

# FISCAL NOTE

**STATE OF ALASKA**  
**2005 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: \_\_\_\_\_  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): Rev 4/27/05 12:30p Dept. Affected: Health & Social Services

Title ADDING BIRTH CENTERS TO FACILITIES RDU Health Care Services  
PAID BY MEDICAID

Component Medicaid Services

Sponsor DAVIS

Requester \_\_\_\_\_ Component No. 2077

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**CAPITAL EXPENDITURES**

**CHANGE IN REVENUES (0)**

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2005) cost: \_\_\_\_\_

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

There is a great deal of uncertainty in calculating the cost differential between birth center and hospital births. There are potential savings and costs, but with the large number of variables involved, we cannot determine the net amount. Therefore, the fiscal note is for zero dollars. The number of Medicaid eligible women who might choose a birthing center instead of a hospital is unknown. In Alaska, about 2% of all births occur in a birthing center compared to less than 1% nationally. The rate of Medicaid deliveries in birthing centers would probably be lower than the statewide rate since birthing centers do not provide adequate care for high-risk pregnancies. Medicaid babies are generally the most at-risk because of their circumstances. An independent study found that the facility cost for a birthing center delivery is about 22% less than a hospital. The cost savings for 100 births is approximately \$40,000.00.

(Continued on page 2)

Prepared by: Janet Clarke, Assistant Commissioner Phone 465-1630  
 Division Finance and Management Services Date/Time 03/30/2005

Approved by: Joel S. Gilbertson, Commissioner Date 04/28/2005  
 Agency Department of Health and Social Services

**FISCAL NOTE  
FN #**

**STATE OF ALASKA  
2005 LEGISLATIVE SESSION**

**ANALYSIS CONTINUATION**

If a serious complication resulted in the mother's or baby's transfer to a hospital, there would be additional costs which would reduce and possibly offset any savings. The birthing center would still be paid it's facility fee and the hospital would be paid a facility fee as well. Additionally, if emergency transport was required, those costs would have to be factored in. In contrast, a hospital birth with serious complications would not incur the birthing center fee or the transport fee.

There is a question whether birthing centers are an allowable federal Medicaid service. If birthing centers do not qualify for Medicaid reimbursement, the cost would be all GF. If they do qualify, the regular matching rate would apply.