POLICY LEVEL

PL-P0 Long-Acting Reversible Contraceptives Rate Increase

RECOMMENDATION SUMMARY TEXT

The Health Care Authority (HCA) requests $13,067,000 ($2,419,000 GF-State) in the 2016 Supplemental to increase reimbursement to qualified providers for insertion of Long Acting Reversible Contraception (LARC) for Apple Health (Medicaid) clients. The proposed fee increase intends to improve access for women enrolled in Apple Health who seek to prevent unintended pregnancy, and increase the number of providers performing LARC insertions (intrauterine devices (IUDs) or contraceptive implants).

PACKAGE DESCRIPTION

More than one-third of Washington State births result from unintended pregnancies. The rate is significantly higher for women enrolled in Apple Health (51 percent) than for women not enrolled in Apple Health (23 percent). While the rate has slowly declined over time for both groups, the number of births to Medicaid women resulting from unintended pregnancy is estimated to be 21,323, just over half the 41,809 total Medicaid-paid births in 2014 (preliminary data for 2014). Unintended pregnancy mainly results from the lack of, inconsistent, or incorrect use of effective birth control methods. A key strategy to reduce unintended pregnancy is to provide women seeking birth control with the most effective methods, such as LARCs.

LARCs are the most highly effective form of contraception available and require only a single act of insertion for long-term use. LARCs are recommended by the American Congress of Obstetricians and Gynecologists (ACOG) as first-line birth control for all women and adolescents. Their effectiveness is independent of user motivation and adherence. The National Institutes of Health reports that LARC methods have a failure rate of 0.27 percent, as compared to a 4.55 percent failure rate among birth control pill, patch, and ring users.

LARCs require either IUDs or implantations under the skin (implants). These procedures are billed under physician/medical codes for professional services. Providers usually bill for an office visit, the insertion procedure, and the product itself (a Healthcare Common Procedure Coding System or HCPCS supply code). Reimbursement amounts for these codes originate with national code values (RVUs – Relative Value Units) distributed by the Centers for Medicare and Medicaid Services (CMS) and they apply to all providers billing under this methodology. Exceptions to the standard methodology for determining reimbursement are permitted.

Many family planning providers believe that the insertion code for IUDs is undervalued. The RVU for removal takes very little skill and training and is valued higher than for insertion, which requires a high level of skill and training. Also, high-volume sites train staff at all levels to be knowledgeable about LARCs so they are better able to help increase access for any woman desiring these methods. This required training and continuing education is a cost for providers. Extensive counseling and anticipatory guidance are both key to the successful long-term use of LARCs and low early removal rates. Younger

clients (our target population) generally have less knowledge about both their bodies and reproductive health, including contraception. This counseling requires additional staff time, which can be a disruption to clinic flow, especially for clinics that provide same day insertion. For all of these reasons, we propose a reimbursement fee increase for LARC insertion to improve access to LARCs for women enrolled in Apple Health.

The HCA estimates that for every 100 women who use LARCs instead of contraceptive pills, patch, or ring, the state could avoid Medicaid expenditures of $13,900 per year on average for maternity care and infant medical care. The state of California estimated that women typically continued using their LARC for an average of 39 months, so the savings could potentially be nearly $23,000 over three years for every 100 women using LARCs, after accounting for the initial expenditures for the LARC methods.

Among female Washington Apple Health clients age 13 to 44 who received any family planning method in 2013 (124,358 unduplicated clients), 20.6 percent received LARCs (IUDs or contraceptive implants). Birth control pills were provided to 50 percent of female Apple Health clients who received a family planning method. The proportion of female Washington Apple Health contraceptive users who received an IUD or contraceptive implant rose substantially between 2007 and 2013, from 7.2 percent to 20.6 percent. During the same period, the proportion of women who received birth control pills decreased from 58 percent to 50 percent.

