



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

<b>Bill information:</b>	
HB0544 - Provide requirements for coverage of abortion under Medicaid and CHIP (Gillette, Jane )	
<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$183,340	\$189,094	\$194,941	\$201,182
Federal Special Revenue	\$493,598	\$506,625	\$519,653	\$533,404
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$493,598	\$506,625	\$519,653	\$533,404
<b>Net Impact-General Fund Balance:</b>	<u>(\$183,340)</u>	<u>(\$189,094)</u>	<u>(\$194,941)</u>	<u>(\$201,182)</u>

**Description of fiscal impact:** HB 504 allows the Department of Public Health and Human Services (department) to provide Medicaid coverage of abortions only if performed by a physician and only under certain circumstances. HB 544 will result in higher provider rate costs as mid-level practitioners are currently allowed to perform these services. Additional contractual services will be required for case reviews to ensure each abortion meets the allowable criteria outlined in HB 504.

### FISCAL ANALYSIS

**Assumptions:**

1. There were 648 Medicaid covered abortions in FY 2022. Based on the most recent 5-year total abortion count average, there is expected to be a 2.6% annual growth. The estimated number of Medicaid covered abortions for FY 2024 are 682, FY 2025 are 700, FY 2026 are 718, and FY 2027 are 737. ( $665 \times 1.026 = 682$ ;  $682 \times 1.026 = 700$ ;  $700 \times 1.026 = 718$ ;  $718 \times 1.026 = 737$ ).
2. Mid-level practitioners (mid-levels) performed 56.7% of Medicaid abortions in FY 2022. Under HB 544, these abortions will be performed by physicians. Mid-levels are paid at 90% of the physician rate for services. The FY 2022 rate for an abortion for mid-levels was \$398.23. The inflationary rate according to the 12-month ending June 2022 Consumer Price Index (CPI) for medical care services was 4.8%. Based on this the assumed mid-level rate in FY 2024 is \$437.37 ( $\$398.23 \times 1.048 = \$417.34$  FY 2023 rate,  $\$417.34 \times 1.048 = \$437.37$ ). This

will convert to a physician rate of \$485.97 (\$437.37/.9). This is an increase cost of \$48.60 per abortion (\$485.97-\$437.37). This resulted in an increased cost of \$18,807 in FY 2024 (682 abortions\*0.567=387 impacted abortions 387\*\$48.60=\$18,807). This assumed cost is \$20,219 in FY 2025, \$21,723 in FY 2026 and \$23,381 in FY 2027.

3. Based on an informal quote from a vendor, it is estimated enhanced documentation and prior authorization costs will be \$965/per case. This would equate to approximately \$658,130 in FY 2024, \$675,500 in FY 2025, \$692,870 in FY 2026, and \$711,205 in FY 2027. (682\*\$965=\$658,130; 700\*\$965=\$675,500; 718\*\$965=\$692,870; 737\*\$965=\$711,205). These reviews would be contracted services.
4. Abortions services are 100% state funded while contract services are funded at the current FMAP of 25% state funded and 75% federal funded.

<b>PROVIDING FOR PRIOR AUTHORIZATION; PROVIDING THAT ONLY ABORTION SERVICES PROVIDED BY A PHYSICIAN ARE COVERED SERVICES</b>						
	<b>SFY 2022</b>	<b>SFY 2023</b>	<b>SFY 2024</b>	<b>SFY 2025</b>	<b>SFY 2026</b>	<b>SFY 2027</b>
Total Mid-Level Abortions	368	377	387	397	407	418
Total Per Mid-Level Procedure Cost	\$ 398.23	\$ 417.34	\$ 437.37	\$ 458.36	\$ 480.36	\$ 503.42
Total Per Physician Procedure Cost	\$ 442.47	\$ 463.71	\$ 485.97	\$ 509.29	\$ 533.73	\$ 559.36
Caseload Growth at 2.6%						
Medical Care Services CPI at 4.8%						
Physician to Mid-Level Differential at 90.0%						
Estimated Expenditure for Mid-Level to Physician	\$ 16,277	\$ 17,482	\$ 18,807	\$ 20,219	\$ 21,723	\$ 23,381
Total Abortions	648	665	682	700	718	737
Per Case Review Contract Cost	\$ 965.00	\$ 965.00	\$ 965.00	\$ 965.00	\$ 965.00	\$ 965.00
Total Case Review Contract Cost	\$ 625,320	\$ 641,725	\$ 658,130	\$ 675,500	\$ 692,870	\$ 711,205
<b>FMAP</b>	<b>SFY 2022</b>	<b>SFY 2023</b>	<b>SFY 2024</b>	<b>SFY 2025</b>	<b>SFY 2026</b>	<b>SFY 2027</b>
<b>Claim Cost</b>						
State Share	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Federal Share	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Contract Cost</b>						
State Share	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Federal Share	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
<b>FUNDING</b>	<b>SFY 2022</b>	<b>SFY 2023</b>	<b>SFY 2024</b>	<b>SFY 2025</b>	<b>SFY 2026</b>	<b>SFY 2027</b>
State - Claim Cost	\$ 16,277	\$ 17,482	\$ 18,807	\$ 20,219	\$ 21,723	\$ 23,381
Federal - Claim Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State - Contract Cost	\$ 156,330	\$ 160,431	\$ 164,533	\$ 168,875	\$ 173,218	\$ 177,801
Federal - Contract Cost	\$ 468,990	\$ 481,294	\$ 493,598	\$ 506,625	\$ 519,653	\$ 533,404
<b>State - Total</b>	<b>\$ 172,607</b>	<b>\$ 177,913</b>	<b>\$ 183,339</b>	<b>\$ 189,094</b>	<b>\$ 194,940</b>	<b>\$ 201,182</b>
<b>Federal - Total</b>	<b>\$ 468,990</b>	<b>\$ 481,294</b>	<b>\$ 493,598</b>	<b>\$ 506,625</b>	<b>\$ 519,653</b>	<b>\$ 533,404</b>

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Operating Expenses	\$658,131	\$675,500	\$692,871	\$711,205
Benefits	\$18,807	\$20,219	\$21,723	\$23,381
<b>TOTAL Expenditures</b>	<b>\$676,938</b>	<b>\$695,719</b>	<b>\$714,594</b>	<b>\$734,586</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$183,340	\$189,094	\$194,941	\$201,182
Federal Special Revenue (03)	\$493,598	\$506,625	\$519,653	\$533,404
<b>TOTAL Funding of Exp.</b>	<b>\$676,938</b>	<b>\$695,719</b>	<b>\$714,594</b>	<b>\$734,586</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$493,598	\$506,625	\$519,653	\$533,404
<b>TOTAL Revenues</b>	<b>\$493,598</b>	<b>\$506,625</b>	<b>\$519,653</b>	<b>\$533,404</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$183,340)	(\$189,094)	(\$194,941)	(\$201,182)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Technical Notes:**

- The fiscal impact of HB 544 is anticipated to be similar to the fiscal impact of the department's currently proposed amendments to ARM 37.82.102 and 37.86.104 pertaining to Medicaid coverage of abortion services.

**NOT SIGNED BY SPONSOR**

Sponsor's Initials

Date



Budget Director's Initials

2-27-23

Date