

COST ESTIMATE
Prepared by Health Policy Source, Inc.

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Amendment of the Social Security Act to Include Medicaid Coverage
and Reimbursement Of Certified Professional Midwife Services

SUMMARY

The amendment would require the addition of services provided by Certified Professional Midwives to the list of those covered by Medicaid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of this amendment is shown in the following table.

By Fiscal Year, in Millions of Dollars

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010- 2014	2010- 2019
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CHANGES IN DIRECT SPENDING

Estimated Outlays	-71	-71	-71	-71	-71	-71	-71	-71	-71	-71	-355	-710
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BASIS OF ESTIMATE

For this estimate, it is assumed that 1% of Medicaid women would choose Certified Professional Midwife (CPM) care, consistent with the rates of out-of-hospital birth in the general population (2006, CDC data). This is a conservative estimate, given that more women tend to choose CPM care in states where CPMs are covered by Medicaid. In Washington State, that figure is 2%. A similar pattern nationwide would double the cost savings above.

Cost savings were calculated using the Washington State Department of Social and Health Services' First Steps Database, which also provided the data for *Midwifery Licensure and Discipline Program in Washington State: Economic Costs and Benefits*

(2007), conducted by Health Management Associates at the direction of the Washington State Legislature. The study specifically evaluated cost-offsets to Medicaid conferred by Certified Professional Midwives' lower cesarean-section rate. The First Steps Database also allows comparison of the cost to Medicaid for hospital births for low-risk women with the cost for out-of-hospital births with care provided by a CPM, which is the data used in this Cost Estimate. The figures for CPM care include all costs for care initiated with a CPM, including the costs associated with hospital transfers.

On average, an out-of-hospital birth attended by a Certified Professional Midwife cost Medicaid \$3374 less than a low-risk hospital birth (2007, DSHS Research and Data Analysis, Laurie Cawthon, MD, MPH, (360) 902-0712, cawthml@dshs.wa.gov). The total number of Medicaid-paid deliveries in 2006 was 2,055,000 nationwide, and if just 1% of these women chose to give birth out-of-hospital with a CPM, the estimated cost-savings would be \$69,335,700. In 2009 dollars, that figure is \$71,472,900. This estimate is very conservative, considering that the data includes both Medicaid managed care and fee-for-service payments averaged together, and Medicaid managed care tends to under-represent the cost savings. For example, the cost savings for Medicaid fee-for-service alone averages \$6435 per birth, nearly twice the savings than when averaged together with managed care.

It is important to point out that the addition of Certified Professional Midwife services would not duplicate or add to the services covered by Medicaid. There would simply be a shift in provider type and/or location for episodes of care that are already reimbursed by Medicaid. Any administrative costs associated with addition of a new provider type to the Social Security Act are expected to be minimal and are not represented in the estimate above.