

HB

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**State of Alaska
Representative Peggy Wilson
House District 2**

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Fax transmittal sheet

To Leg Legal
Fax # 465-2029

Date March 31, 2005
1 page

From: Kathy Hope Erickson for Representative Peggy Wilson
Re: HB 111, Medicaid Coverage for Birthing Centers

Comments: HESS Committee has passed HB 111 out of committee, and has made this conceptual amendment - on page 1 line 9 of HB 111 (A) ADD "Section 2. That the provisions of Section 1 are contingent upon approval of matching funding from the federal Medicaid program."

I am also requesting a final. Thank you very much.



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From: Kathy Hope Erickson for Representative Peggy Wilson
Re: HB 111, Medicaid Coverage for Birthing Centers

Comments: HESS Committee has passed CSHB 220 (Y) out of committee, and has made two conceptual amendments

1) On page 1 line beginning on 11, DELETE section (b).

2) On page 2, line 3, DELETE "in patient rooms"

I am also requesting a final. Thank you for everything.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB111-DHSS-HCS-03-30-05

Revision Date/Time (Note if correction): 3/30/05p
 Title ADDING BIRTH CENTERS TO FACILITIES
PAID BY MEDICAID

() Publish Date: _____
 Dept. Affected: Health & Social Services

Sponsor CRAWFORD
 Requester _____

RDU Health Care Services
 Component Medicaid Services

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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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)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

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. Medicaid babies are generally the most at-risk because of their circumstances. One birthing center delivery with serious complications could easily offset any cost savings. 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. 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. 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.

Prepared by: Dwayne Peoples, Director Phone 465-5830
 Division Health Care Services Date/Time 03/30/2005
 Approved by: Joel S. Gilbertson, Commissioner Date 03/30/2005
 Agency Department of Health and Social Services

Alaska State Legislature
House of Representatives



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Representative Harry Crawford
District 21

MEMORANDUM

TO: Representative Peggy Wilson, Chair
House Health, Education & Social Services Committee

FROM: Representative Harry Crawford

DATE: March 17, 2005

RE: House Bill 111

I respectfully request that House Bill 111, "An Act adding birthing centers to the list of health facilities eligible for payment of medical assistance for needy persons," be scheduled for a hearing in the House Health, Education & Social Services Committee at your earliest possible convenience. I have attached a sponsor statement, sectional analysis and copy of HB 111. Additional backup information, including letters of support, will be provided to your office as it becomes available.

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Representative Harry Crawford
District 21

SPONSOR STATEMENT FOR HB 111

In Alaska, Medicaid does not cover licensed birthing center facility fees. House Bill 111 adds birthing centers to the list of health facilities eligible for medical assistance purposes.

Cost savings could be realized by adding birthing centers to the list of covered facilities. The cost of a hospital birth is significantly greater than those at a birthing center. Licensed birthing centers in Alaska often charge less than half the price of a hospital stay for a "normal" delivery.

House Bill 111 not only gives Medicaid recipients more freedom in choosing their preferred birthing location, it also provides them with an option that could save the state money.

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SECTIONAL ANALYSIS HB 111

Section 1: Adds birthing centers to the definition of "health facility" for medical assistance purposes.