

MEMORANDUM

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| TO: | Pamela McPeters Office of State Representative Dawna Dukes | |
| FROM: | Bryan Hadley, Agency Performance Review Team Jennifer Fox, Health and Human Services Team | |
| DATE: | May 5, 2011 | |
| SUBJECT: | Analysis of Family Planning Reductions at the Department of State Health Services | |

This memorandum responds to your request regarding how the House floor amendment changes to Strategy B.1.3, Family Planning Services, impact any cost savings assumptions in Medicaid or the Medicaid Women's Health Program made in HB1 as Engrossed.

Background

The Department of State Health Services (DSHS) provides family planning services for women, men, and adolescents. Direct services provided for eligible, low-income clients include: client education, medical history, physical assessment, lab testing, contraceptives, sexually transmitted infection treatment, basic infertility, and pregnancy testing and counseling.

House Bill 1 Introduced included \$99.6 million in All Funds for these services in Strategy B.1.3, Family Planning Services. HB1 as Engrossed reduced funding for these services by approximately \$61.7 million in All Funds including: \$1.8 million in General Revenue Funds, \$13.1 million in General Revenue Match for Maternal and Child Health Services Block Grants (Title V), \$10.1 million in Social Services Block Grants (Title XX), and \$36.7 million in Temporary Assistance to Needy Families (TANF) to Title XX Funds.

Estimated Impact of the Reduction

Based on an average cost per client of \$205, DSHS estimates that approximately 301,691 fewer men and women would be served by family planning programs in the 2012-13 biennium as a result of the approximately \$61.7 million reduction.

According to the DSHS 2010 Family Planning Annual Report, approximately 5.9 percent of clients served under these programs between 12/1/2009 and 11/30/2010 were men. Assuming that rate is relatively constant year-to-year, then the number of women who will lose family planning services during the 2012-13 biennium is approximately 283,909.

The DSHS family planning programs are similar to the Medicaid Women's Health Program (WHP), in that each provides basic health screenings (including screening for some cancers, diabetes and cholesterol) as well as prescription contraception. The eligibility criteria for the services are also similar: both DSHS and WHP cover women whose income and family size put them below 185 percent of the federal poverty guidelines (the level at which they would be eligible for Medicaid benefits if they were pregnant). The primary difference between the two programs is that the WHP has a citizenship requirement that the DSHS programs do not.

The effect of this citizenship requirement is that a woman who is not a citizen and is eligible for DSHS family planning would not be eligible for full Medicaid benefits if she were pregnant. If she is pregnant and remains uninsured, however, she would have her delivery paid for by Emergency Medicaid, pursuant to federal law.

According to data from the Health and Human Services Commission, the average cost of an Emergency Medicaid delivery in fiscal year 2009 was approximately \$2,256. The child, who is now a citizen, would then be covered by Medicaid for a year, at an average cost (also as of FY 2009) of \$9,012. The average total cost of an Emergency Medicaid delivery and subsequent infant costs in FY 2009 was \$11,268 in All Funds. The state's share of this cost is usually around or just over 40 percent.

The overlap between the eligibility for the DSHS programs and the WHP makes it possible to estimate the effect on Medicaid of the proposed funding reduction using the same basic birth rate assumptions and formula used in evaluating the WHP. That formula uses the difference between the birth rate in the Medicaid population and the birthrate among the WHP participants to estimate the number of Medicaid births delayed or averted by the WHP. In this instance, the formula could estimate the number of additional births that might be funded by Emergency Medicaid as a result of the reductions in family planning services.

Based on this formula, there would be approximately 20,511 additional births out of a population of 283,909 Emergency Medicaid-eligible women. The cost to Medicaid, in All Funds, of these births, assuming the average cost is \$11,268, would be \$231,117,948.

The cost to General Revenue for these additional Emergency Medicaid births would be \$98,340,687 (assuming the state's share of these costs is 42.55 percent). These costs would be distributed over the 2012-13 and subsequent biennia.

This analysis makes several assumptions in addition to the ones noted above. First, that the clients losing access to DSHS family planning would not find replacement services elsewhere. Second, that the birth rate for this population is comparable to the Medicaid population. Variations (for instance, in age and race) between the two populations could result in different estimates.