

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

SENATE, No. 3405

**STATE OF NEW JERSEY
218th LEGISLATURE**

DATED: JUNE 12, 2019

SUMMARY

- Synopsis:** Requires Medicaid coverage for group prenatal care services under certain circumstances.
- Type of Impact:** Indeterminate impact on State expenditures and revenue; General Fund.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Impact	Indeterminate
State Revenue Impact	Indeterminate

- The Office of Legislative Services (OLS) estimates that this bill will have an indeterminate impact on State expenditures due to the provision of group prenatal care services to pregnant women who receive health care services under the State’s Medicaid program. To the extent that State Medicaid expenditures are matched by federal Medicaid funds, State revenues will also be affected under this bill.
- The fiscal impact of the bill is uncertain because the OLS is unable to determine if: the reimbursement rate for group prenatal care services will be more or less than this the reimbursement rate for one-on-one prenatal services provided under the Medicaid program; eligible women will utilize group prenatal care services as a replacement for one-on-one prenatal services; and the number of group prenatal care visits per eligible Medicaid enrollee will be comparable to the number of one-on-one prenatal visits per eligible enrollee. Furthermore, the number of pregnant Medicaid eligible women who will choose to receive prenatal care via group visits is unpredictable.
- Research suggests that the provision of group prenatal care services is associated with improved maternal outcomes. Therefore, there may be certain long-term cost savings due to the decrease in medical costs associated with the care of mothers and infants under the bill.



- The OLS notes that the uptake of this benefit will be limited by the availability of accredited Centering Healthcare Institute (CHI) sites, as well as sites engaged in an active implementation contract with the CHI, to provide the services. According to the CHI website, there are currently 12 CenteringPregnancy sites in the State; however only three have successfully gone through CHI's accreditation process.

BILL DESCRIPTION

The bill provides for an expansion of the State Medicaid program to include coverage of group prenatal care services under certain circumstances. As used in the bill, “group prenatal care services” means a series of prenatal care visits provided in a group setting which are based upon the CenteringPregnancy model developed by the CHI and which include health assessments, social and clinical support, and educational activities. Specifically, this bill provides that coverage under the Medicaid program includes expenses incurred for the provision of group prenatal care services to a pregnant woman, provided that:

(1) the provider of services: (a) is a site accredited by the CHI, or is engaged in an active implementation contract with the CHI, that utilizes the CenteringPregnancy model; and (b) incorporates the applicable information outlined in any best practices manual for prenatal and postpartum maternal care developed by the Department of Health into the curriculum for each group prenatal visit;

(2) each group prenatal care visit is at least 1.5 hours in duration, with a minimum of two women and a maximum of 20 women in participation; and

(3) no more than 10 group prenatal care visits occur per pregnancy.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this bill will have an indeterminate impact on State expenditures due to the provision of group prenatal care services to pregnant women who receive health care services under the State’s Medicaid program. To the extent that State Medicaid expenditures are matched by federal Medicaid funds, State revenues will also be affected under this bill. The fiscal impact of the bill is uncertain because the OLS is unable to determine if: the reimbursement rate for group prenatal care services will be more or less than this the reimbursement rate for one-on-one prenatal services provided under the Medicaid program; eligible women will utilize group prenatal care services as a replacement for one-on-one prenatal services; and the number of group prenatal care visits per eligible Medicaid enrollee will be comparable to the number of one-on-one prenatal visits per eligible enrollee. Furthermore, the number of pregnant Medicaid eligible women who will choose to receive prenatal care via group visits is unpredictable.

Currently, group prenatal care services are a covered benefit under the Medicaid program in South Carolina. Under the reimbursement system established in South Carolina, Medicaid managed care organizations receive a \$200 incentive payment, of which \$150 must be passed onto the group prenatal care provider, for each of the Medicaid beneficiaries who attended five or more group prenatal visits. While this bill does not specify a reimbursement rate for group prenatal care services, if a similar enhanced reimbursement rate is implemented in New Jersey, the bill may increase State Medicaid expenditures.

Another factor of the bill's impact on State expenditures is the number of individuals who will be provided group prenatal care services. According to the New Jersey Health Assessment Data website, 31,151 of the 101,154 births in New Jersey in CY 2017 were financed by Medicaid, in CY 2016, there were 31,877 Medicaid births and in CY 2015 there were 30,986. The OLS, however, cannot predict how this population may change from year to year, or, more significantly, what portion of this population may choose to utilize group prenatal care services, rather than one-on-one prenatal services.

Furthermore, research suggests that the provision of group prenatal care services is associated with improved maternal outcomes. Therefore, the OLS concludes that there may be long-term cost savings due to the decrease in medical costs associated with the care of mothers and infants under the bill. For reference, a study performed in collaboration between the South Carolina Department of Health and Human Services, which as noted above provides a Medicaid group prenatal care visit benefit, and the University of South Carolina estimated that CenteringPregnancy participation reduced the risk of premature birth and of a neonatal intensive care unit stay, as well as the incidence of delivering an infant with low birth weight. The study concluded that, after considering the state investment of \$1.7 million to provide group prenatal services to Medicaid beneficiaries, there was an estimated return on investment of nearly \$2.3 million.¹

The OLS notes that the uptake of this benefit will be limited by the availability of accredited CHI sites, as well as sites engaged in an active implementation contract with the CHI, to provide the services. According to the CHI website, there are currently 12 CenteringPregnancy sites in the State; however only three have successfully gone through CHI's accreditation process.

Section: Human Services

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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.).

¹ <https://link.springer.com/article/10.1007%2F978-1-4939-9135-5>