

**STORAGE NAME:** h1011.in

**DATE:** March 18, 1999

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
INSURANCE  
ANALYSIS**

**BILL #:** HB 1011

**RELATING TO:** Epidural Anesthesia

**SPONSOR(S):** Representative Jacobs

**COMPANION BILL(S):** SB 1562 (i)

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

- (1) INSURANCE
  - (2) HEALTH CARE SERVICES
  - (3) HEALTH & HUMAN SERVICES APPROPRIATIONS
  - (4)
  - (5)
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**I. SUMMARY:**

Currently, health insurance policies that cover maternity care must also cover the services of certified nurse-midwives and licensed midwives and birth center services.

Epidural anesthesia, commonly referred to as an "epidural," is a type of regional anesthesia where only a specific area of the body is anesthetized during labor and delivery.

Under this bill, insurers providing health insurance for maternity care would be required to provide coverage for the administration of epidural anesthesia during labor and delivery. The insurer could not restrict a patient's access to an epidural unless the procedure is determined to be medically inadvisable.

According to the Department of Health and the Agency for Health Care Administration, the bill would have no fiscal impact on the state government but could have a fiscal impact on local governments.

Section 624.215, F.S., requires organizations seeking consideration of a legislative proposal that would mandate a health benefit to prepare a report to the Agency for Health Care Administration and the legislative committee with jurisdiction over the proposal to assess the proposal's financial and social impact. No such report has been prepared.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Currently, health insurance policies that cover maternity care must cover the services of certified nurse-midwives and licensed midwives and birth center services<sup>1</sup>. Also, health insurance policies that provide coverage, benefits, or services for maternity care must provide coverage for postdelivery care including a postpartum assessment, a newborn assessment, a physical assessment, and the medically necessary clinical tests and immunizations<sup>2</sup>.

What is epidural anesthesia?

Epidural anesthesia, commonly referred to as an "epidural," is a type of regional anesthesia where only a specific area of the body is anesthetized. An anesthesiologist, a medical doctor specialized in anesthesia, is trained to administer the epidural. Certified Registered Nurse Anesthetists (CRNAs), however, may provide the anesthesia under the supervision of the anesthesiologist. A popular anesthetic technique for elective cesarean section (C-section), an epidural involves a spinal injection of anesthetic medication that reduces the discomfort of a long and exhausting labor by relaxing the abdomen muscles, pelvic muscles, and the nerves causing muscle relaxation and loss of sensation, an insensitivity to pain. Utilization of this procedure generally is determined after consultation with the anesthesiologist.

The use of epidural anesthesia is commonplace in Florida. For fiscal year 1997-98, the Agency for Health Care Administration reports that there were 11,654 labor epidural procedures for vaginal births and 2,610 labor epidurals for cesarian births. And the Florida Society of Anesthesiologist reports the average length of labor is approximately six hours. Reported benefits associated with epidural anesthesia include the following:

- Best possible pain relief with the fewest side effects
- Brings pressure down for those with abnormally high levels
- Provides prolong pain relief during labor without complete loss of sensation or ability to move
- Fewest side effects for the mother and baby than does general anesthesia
- Mother is able to remain fully awake for the delivery and during the recovery period
- Without effect of strong medications (e.g, drowsy, groggy, sleepy, or confused)
- Promotes relaxation, reduces anxiety and increases comfort levels
- Good anesthetic failure rates and operative condition
- High maternal satisfaction levels
- An epidural can be controlled
- Helps relax the pelvic floor muscles for pushing during labor

Epidural anesthesia may produce occasional side effects. The following includes some of the side effects:

- Drop in blood pressure in about 30-35 percent of women
- Increased rate of cesarean for first-time mothers
- Sensation of labor and delivery is ineffective
- Maternal complications: Shortness of breath, convulsions, respiratory paralysis, cardiac arrest, allergic shock, maternal injury, spinal headache, increased temperature, and backache, headache, numbness or tingling

Alternatives to epidural anesthesia may also be provided. As long the alternatives are determined by a physician to be medically necessary, most insurers will cover alternative procedures, according to the Department of Insurance and the Agency for Health Care Administration. Some alternatives follow:

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<sup>1</sup>ss. 627.6406(1), 627.6574(1), and 641.31(18)(a), F.S.

<sup>2</sup>ss. 627.6406(4), 627.6574(4), and 641.31(18)(d), F.S.

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- Variations of the epidural: Intrathecal, epidural opiate injection, combined spinal-epidural anesthesia (CSEA);
- Systematic interventions: Demerol and other narcotic medicines, intravenous medication (systematic interventions are not considered as effective as an epidural in relieving pain);
- Coping skills: Breathing, focusing, relaxation; and
- Walking epidural -- an epidural designed to reduce pain, but not eliminate all sensation; it can be used either for pain relief during early labor or for pain control following a C-section

#### Coverage for Epidural Anesthesia

Recipients of epidural anesthesia are billed for services by the anesthesiologist and the hospital. The total costs of epidural anesthesia by an anesthesiologist depends on the length of time an epidural is used and the medication required. According to the Florida Society of Anesthesiologists, the approximate cost ranges from \$400-\$500.

