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FISCAL IMPACT REPORT

SPONSOR Trujillo, CH **ORIGINAL DATE** 02/02/15
LAST UPDATED 02/24/15 **HB** 84/aHSCAC
SHORT TITLE Freestanding Birth Center Licensure **SB** _____
ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			Minimal			SGF/Federal Matching Funds

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From
 Department of Health (DOH)
 Human Services Department (HSD)
 Attorney General’s Office (AGO)
 Children, Youth and Families Department (CYFD)
 Public Regulation Commission (PRC)

SUMMARY

The House Safety and Civil Affairs Committee Amendment to HB 84 would allow any federal Centers for Medicare and Medicaid Services-approved or DOH-approved healthcare facility accrediting organization to serve as the basis for licensure renewal of a freestanding birth center.

Synopsis of Bill

House Bill 84 amends the Public Health Act to provide for the licensure of free standing birth centers in New Mexico by the DOH.

The bill adds “freestanding birth center” to the list of other health facilities included in the Act, which also provides for licensing fees, hearing processes, and other oversight functions.

The bill adds language to the Act that to be licensed by DOH, a freestanding birth center would have to be accredited by the Commission for Accreditation of Birth Centers or its successor.

FISCAL IMPLICATIONS

HSD reports that the Medicaid program already pays for the professional services that take place in a birthing center such as the delivery, some supplies, and services to the newborn.

HSD further reports that the Medicaid program has not covered facility charges for freestanding birth centers because the Centers for Medicare and Medicaid Services (CMS) requires that the state must license such facilities in order for the Medicaid program to cover the facility costs.

A freestanding birth center would become eligible for Medicaid coverage of facility costs when licensed. HSD reports no financial impact because of the small number of Medicaid recipients who choose to have the birth occur in a freestanding birth center and because birthing center deliveries are significantly lower compared to in-hospital deliveries: \$1,250 versus \$3,000.

DOH's Division of Health Improvement would license, survey and oversee compliance with the regulations. DOH reports there are three birth centers. Until more birth centers are operating, the department should be able to absorb the increased workload with existing staff and resources.

SIGNIFICANT ISSUES

Currently no licensure is required to operate a freestanding birth center in New Mexico.

In the absence of a licensing authority, HSD has not enrolled the centers as Medicaid providers.

DOH notes licensure would require a standard of care to ensure the health and safety of patients.

PERFORMANCE IMPLICATIONS

HSD is a member of a workgroup to develop licensing standards for freestanding birth centers.

ADMINISTRATIVE IMPLICATIONS

DOH would administer the application and licensure process for freestanding birth centers.

HSD would amend the Medicaid state plan to cover freestanding birth centers facility costs.

TECHNICAL ISSUES

DOH reports there are now other nationally recognized healthcare facility accrediting organizations serving the same function as the Joint Commission on Accreditation of Health Care Organizations and American Osteopathic Association. As such, DOH suggests eliminating specific references to these accrediting bodies (Page 5 and 6, Section F) and replacing with language that would allow any Centers for Medicare and Medicaid Services and NM DOH-approved healthcare facility accrediting organization to serve as the basis for licensure renewal.

AHO/bb/aml