

**STORAGE NAME:** h1465.hcr

**DATE:** April 6, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
HEALTH CARE STANDARDS & REGULATORY REFORM  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 1465

**RELATING TO:** Medicaid Recipients/Midwifery

**SPONSOR(S):** Representative Dockery and others

**STATUTE(S) AFFECTED:** Section 409.908, F.S.

**COMPANION BILL(S):** SB 1980 (i)

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) HEALTH CARE STANDARDS & REGULATORY REFORM
- (2) HEALTH & HUMAN SERVICES APPROPRIATIONS
- (3)
- (4)
- (5)

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**I. SUMMARY:**

The bill allows the Agency for Health Care Administration (agency) to reimburse midwives licensed under chapter 467, F.S., for home deliveries conducted for eligible Medicaid recipients.

The agency indicates the bill has a fiscal impact on state government, and no fiscal impact on local government or the private sector.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The program is jointly funded by the federal government, the state, and the counties. The federal government, through law and regulations, has established extensive requirements for the Medicaid Program. The Agency for Health Care Administration (agency) is the single state agency responsible for the Florida Medicaid Program. The statutory provisions for the Medicaid Program appear in ss. 409.901 through 409.920, F.S.

The federal government requires state Medicaid programs to provide payment for certain services as a condition of receiving federal funds. Section 409.905, F.S., specifies the mandated Medicaid services. The federal government has also agreed to participate financially in paying for certain other services under the Medicaid Program, if a state elects to cover these "optional" services. Section 409.906, F.S., specifies those 21 optional Medicaid services which Florida has agreed to provide to Medicaid recipients.

Section 409.908, F.S., provides the statutory requirements under which providers of Medicaid services are reimbursed. Subsection (12) of this section is specific to physician reimbursement. Paragraph (d) of this subsection is specific to reimbursement for obstetrical services. Physicians and nurse midwives are reimbursed by Medicaid for deliveries, regardless of the delivery setting, although most physician- and nurse midwife-assisted deliveries occur in hospitals or birth centers. Currently, a licensed midwife can be reimbursed for prenatal and postpartum care provided to Medicaid recipients, but licensed midwives are specifically prohibited from receiving reimbursement for home deliveries. Few, if any, physicians or nurse midwives provide deliveries in the home; therefore, for women with normal, low-risk pregnancies desiring a home delivery, licensed midwives are the only option. The current Medicaid reimbursement restriction eliminates this option for Medicaid recipients.

Florida has licensed midwives since 1931. In 1982 and 1992, the Midwifery Practice Act (chapter 467, F.S.) was updated, based on World Health Organization standards and on successful European "direct-entry" midwifery programs. In order to become licensed, an applicant undertakes an intensive three-year national certification exam for state licensure. The educational program is founded on the core competencies of the Midwives Alliance of North America and the American College of Nurse-Midwives, the nation's leading midwifery organizations. The American College of Nurse-Midwives currently has 6200 members. Of those, approximately 5000 are in clinical practice. The remainder are students, faculty members, retired, or outside of clinical practice for a variety of reasons.

Licensed midwives are autonomous maternity care providers for women with normal, low-risk pregnancies. They work to meet their communities' needs in a variety of settings. In collaboration with a physician, they may also provide prenatal and postpartum care for women whose pregnancies require medical supervision. Licensed midwives are eligible for reimbursement by private insurers and by Medicaid.

The provisions of s. 409.908(12)(d), F.S., were enacted as part of chapter 92-179, Laws of Florida, a bill reenacting chapter 467, F.S., following the Sunset Review of the regulation of licensed midwives. Under chapter 467, F.S., those seeking a license as a "direct-entry" midwife take a three-year program of academic and clinical education and must pass the North American Registry of Midwives national certification examination. The educational program is founded on the core competencies of the American College of Nurse-Midwives and the Midwives Alliance of North America. Licensed midwives are autonomous maternity care providers for women with normal, low-risk pregnancies. They work to meet their communities' needs in a variety of settings: clients' homes, birth centers, clinics, and hospitals. In collaboration with a physician, they may also provide prenatal and postpartum care for women whose pregnancies require medical supervision.

In 1994, the most current year data available from the National Center for Health Statistics, there were 205,049 midwife-attended births in the United States. This accounts for more than five percent of the births that year.

The Legislature has recognized a family's right to choose an appropriate setting for their child's birth (ch. 467.002, F.S.). A 1991 study by the Senate Health Care Committee affirmed that the home is a safe birth site for healthy women when screening is performed and emergency plans formulated. Licensed midwives are Florida's only maternity care practitioners who receive training specific to the home birth setting, yet at the present time, the state's Medicaid program will pay only a certified nurse midwife or physician when birth takes place in the home. Ninety percent of home birth practitioners in Florida are licensed midwives.

**B. EFFECT OF PROPOSED CHANGES:**

The bill authorizes Medicaid to provide reimbursement to midwives licensed under ch. 467, F.S., for home deliveries.

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The bill would make available to Medicaid eligible women/families who meet low risk criteria throughout a pregnancy the option to choose for themselves whether a home delivery is in their best interest.

- (3) any entitlement to a government service or benefit?

Those women choosing birth in a home setting would be entitled to receive Medicaid reimbursement.

- b. If an agency or program is eliminated or reduced:

- (1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

- (2) what is the cost of such responsibility at the new level/agency?

N/A

- (3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

- a. Does the bill increase anyone's taxes?

No.

- b. Does the bill require or authorize an increase in any fees?

No; it authorizes reimbursement for services not currently reimbursed covered by Medicaid.

- c. Does the bill reduce total taxes, both rates and revenues?

No.

- d. Does the bill reduce total fees, both rates and revenues?