Florida provides coverage for epidural anesthesia through the federal-state medicaid program and the state employee's preferred provider organization (PPO) and health maintenance organization (HMO) plan. For those eligible under the medicaid program, the program provides medically necessary services. There are two basic groups of people eligible for medicaid which meet income and asset limits of a defined eligibility category: low income families and children; and the aged, blind and disabled. The current maximum reimbursement by Medicaid is \$125.46 for a vaginal delivery for a maximum of one hour and \$153.34 for a C-section for a maximum of one hour.

The state employee's PPO plan is administered by Blue Cross/Blue Shield of Florida. It currently reimburses epidural anesthesia to network and non-network providers of the PPO plan. In particular, the plan pays 90 percent of the allowed amount after the \$150 calendar year deductible is met. The plan also pays 70 percent of the allowed amount after the \$300 calendar year deductible is met. For example, the allowed amount of coverage for the continuous administration of epidural anesthesia by an anesthesiologist would average \$936, whether the anesthesiologist is part of the PPO network or not. The allowed amount of coverage for the a bolus dose (single shot) administering of epidural anesthesia by a CRNA under the supervision of an anesthesiologist would cost \$115.50 on average, whether the CRNA is part of the PPO network or not. Currently, the state employee's HMO plan is administered by ten group insurers (e.g., AvMed, Capital Health, Humana, Prudential). One state HMO, AvMed, will provide the epidural to the extent the procedure is medical necessity as determined by the anesthesiologist.

Insurance companies or health plans will vary in coverage for an epidural. According to the Department of Insurance, most health insurers will provide coverage for epidural anesthesia to the insured as long as the procedure is medically necessary as determined by the physician. For instance, the Florida Association of HMOs reported that four HMOs currently have an average reimbursement of \$287.50.

#### Mandate Study by Proponent of Legislation

Section 624.215, F.S., requires organizations seeking consideration of a legislative proposal that would mandate a health benefit to prepare to a report to the Agency for Health Care Administration and the legislative committee with jurisdiction over the proposal to assess the proposal's financial and social impact. No such report has been prepared.

#### **B. EFFECT OF PROPOSED CHANGES:**

Insurers providing health insurance for maternity care would be required to provide coverage for the administration of epidural anesthesia during labor and delivery. The insurer could not restrict a patients access to an epidural unless the procedure is determined to be medically inadvisable.

#### **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?

According to the Agency for Health Care Administration and the Department of Insurance, there would be no regulatory impact.

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

N/A

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

N/A

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?

N/A

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

N/A

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

N/A

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

N/A

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

N/A

3. Personal Responsibility:

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

N/A

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

N/A

4. Individual Freedom:

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

Yes.

- 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?

Physician

- (2) Who makes the decisions?

Physician

- (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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

Section 627.6406, F. S., s. 627.6574, F. S., and s. 941.31, F. S.

E. SECTION-BY-SECTION ANALYSIS:

N/A

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

The health insurance benefits required to be provided by this bill would apply to local government health insurance plans. Therefore, to the extent epidurals are not currently covered under local government health plans, local governments providing health insurance plans could be required to incur expenses in order to provide coverage for epidurals. This potential impact could also depend on whether local government health plans reduce other coverages in order provide coverage for epidurals.

3. Long Run Effects Other Than Normal Growth:

N/A

C. **DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

1. Direct Private Sector Costs:

According to the Division of State Group Insurance and the Agency for Health Care Administration, there would be a minimal impact of an indeterminate amount upon health insurance companies, particularly small insurers, through the possible increase of premiums and copayments.

2. Direct Private Sector Benefits:

N/A

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

N/A

D. **FISCAL COMMENTS:**

The Department of Health and the Agency for Health Care Administration estimate no fiscal impact upon the state.

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

A. **APPLICABILITY OF THE MANDATES PROVISION:**

This bill could require local governments to incur expenses to pay additional health insurance costs. Therefore, the bill may fall within the purview of Article VII, Section 18 of the Florida Constitution, which provides that cities and counties are not bound by general laws requiring them to spend funds or to take an action which requires the expenditure of funds unless certain specified exemptions or exceptions are met.

The bill does not contain a legislative finding that the bill fulfills an important state interest.

Since the bill's fiscal impact on local government is indeterminate it is not known whether the impact would be insignificant for purposes of implementing the Florida constitutional prohibition since it may or may not exceed the threshold amount of \$1.5 million.

The bill's mandate relating to epidural coverage would apply to all similarly situated private, state government, and local government health plans.

B. **REDUCTION OF REVENUE RAISING AUTHORITY:**

This 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:**

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

V. COMMENTS:

N/A

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VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON INSURANCE:

Prepared by:

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