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**FISCAL IMPACT STATEMENT**

**LS 6196**

**BILL NUMBER: SB 62**

**NOTE PREPARED:** Jan 29, 2004

**BILL AMENDED:** Jan 29, 2004

**SUBJECT:** Medicaid Waiver for Family Planning Services.

**FIRST AUTHOR:** Sen. Simpson

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**  GENERAL  
DEDICATED  
 FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires the Office of Medicaid Policy and Planning (OMPP) to apply for a demonstration waiver to extend Medicaid coverage of family planning services for certain women. The bill excludes the provision of abortifacients from family planning services.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill requires OMPP to apply for a family planning demonstration waiver to provide an additional 24 months of limited eligibility for women who qualified for Medicaid services because they were pregnant and had incomes less than 150% of the federal poverty level (FPL). Family planning services, only, would remain available to these individuals without regard to subsequent changes in the family income. The bill provides that the program may not be implemented without the approval and financial participation of the federal government. Medicaid demonstration waivers must be at least budget neutral over the life of the project (generally a five-year period) and are subject to approval of the federal Centers for Medicare and Medicaid Services (CMS). Any fiscal impact will depend upon administrative and legislative actions of the state and federal governments.

*Potential Savings:* In order to achieve the federal budget neutrality requirement of a family planning waiver, the anticipated savings may be a combination of improved birth outcomes and fewer Medicaid-eligible births. Other states have estimated incurred costs of family planning in the first year with savings and resulting budget neutrality occurring in the subsequent four years of a five-year demonstration.

*Background Information:* Should a waiver be approved, Medicaid covered approximately 30,000 deliveries, or about 35% of all Indiana births, in FY 2002. Of the total Medicaid births, about 18,400 were covered on the basis of the mother's pregnancy and income status of less than 150% of the federal poverty level. (*These*

numbers will be updated as soon as FY 2003 statistics are available.) Of these mothers, preliminary analysis indicates that as many as 70% subsequently lost Medicaid eligibility within 180 days of delivery and would potentially be eligible for the proposed waiver services.

Very short intervals between pregnancies are associated with higher risks for adverse birth outcomes. A five-year study of interpregnancy intervals done by the Indiana State Department of Health found that, compared to infants born after an 18-23 month interpregnancy interval, infants conceived in less than three months were at 52% higher risk of being low birth weight, 62% higher risk of preterm birth, and 43% higher risk of being small for gestational age. For the five-year period between 1994 and 1998, 1.8% of all live, single-baby births were conceived in less than 3 months following a previous live birth. Of all single-baby live births in the 5-year study period, 18.8% were conceived within 12 months of a previous live birth. (Currently, pregnant women with incomes under 150% of FPL are covered by Medicaid for three months after delivery. Family planning services are included in the coverage.) The ISDH study concluded that: "The adverse effects of short interpregnancy intervals on birth outcomes were most noticeable among births after an interpregnancy interval of less than 3 months. However, the higher risk of adverse outcomes continued to exist for interpregnancy intervals of up to 9 months. Therefore, efforts to improve family planning could continue beyond 3 months postpartum as a measure to reduce short interpregnancy intervals and to improve birth outcomes.

Other states have calculated potential savings on the basis of births prevented and the unrealized cost of the children to the Medicaid program.

Specific Medicaid family planning services are matched by 90% federal funds. (The usual federal match rate (FMAP) for medical services in Indiana is approximately 62%.) Family planning services are exempt from any required copayments. Any services provided to waiver participants that are not federally defined as a family planning service, such as treatment for a sexually transmitted disease, would be matched at the lower FMAP rate. Further, CMS now requires states to ensure access to primary care services for those clients enrolled in family planning waivers.

**Explanation of State Revenues:** See *Explanation of State Expenditures*, above, regarding federal financial participation in the Medicaid program.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** The Family and Social Services Administration, Office of Medicaid Policy and Planning.

**Local Agencies Affected:**

**Information Sources:** "Short Interpregnancy Intervals and the Risk of Adverse Birth Outcomes, Indiana, 1994-1998," Indiana State Department of Health, Epidemiology Resource Center/Data Analysis Team. At [http://www.in.gov/isdh/dataandstats/mch/short\\_interpregnancy\\_intervals\\_94-98.pdf](http://www.in.gov/isdh/dataandstats/mch/short_interpregnancy_intervals_94-98.pdf); "1115 Waiver Research and Demonstration Projects, Centers for Medicare and Medicaid Services, at <http://cms.hhs.gov/medicaid/1115/default.asp>; and "Minnesota Family Planning Project Section 1115 Waiver Request, The Minnesota Department of Human Services, July 2002.

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