BDR 38-180
SB 137

EXECUTIVE AGENCY

FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: February 17, 2023

Agency Submitting: Department of Health and Human Services, Health Care Financing and Policy

Items of Revenue or Expense, or Both	Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25	Effect on Future Biennia
System costs (Expense)		$5,600		
Medical services (Expense)		$5,764,609	$6,605,675	$13,211,350
Actuarial Costs (Expense)		$30,000		
Total	0	$5,800,209	$6,605,675	$13,211,350

Explanation (Use Additional Sheets of Attachments, if required)

The Division of Health Care Financing and Policy (DHCFP) has reviewed this BDR and determined that it will have a fiscal impact on the Division. Section 1 of the BDR requires DHCFP include coverage of donor breast milk and human milk-based human milk fortifier in the State Plan. These products would be available if prescribed by a physician, physician assistant or advanced practice registered nurse for an infant who has certain medical conditions. DHCFP utilized diagnosis codes for the medical conditions described in the BDR to determine how many infants would have been eligible to receive donated breast milk or human milk-based human milk fortifier. DHCFP used data from the CDC to determine the number of infants that would be breastfed and the duration of the breastfeeding period. Estimates on the number of ounces per meal/number of meals per day were determined using data from John Hopkins Medicine. DHCFP used information from other states to determine the cost per ounce of donated breast milk and milk fortifier. The number of infants who would be receiving these products was multiplied by the projected cost per ounce and the number of ounces needed to feed each infant over the projected course of use. Data from Prolacta Bioscience indicates that infants who receive an exclusive human milk diet may have a 4.5-day reduction in their neonatal intensive care (NICU) stay. The Division included the reduction in NICU days as a savings in the analysis.

As the start date does not align with the capitation year, actuarial costs to amend the capitation rates are included at a total computable cost of $30,000 (50% federal match); estimated system costs are $5,600 (75% federal match).

The total computable impact for the 24-25 biennium is $12,405,884 with an estimated state share of $4,726,975 if federal match (FMAP) is available for these items; if FMAP is not available, the state share would include the total computable costs for the new coverage.

Name Stacie Weeks

Title Administrator

GOVERNOR'S OFFICE OF FINANCE COMMENTS

Date Friday, February 17, 2023

The agency's response appears reasonable.

Name Amy Stephenson

Title Director

Fiscal Impact Analysis

Division of Health Care Financing and Policy
Donor Breast Milk and Related Products
Analysis Summary

Estimated Fiscal Impact FY22-FY23 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY22	$0	$0	$0	$0
FY23	$0	$0	$0	$0
Total	$0	$0	$0	$0

Estimated Fiscal Impact FY24-FY25 Biennium

State Fiscal Year	Total Computable	Federal Funds	General Fund	County Funds
FY24	$5,764,609	$3,590,252	$2,174,357	$0
FY25	$6,605,675	$4,069,457	$2,536,218	$0
Total	$12,370,284	$7,659,709	$4,710,575	$0

Description of Budget Concept

Requires that the DHCFP cover and pay the non-federal share for donor breast milk, formulated human milk, and human milk-based human milk fortifier. The product must be approved by appropriate state or federal governmental agencies. The products must be prescribed or ordered by a physician, physician assistant, or advance practice registered nurse for an infant who:

a) Has a birth weight of 1,500 grams or less;
b) Has a congenital or acquired intestinal condition that causes a high risk of feeding intolerance, necrotizing enterocolitis or infection, or
c) Otherwise requires nourishment from breast milk.

Methodology

1) Fee-For-Service (FFS) utilization and managed care encounter were captured by running a report out of the MMIS using the following parameters for this provider type/service: Patients with the following Diagnosis Codes P05, P05.0, P05.00, P05.01, P05.02, P05.03, P05.04, P05.05, P05.1, P05.10, P05.11, P05.12, P05.13, P05.14, P05.15, P05.2, P05.9, P07, P07.0, P07.00, P07.01, P07.02, P07.03, P07.1, P07.10, and P07.14.

2) Patient by Category counts were captured by running a report out of the MMIS to include FFS patients and Managed Care (MCO) patients.

3) For FFS and MCO cost per ounce of breast milk were calculated using an average cost based on rates from California, Ohio, Illinois, and NANN.org study. Estimated ounces per meal and number of meals a day were taken from John Hopkins Medicine, the midpoints were used for both. The cost per ounce and the meals per day and the ounces per meal are then multiplied by ounces per meal to get the cost per day. The cost per day is then multiplied by the average number of days in the set of months the feedings occur in. This is multiplied by the number of FFS or MCO clients to get the total cost per year if all of the babies were fed donor breast milk. This cost is then multiplied by CDC percentages for the number of babies that are breastfed to get the estimated costs for FY 22.

4) Cost savings are based on data from Prolacta Bioscience. The study determined there was a reduction of 4.5 NICU days for babies who received breast milk or human-based milk products.. The number of patients who had NICU stays using Revenue code 0174 were identified. The count of these patients were then multiplied by 4.5 times the current rate for that service for PT 11 providers ($1,858 per day).

5) It is uncertain if the Donor Breast Milk would be subject to the Federal Match. The costs to the State would be higher if the Donor Breast Milk is not subject to the federal match. Figures above reflect the assumption that Federal Match would be available.

6) Total computable expenditures are grown forward based on the DHHS Office of Analytics caseload projections.

7) FMAP rates were applied to determine the federal share of estimated costs. Note that the COVID-19 enhanced FMAP (+6.2%) for Medicaid is used through March 31, 2023. Enhanced COVID FMAP amounts are tiered down across CY 2023 to align with the 2023 Federal FY Omnibus Appropriations Bill, which allows the following enhanced FMAP amounts: 6.2% (CY23 Q1); 5.0% (CY23 Q2); 2.5% (CY23 Q3); 1.5% (CY23 Q4).