Nicholas Aaseby, Financial Services: 360-725-0455 or nicholas.aaseby@hca.wa.gov
Stacey Bushaw, Health Care Services: 360-725-1829 or stacey.bushaw@hca.wa.gov

FISCAL DETAILS/OBJECTS OF EXPENDITURE

	FY 2016	FY 2017	Total
1. Operating Expenditures:			
Fund 001-1 GF-State	$ 1,279,000	$ 1,140,000	$ 2,419,000
Fund 001-2 GF-Federal	$ 11,000	$ 13,000	$ 24,000
Fund 001-C GF-Federal Medicaid Title XIX	$ 4,992,000	$ 5,632,000	$ 10,624,000
Total	**$ 6,282,000**	**$ 6,785,000**	**$ 13,067,000**

	FY 2016	FY 2017	Total
2. Staffing:			
Total FTEs	-	-	-

	FY 2016	FY 2017	Total
3. Objects of Expenditure:			
A - Salaries And Wages	$ -	$ -	$ -
B - Employee Benefits	$ -	$ -	$ -
C - Personal Service Contracts	$ -	$ -	$ -
E - Goods And Services	$ -	$ -	$ -
G - Travel	$ -	$ -	$ -
J - Capital Outlays	$ -	$ -	$ -
N - Grants, Benefits & Client Services	$ 6,282,000	$ 6,785,000	$ 13,067,000
Other (specify) -	$ -	$ -	$ -
Total	**$ 6,282,000**	**$ 6,785,000**	**$ 13,067,000**

	FY 2016	FY 2017	Total
4. Revenue:			
Fund 001-2 GF-Federal	$ 11,000	$ 13,000	$ 24,000
Fund 001-C GF-Federal Medicaid Title XIX	$ 4,992,000	$ 5,632,000	$ 10,624,000
Total	**$ 5,003,000**	**$ 5,645,000**	**$ 10,648,000**

NARRATIVE JUSTIFICATION

WHAT SPECIFIC PERFORMANCE OUTCOMES DOES THE AGENCY EXPECT?

The HCA expects all Medicaid-eligible women will have improved access to LARCs, and that there will be a reduction in unintended pregnancies and abortions. Because more pregnancies will be planned, the HCA also anticipates more women will enter prenatal care in the first trimester.

PERFORMANCE MEASURE DETAIL

Activity Inventory

H005 National Health Reform
H007 HCA Take Charge and Family Planning Extension Clients
H009 HCA State Programs Clients
H010 HCA Apple Health
H012 HCA All Other Clients – Fee for Services – Optional Services

IS THIS DECISION PACKAGE ESSENTIAL TO IMPLEMENT A STRATEGY IDENTIFIED IN THE AGENCY'S STRATEGIC PLAN?

Yes, the HCA's strategic plan includes facilitating access to high quality services, purchasing for value and assuring quality services are delivered. This request is essential in this strategic plan to reduce unintended pregnancies and decrease poor birth outcomes.

DOES THIS DECISION PACKAGE PROVIDE ESSENTIAL SUPPORT TO ONE OR MORE OF THE GOVERNOR'S RESULTS WASHINGTON PRIORITIES?

Yes, this request supports the Governor's Results Washington Goal 4: Healthy & safe communities:

- 1.1.d: Decrease the rate of teen pregnancy for 15-17 year olds from 19.4 per 1,000 in 2011 to 17.5 per 1,000 by 2016; and
- 1.1.a: Increase rate of infants whose mothers receive prenatal care in the first trimester from 72.4 percent in 2011 to 75.5 percent by 2016

Implants and IUDs should be offered as first-line contraceptive options for sexually active adolescents, according to new guidelines from the ACOG. Both the implant and the IUD are the most effective reversible contraceptives for preventing unintended pregnancy and abortion in teens and adult women.