According to the Agency for Health Care Administration, a \$72,000 savings could be obtained (See Fiscal Comments Section).

- e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No; in fact, the beneficiaries (those receiving Medicaid reimbursement) would actually experience a savings by not having to finance an entire birth at their own expense.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes; the bill lessens government's propensity to prescribe a methodology for maternity care for Medicaid-eligible women. It would give those women the option to choose a home delivery assisted by a licensed midwife.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

The Board of Nursing, the midwife, and the family.

- (2) Who makes the decisions?

The family; a family is provided the opportunity to choose the environment in which they give birth.

- (3) Are private alternatives permitted?

Yes.

(4) Are families required to participate in a program?

No.

(5) Are families penalized for not participating in a program?

No.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

Parents have the option of choosing a reimbursed home birth, utilizing the services of a midwife.

(2) service providers?

Medicaid would be required to provide reimbursement; also, the midwife would be required to deem it appropriate for the recipient to deliver at home.

(3) government employees/agencies?

Yes. Policy and/or limitations would be determined by Medicaid Program Development within the Agency for Health Care Administration.

**D. SECTION-BY-SECTION RESEARCH:**

Section 1. Amends s. 409.908(12)(d), F.S., 1996 Supplement, to delete current language which prohibits Medicaid reimbursement for home deliveries by midwives licensed under chapter 467, F.S.

Section 2. Provides an effective date of July 1, 1997.

**III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:**

**A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:**

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1. Non-recurring Effects:

None.

2. Recurring Effects:

According to the agency, there are currently 49 midwives licensed under chapter 467, F.S. Assuming that these midwives performed 500 deliveries that would have been done by either advanced registered nurse practitioner midwives or by physicians, the Medicaid program could experience a minor savings. For instance, if 450 (90 percent) of the assumed 500 deliveries would have been performed by a physician, and assuming that the midwives will be reimbursed at 80 percent of the physician reimbursement rate, the total savings is estimated to be \$72,000. The actual savings will depend upon the actual utilization by Medicaid recipients of midwives licensed under chapter 467, F.S.

Medicaid Services:		
Revenues:		
Title XIX Medical Assistance		
Medical Care Trust Fund	(\$40,075)	(\$40,075)
Physician Services		
General Revenue	(\$159,624)	(\$159,624)
Medical Care Trust Fund	(\$200,376)	(\$200,376)
Total Physician Services	(\$360,000)	(\$360,000)
Nurse Practitioner Services		
General Revenue	\$127,699	\$127,699
Medical Care Trust Fund	\$160,301	\$160,301
Total Nurse Practitioner Services	\$288,000	\$288,000

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Revenues:

Title XIX Medical Assistance		
Medical Care Trust Fund (Revenue loss)	(\$40,075)	(\$40,075)

Expenditures:

General Revenue	(\$31,925)	(\$31,925)
Medical Care Trust Fund	(\$40,075)	(\$40,075)
Total Expenditures (Savings)	(\$72,000)	(\$72,000)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.



C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

Provides an alternative for Medicaid recipients for home deliveries. Provides for Medicaid reimbursement for midwives licensed under chapter 467, F.S.

3. Effects on Competition, Private Enterprise and Employment Markets:

Provides an alternative for Medicaid recipients for home deliveries. It will have a minor impact by increasing competition between midwives licensed under chapter 467, F.S., registered nurse midwives, and physicians for deliveries.

D. FISCAL COMMENTS:

**Note:** The agency's analysis was based on provider's fees; this does not take into account the fact that facility fees would not be paid for home births, thereby providing an added savings.

The agency indicates that "the number of deliveries for Medicaid recipients is the controlling factor for this bill, as well as the number of women who select home delivery as an option. Allowing these licensed providers to be reimbursed will be a concern from a safety issue, as these are not necessarily registered nurses or advanced registered nurse practitioners performing the services."

Assuming that midwives licensed under chapter 467, F.S., will perform 500 deliveries for each of the first two years, and that ten percent of the deliveries would have otherwise been performed by registered nurse midwives and 90 percent would have otherwise been performed by physicians, the following is the calculation of cost(savings):

Vaginal delivery only, low risk:	Units	Unit Cost	Total Cost/ (Savings)
Midwives licensed under chapter 467	500	\$640	\$320,000
Assume that 10% would have otherwise have been done by registered nurse midwife	(50)	\$640	(\$32,000)
Assume that 90% would have otherwise been done by physician	(450)	\$800	(\$360,000)
Total Estimated Net Savings			(\$72,000)
General Revenue			(\$31,925)
Medical Care Trust Fund			(\$40,075)

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

The bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

The Midwives Association of Florida has indicated that they support the bill.

The following groups have indicated that they oppose the bill:

- ▶ Florida Obstetric & Gynecologic Society
- ▶ Florida Medical Association
- ▶ Florida Nurses Association
- ▶ Florida Pediatric Society
- ▶ American College of Nurse-Midwives
- ▶ American College of Obstetricians and Gynecologists
- ▶ Florida League of Health Systems
- ▶ Association of Community Hospitals & Health Systems of Florida
- ▶ Florida Osteopathic Medical Association
- ▶ Florida Academy of Family Physicians

It must be noted that many of the issues which were brought forward by the opponents of the bill related to the practice of midwifery itself (those who are not nurse midwives). This bill does not relate to the **practice** of midwifery. The bill allows Medicaid reimbursement for home deliveries

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

One amendment was added to the bill in Committee. The amendment directs the Agency for Health Care Administration to adopt rules regarding appropriate insurance coverage by midwife licensees. It also provides that prior to the issuance and renewal of an active license, or reactivation of an inactive license, proof of insurance coverage must be submitted.

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VII. SIGNATURES:

COMMITTEE ON HEALTH CARE STANDARDS & REGULATORY REFORM:

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