



## **Economic Impact Analysis Virginia Department of Planning and Budget**

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**12 VAC 30-141 – Family Access to Medical Insurance Security Plan**  
**Department of Medical Assistance Services**  
December 8, 2011

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### **Summary of the Proposed Amendments to Regulation**

Pursuant to 2006 Appropriation Act, the proposed regulations will make some pregnant legal aliens whose family income is below 133% of the federal poverty level and who can currently receive only delivery services through Medicaid, eligible for prenatal and postpartum care in addition to delivery services through FAMIS MOMS program.

### **Result of Analysis**

The benefits likely exceed the costs for all proposed changes.

### **Estimated Economic Impact**

Pursuant to 2006 Appropriation Act, the proposed regulations will make some pregnant legal aliens whose family income is below 133% of the federal poverty level (FPL) and who can currently receive only delivery services through Medicaid, eligible for prenatal and postpartum care in addition to delivery services through FAMIS MOMS program.

Currently, some pregnant legal aliens whose family income is between 133% and 200% of FPL are eligible to enroll in FAMIS MOMS program. However, if their income is below 133% of FPL, they are eligible only for emergency services through Medicaid which covers only delivery services. The proposed changes will ensure that pregnant legal aliens with incomes below 133% of FPL and between 133% and 200% FPL are eligible to receive same services through FAMIS MOMS program.

According to the Department of Medical Assistance Services (DMAS), Medicaid pays for approximately 938 deliveries per year for legal immigrants who qualify for only emergency services which include delivery. Although it is not known with certainty how many of these

cases would meet more liberal FAMIS MOMS alien status requirements and be eligible for additional prenatal and postpartum care, DMAS believes only a small percentage would qualify.

The average Medicaid coverage cost for a delivery is approximately \$3,200. One half of this total cost is paid by the state while the rest is funded by the federal government. The average FAMIS MOMS coverage cost for a birth which includes prenatal and post partum services is \$5,500. However, Virginia's share of this cost is only 35% while federal government pays for the remaining 65%. Thus, even though the total additional cost of providing prenatal and postpartum care is approximately \$2,300 higher than cost of providing only delivery services, the Commonwealth is expected to pay only \$325 more per birth under the proposed changes. In other words, Virginia will be able to provide approximately \$2,300 worth of additional prenatal and postpartum care services at a cost of \$325 per birth. However, the net influx of federal funds may be somewhat lower as it is conceivable that some of these pregnant women may already be receiving prenatal and postpartum services from safety net providers such as local health departments, community health centers, and hospital clinics which may be partially funded by the federal government.

Even though it may be small, the additional health care spending by the state is expected to benefit prenatal and postpartum care providers in the Commonwealth while having opposite impact on Virginia entities whose funds will be used to pay for the state's share. On the other hand, the influx of about \$1,975 federal funds per birth represent a net contribution to the Commonwealth's economy with having no offsetting negative impact elsewhere in the state.

More importantly, the benefits of coverage for additional services will mainly accrue to the newborns and their mothers. Prenatal care provides an opportunity to identify existing health risks in women and intervene to prevent future health problems for women and their children. These health risks may include hypertension and heart disease, diabetes, depression, genetic conditions, sexually transmitted infections, tobacco use and alcohol abuse, inadequate nutrition, unhealthy weight. Identifying and treating these conditions during pregnancy can reduce the risk of an infant being born with health problems.

Also, the postpartum coverage provides the opportunity to evaluate how well the mother is recovering from childbirth and address any identified problems. For most women this means a postpartum check-up with the health care provider. Issues that may be addressed during the

postpartum visit may include screening and referral for postpartum depression, encouragement for breast feeding, and family planning for healthy spacing of a future pregnancy, as well as general health guidance for the new mother.

### **Businesses and Entities Affected**

The proposed changes will make fewer than 938 pregnant legal aliens eligible to receive prenatal and postpartum services through FAMIS MOMS program.

### **Localities Particularly Affected**

The proposed changes apply throughout the Commonwealth.

### **Projected Impact on Employment**

Since the proposed changes will result in net influx of federal funds into Virginia, a positive impact on employment, particularly in prenatal and postpartum care services area, may be expected. However, a proportionally smaller but an offsetting employment effect may be expected in areas that end up financing the state's share of the additional coverage.

### **Effects on the Use and Value of Private Property**

The asset value of prenatal and postpartum care providers may be expected to be positively affected due to additional revenues. Similar to the employment impact, a proportionally smaller, but an offsetting effect on asset values of private entities that may end up financing the state's share of additional coverage may be expected.

### **Small Businesses: Costs and Other Effects**

The proposed changes will have a positive impact on revenues of prenatal and postpartum care service providers. These services may be provided by OBGYNs, Family Practitioners, and midwives. However, we do not know how many of them provide prenatal and postpartum care while most of them may probably be considered a small business.

### **Small Businesses: Alternative Method that Minimizes Adverse Impact**

No direct and significant adverse impact on small businesses is expected.

### **Real Estate Development Costs**

No impact on real estate development costs is expected.

## Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.