

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE, No. 1097
STATE OF NEW JERSEY
221st LEGISLATURE

DATED: NOVEMBER 26, 2024

SUMMARY

Synopsis: Requires health insurance carriers and Medicaid to provide coverage for planned home childbirth.

Type of Impact: Annual net impact on State expenditures; annual local government expenditure increases.

Agencies Affected: Department of the Treasury; Department of Human Services; Department of Banking and Insurance.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State and Local Expenditure Increase for SHBP/SEHBP	\$3,400
Potential State Expenditure Decrease for NJ FamilyCare	Indeterminate
Potential State Expenditure Increase for Department of Banking and Insurance	Indeterminate

- The Office of Legislative Services (OLS) estimates that this bill will annually increase combined State and local government expenditures by \$3,400 by requiring the State Health Benefits Program and the School Employees' Health Benefits Program to provide coverage for doula services associated with home childbirths.
- The OLS estimates that annual State costs associated with the State Medicaid program, known as NJ FamilyCare, may potentially decrease by an indeterminate amount because of the potentially lower costs for home childbirths when compared to the facility fees, medical equipment, and medical staff typically associated with a hospital birth.
- The OLS finds the bill's requirement that the Department of Banking and Insurance establish certain regulations and reporting related to the expanded health coverage may result in an indeterminate annual State cost increase.

BILL DESCRIPTION

This bill requires health insurance carriers and the State Medicaid program to provide coverage for planned home childbirth.

The bill requires the State Health Benefits Commission and the School Employees' Health Benefits Commission to provide coverage for costs associated with planned home childbirth, including, but not limited to, services provided by a health care provider, services provided by a doula, and equipment and medical supplies. The bill would require coverage for planned home childbirth to be provided to the same extent as for any other health care services under the contract.

Furthermore, the bill requires the Division of Medical Assistance and Health Services in the Department of Human Services, or a managed care organization contracted with the division to provide benefits under NJ FamilyCare, to cover the costs incurred for a planned home childbirth, including, but not limited to, services provided by a health care provider, services provided by a doula, and equipment and medical supplies, when the services are provided to a beneficiary of NJ FamilyCare by an in-network health care provider. The department is required to apply for State plan amendments or waivers as necessary to implement these provisions of the bill and to secure federal financial participation for NJ FamilyCare expenditures under the Medicaid program and Children's Health Insurance Program.

Most provisions of the bill go into effect 120 days following the enactment of the bill and will apply to all contracts delivered, issued, executed, or renewed in the State, or approved for issuance or renewal in the State by the Commissioner of Banking and Insurance, on or after the effective date of the bill. However, the provisions related to NJ FamilyCare will go into effect two years following the date of enactment.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will annually increase combined State and local government expenditures by a total of \$3,400 by requiring the State Health Benefits Program and School Employees' Health Benefits Program to provide coverage for doula services associated with home childbirths. The OLS also estimates that this bill may impact net State costs associated with NJ FamilyCare and administrative costs for the Department of Banking and Insurance.

Currently, the State Health Benefits Program and the School Employees' Health Benefits Program provide coverage for home childbirths billed by an eligible provider, related to the prenatal care, delivery, and postnatal care of the home childbirth. However, the State Health Benefits Program and the School Employee's Health Benefits Program do not provide coverage for services rendered by doulas regardless of the delivery setting.

Current trends indicate that a small proportion of childbirths in New Jersey occur at home. As of 2022, the National Center for Health Statistics report that only 0.58 percent of childbirths in New Jersey are home childbirths. Current trends also indicate that a small proportion of childbirths include services provided by doulas. Although there is a lack of data related to doula usage in New Jersey, the New York City Department of Health and Mental Hygiene estimated doulas to play a role in about 4.2 percent of births as of 2023. Both of these factors, in concert with data

from the Plan Year 2025 Rate Renewal Reports and additional information from the Department of the Treasury, lead to an annual average of 1.3 home childbirths assisted by doulas covered by the State Health Benefits Program and the School Employees' Health Benefits Program, leading to a combined annual State and local expenditure increase of \$3,400.

The OLS also concludes that State costs may potentially decrease by an indeterminate amount through the bill's provisions requiring NJ FamilyCare coverage for planned home childbirths. NJ FamilyCare currently reimburses for birthing services provided by licensed physicians, certified nurse midwives, certified midwives, and certified professional midwives in a hospital or a birthing center that is a Medicaid approved facility. Services provided by community doulas during labor and delivery are also reimbursed by NJ FamilyCare when the delivery occurs in a licensed hospital or birthing center. NJ FamilyCare, however, does not currently reimburse for planned home childbirth.

Presumably, if the federal Centers for Medicare and Medicaid Services were to approve the State's request to cover planned home deliveries attended by a health care professional, the State may potentially realize lower net costs for home childbirths, when compared with the comparatively higher costs of the facility fees, medical equipment, and medical staff typically associated with a hospital birth. Lower State expenditures for labor and delivery services for NJ FamilyCare participants, however, will also reduce State revenues in the form of federal Medicaid reimbursements for State Medicaid expenditures.

Current Medicaid fee-for-service rates for a delivery in a hospital range from a low of \$733 to a high of \$2,615, depending upon the type of services provided and the professional attending the delivery. NJ FamilyCare fee-for-service reimbursement for labor and delivery support and eight perinatal visits with a community doula is currently set at \$1,165.

Finally, the OLS estimates the bill's requirement that the Department of Banking and Insurance establish certain regulations and reporting related to the expanded health coverage may result in an indeterminate annual State cost increase.

Section: State Government
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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).