



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 500

PRINTER'S NO. 1175

PRIME SPONSOR: Brooks

COST / (SAVINGS)

| FUND | FY 2023/24 | FY 2024/25 |
|--------------|-------------------|-------------------|
| General Fund | See Fiscal Impact | See Fiscal Impact |

SUMMARY:

Senate Bill 500, Printer's Number 1175, amends Act 21 of 1967 (Human Services Code) to require the Medical Assistance (MA) program to provide coverage of pasteurized donor human milk.

ANALYSIS:

This legislation amends the Human Services Code to add requirements for the Department of Human Services (DHS) to cover pasteurized donor human milk in the MA program. Pasteurized donor human milk is considered to be medically necessary for an infant as follows:

- The infant is younger than 12 months of age, is receiving care in the inpatient setting, and has any of the following health conditions:
 - A birth weight equal to or less than 1,080 grams;
 - A gestational age equal to or less than 34 weeks;
 - A high risk for development of necrotizing enterocolitis, bronchopulmonary dysplasia, sepsis, or retinopathy of prematurity;
 - A congenital or acquired gastrointestinal condition or other serious medical condition associated with long-term feeding or malabsorption complications;
 - A congenital heart disease requiring surgery in the first year of life;
 - Has had or will have an organ or bone marrow transplant, or has an immunologic deficiency;
 - Renal disease requiring dialysis in the first year of life;
 - Infant hypoglycemia or jaundice;
 - Neonatal abstinence syndrome; or
 - Any other health condition for which the use of pasteurized donor human milk is medically necessary as determined by the department.
- The infant is younger than 12 months of age and is receiving care in the outpatient setting for:
 - A congenital or acquired gastrointestinal condition or other serious medical condition associated with long-term feeding or malabsorption complications;
 - Congenital heart disease requiring surgery in the first year of life;
 - Has had or will have an organ or bone marrow transplant, or has an immunologic deficiency;
 - A history of sepsis; or

- Any other health condition for which the use of pasteurized donor human milk is medically necessary as determined by the department.
- Pasteurized donor human milk is also considered to be medically necessary for the infant when the infant's mother is:
 - Medically or physically unable to produce maternal breast milk;
 - Cannot produce a sufficient quantity to meet the infant's needs; or
 - Cannot be used to feed the infant.

The Department of Health, in collaboration with DHS, will develop and conduct a public information campaign to inform families and health care providers of the availability of pasteurized donor human milk in the commonwealth to treat both inpatient and outpatient infants and its coverage by the MA program.

This legislation will take effect in 60 days.

FISCAL IMPACT:

MA Fee-for-Service Program

Inpatient Hospital

The MA Fee-for-Service program makes the payment for the infant's inpatient hospital stay that covers all services provided during that stay inclusive of the infant's use of pasteurized donor human milk. There would be no increase in cost to the MA Fee-for-Service program as a result of the use of pasteurized donor human milk during the infant's hospital stay. Therefore, there is no increase in cost to the MA program, so there would be no adverse fiscal impact to the commonwealth.

Outpatient Hospital

The coverage of pasteurized donor human milk for infants in the outpatient setting has been covered by the MA program since 2017, when DHS issued both a notice and a bulletin establishing the coverage. Since 2017, a very limited number of infants, covered by the MA Fee-for-Service program, have used pasteurized donor human milk. This legislation may result in additional infants that are able to use pasteurized donor human milk. However, any increase in the number of infants will likely be minimal and can be covered by the current appropriation. Therefore, there is no adverse fiscal impact to the commonwealth.

MA Managed Care Program

DHS contracts with Managed Care Organizations (MCOs) to cover the MA services individuals are eligible to receive under the MA program. MCOs are paid a monthly rate for each individual eligible for MA and enrolled into that MCO. These MCO rates are required to be actuarially sound, and the rate covers all MA services for which that individual is eligible. The MCO must maintain a network of MA providers and make payment to those providers when they provide MA services to the individuals enrolled into the MCO. This means that any increase use of pasteurized donor human milk because of this legislation would be paid by the MCO.

As noted above, coverage of pasteurized donor human milk was included in the MA program beginning in 2017. Since that time, the actuary has included the coverage of pasteurized donor human milk as part of the MCO rates. Although this legislation may result in additional infants that use pasteurized donor human milk, it is likely that any increase to the number of infants that use the pasteurized donor human milk would be nominal. DHS and their actuary expect this nominal increase, if any results, can be paid by the MCO without needing to increase the monthly MCO rates, and so there would be no increase cost to the MA managed care program. Therefore, there would be no adverse fiscal impact to the commonwealth.

Public Information Campaign

There will likely be an increase in personnel and operating costs to both the Department of Health and DHS to develop and conduct the public information campaign required by this legislation. Any expenses incurred by the departments are expected to be nominal and can be accommodated within their existing budget and staffing levels.

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House Appropriations Committee (D)

DATE: November 13, 2023

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.