Section 1413 Data matching and claims for reimbursement to require all entities providing health insurance or health care coverage that require prior authorization for an item or services provided to an individual that is also enrolled into the MA program to accept authorization for that item or service that has been completed by the MA program. This requirement does not apply to the Medicare fee-for-service program, a reasonable cost reimbursement contract, a health care prepayment plan, or a prescription drug plan offered by a prescription drug plan sponsor under Medicare Part D.

FISCAL IMPACT:

MA Managed Care Program

The majority of pregnant and postpartum individuals enrolled in the MA program are in the MA managed care program. DHS contracts with Managed Care Organizations (MCOs) to cover the MA services individuals are eligible to receive under the MA program. MCOs are paid a monthly rate for each individual eligible for MA and enrolled into that MCO. These MCO rates are required to be actuarially sound, and the rate covers all MA services for which that individual is eligible. The MCO must maintain a network of MA providers and make payment to those providers when they provide MA services to the individuals enrolled into the MCO.

Effective February 1, 2024, the MCO's provider network can include Certified Doulas.¹ Any increase in cost due to the inclusion of doula services in the MA program would be paid by the MCOs, and the MCOs' rates paid by DHS are inclusive of the services provided by Certified Doulas. Therefore, there is no fiscal impact to the MA Managed Care Program resulting from this legislation.

MA Fee-for Service Program

The department will seek a State Plan Amendment or Federal waiver from the Center of Medicare and Medicaid Services for the inclusion of doula services under the MA program. If the department submits a State Plan amendment and receives approval, the Secretary of Human Services will transmit notice of the approval to the Legislative Reference Bureau for publication in the next available issue of the Pennsylvania Bulletin. Based on this notice, doula services will be covered in the MA Fee-for-Service program starting on the effective date identified by the department.

DHS has established the MA Fee Schedule rates and limits for each doula service per calendar year as follows:

Service	Limit	Fee
Prenatal and Postpartum Visits	12 visits	\$100 per visit
Other Services	2 visits	\$175 per visit
Labor and delivery		\$1,000 per delivery

Using these MA Fee Schedule rates and limits, the estimated cost per pregnancy totals \$2,200 (which includes 12 prenatal and postpartum visits and one labor and delivery service). DHS estimates that MA program will have approximately 3,600 pregnancies utilizing doula services. However, most of these pregnancies are for individuals enrolled into the MA managed care program. Assuming 5% of the 3,600 total pregnancies, or 180 individuals, receive doulas services in the MA Fee-for-Service program, the total cost of this program would increase by \$396,000. The federal portion of this amount is approximately 55% or \$218,000, and the state portion is \$178,000.

Doula Advisory Board

Any increase in administrative costs for DHS resulting from the establishment of the Doula Advisory Board would potentially be minimal, and the department can likely cover the increase within its current appropriations.

Third Party Liability Requirements

DHS collects payments from health insurance policies that provide health care coverage to individuals that are also enrolled into the MA program. This legislation requires these health insurance policies must accept the prior authorization for an item or services that has been approved by the MA program as its prior authorization approval. This will allow DHS to collect payments from these health insurance policies through Third Party Liability (TPL) recoveries. DHS does not expect this legislation will have any impact on TPL recoveries received by the commonwealth. Therefore, there is no fiscal impact to the commonwealth as result of this legislation.

PREPARED BY: Mara Perez, Senior Budget Analyst

House Appropriations Committee (D)

DATE: October 21, 2024

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.

¹ Medical Assistance Bulletin 13-24-01