F I S C A L I M P A C T R E P O R T

SPONSOR Stefanics/Stansbury **ORIGINAL DATE** 2/18/19 **LAST UPDATED** 2/21/19 **HB**

SHORT TITLE Insurance Ultrasound Authorizations **SB** 309/ec/aSPAC

ANALYST Esquibel

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Up to $15.0	Up to $15.0	Up to $30.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION
LFC Files

Responses Received From
Department of Health (DOH)
Human Services Department (HSD)
Office of Superintendent of Insurance (OSI)
NM Public School Insurance Authority (NMPSIA)
Retiree Health Care Authority (RHCA)

Response Not Received From
General Services Department/Risk Management Division

SUMMARY

Synopsis of SPAC Amendments

The Senate Public Affairs Committee amendments to Senate Bill 309 clarify that nothing in the provisions of the bill shall be construed to require payment for gynecological or obstetrical ultrasound that is not medically necessary or a covered benefit under Medicaid and commercial insurance plans.

Synopsis of Bill

Senate Bill 309 would prohibit the use of prior authorizations for gynecological or obstetrical ultrasounds for individuals covered under Medicaid and commercial insurance.

The bill includes an emergency clause.

FISCAL IMPLICATIONS

HSD notes the Medicaid program has several billing codes for gynecological or obstetrical ultrasound procedures. In FY18, 164,983 claims were paid for Medicaid managed care members and 16,913 claims paid for Medicaid fee-for-service (FFS) members. In general, prior authorization is not required for obstetrical or gynecological ultrasounds provided to Medicaid beneficiaries, except when the number of procedures has exceeded clinically established thresholds. HSD is unable to calculate a fiscal impact at this time because it does not know how many ultrasounds have been denied due to prior authorization requirements. HSD notes the bill could result in an increase in Medicaid spending on unnecessary services.

OSI reports if it reviews insurance companies' compliance with the provisions of this bill, it would require funding for up to 1/4 FTE at $15 thousand a year to conduct data collection on insurance company compliance and surveys of providers on insurer compliance.

SIGNIFICANT ISSUES

The provisions of the bill would not apply to coverage offered to public employees under the Health Care Purchasing Act.

The bill does not address whether prior authorization is prohibited for out-of-network gynecological and obstetrical ultrasounds.

NMPSIA and RHCA do not currently require prior authorizations for gynecological or obstetrical ultrasounds.

HSD notes prior authorization is a tool to manage utilization, ensure medical necessity, and control healthcare expenditures. Prohibiting prior authorizations for a specific service may reduce the ability of the Medicaid program to employ effective control measures for necessary medical treatment.

ADMINISTRATIVE ISSUES

HSD indicates the Medicaid FFS program does not require prior authorization for gynecological or obstetrical ultrasounds. However, prior authorization can be an effective tool to ensure that services are medically necessary. In some instances, the Medicaid program and the Medicaid managed care organizations (MCOs) may need to use prior authorizations to ensure providers adhere to nationally recognized standards of care. Without a mechanism to evaluate the necessity of these services, the Medicaid program could see a significant increase in costs related to unnecessary ultrasounds.

TECHNICAL ISSUES

OSI suggests coverage mandates not be duplicated in each section but contain an applicability section that indicates to which sections the statute applies.

OTHER SUBSTANTIVE ISSUES

HSD indicates the American College of Obstetricians and Gynecologists (ACOG) states that pregnant women should have at least one standard ultrasound exam during their pregnancy, usually performed at 18–22 weeks of pregnancy. Some women may have an ultrasound exam in the first trimester of pregnancy to estimate gestational age, help screen for certain genetic disorders, count the number of fetuses, check the fetus's heart rate, and check for a pregnancy that may occur outside the uterus.

Some of the ways in which ultrasounds are used in gynecology include

- Evaluate a mass in the pelvis (e.g., ovarian cyst, uterine fibroid)
- Look for possible causes of pelvic pain
- Look for causes of abnormal uterine bleeding or other menstrual problems
- Locate an intrauterine device (IUD)
- Diagnose reasons for infertility
- Monitor infertility treatments (which is not a covered Medicaid benefit).

In addition, ultrasound may be used to assess mammography findings that are unclear, help guide breast biopsy procedures, and evaluate breast lumps.

DOH indicates most insurance plans cover ultrasounds in pregnancy at the recommended intervals and when deemed "medically necessary" without prior authorization. A review of insurance plans available in New Mexico revealed that Presbyterian Health Plan began requiring prior authorizations for ultrasounds in pregnancy in fall 2018. In a 2015 survey of 41 states, including New Mexico, regarding their Medicaid coverage, some states limitations on the number of ultrasounds allowed during the course of a pregnancy (https://www.kff.org/womens-health-policy/report/medicaid-coverage-of-pregnancy-and-perinatal-benefits-results-from-a-state-survey/view/print/)

RAE/sb