Although almost all sexually active adolescents have used contraception at some point, they frequently use methods with relatively high failure rates or they incorrectly use more reliable methods such as the birth control pill. According to the ACOG "the fact that eight out of every 10 adolescent pregnancies are unintended underscores the need for dependable and effective contraceptive methods for teens. These long-acting methods eliminate the problem of inconsistent use common with other contraceptives that can lead to unintended pregnancy for adolescents, as well as adults."

WHAT ARE THE OTHER IMPORTANT CONNECTIONS OR IMPACTS RELATED TO THIS PROPOSAL?

None

WHAT ALTERNATIVES WERE EXPLORED BY THE AGENCY, AND WHY WAS THIS ALTERNATIVE CHOSEN?

The HCA has been asked by the Governor to implement this rate.

WHAT ARE THE CONSEQUENCES OF NOT ADOPTING THIS PACKAGE?

If this request is not adopted, the main risk is that some family planning providers may not offer LARC insertion to Apple Health clients.

WHAT IS THE RELATIONSHIP, IF ANY, TO THE STATE CAPITAL BUDGET?

None

WHAT CHANGES WOULD BE REQUIRED TO EXISTING STATUTES, RULES, OR CONTRACTS TO IMPLEMENT THE CHANGE?

The following changes are needed to implement this fee increase:

- Revise Medicaid State Plan Attachment 4 to include a description of the enhanced rate;
- Revise rules to include a description of the enhanced rate;
- Update Fee Schedules to reflect enhanced rate; and
- Update Family Planning and Physician-Related Services Provider Guides.

EXPENDITURE AND REVENUE CALCULATIONS AND ASSUMPTIONS

REVENUE CALCULATIONS AND ASSUMPTIONS:

The estimated blended federal medical assistance percentage (FMAP) of 78 percent is the weighted average of the available federal match for each of the unique medical assistance populations that will benefit from increased access to LARCs.

EXPENDITURE CALCULATIONS AND ASSUMPTIONS:

The following table lists the current maximum allowable fees (as of July 1, 2015) and proposed maximum allowable fees for LARC insertion procedures:

	Non-Facility		Facility	
LARC insertion procedures	Current Maximum Allowed Fee	Proposed Maximum Allowed Fee	Current Maximum Allowed Fee	Proposed Maximum Allowed Fee
Implant insertion	83.74	382.74	48.03	347.03
Implant removal and same day reinsertion	130.94	429.94	101.74	400.71
Insertion of intrauterine device (IUD)	41.98	340.98	30.49	329.49

Increased reimbursement of $299 for each LARC insertion performed by a qualified Medicaid provider would result in total new expenditures of $6,282,000 in fiscal year 2016, which reflects a start date of September 1, 2015 and $6,785,000 on in fiscal year 2017, based on the following assumptions:

- The current volume of LARC use, an estimated 24,319 women per year (fiscal year 2014 insertion count), continues;
- 2,500 additional women receive LARCs each year for two years due to improved access resulting from increased reimbursement (roughly 10 percent increase annually);
- All qualified providers who insert LARCs for Apple Health clients would be eligible to receive the proposed increased reimbursement, commensurate with the professional training, skills, and expertise required to perform LARC insertion and the time needed for the procedure and for patient counseling.

The expenditures for increased reimbursement are partially offset by savings resulting from reduced expenditures for births averted due to the greater effectiveness of LARCs compared to contraceptive pills, patch, and ring; however, the savings associated with averted births and abortions is insufficient to achieve budget neutrality in two years and will result in increased costs for the HCA. Savings in the model are based on short-term medical costs.

Potential long-term savings that support the policy decision to increase the fee for LARCs include long-term medical, food and economic assistance over the life of the mother and baby; however, it is difficult to model these potential long-term savings.

The costs of unintended pregnancy are not limited to Medicaid expenditures for maternity care and infant medical care. Mothers who give birth as a result of unintended pregnancy are more likely to experience domestic violence during pregnancy and less likely to breastfeed their children than mothers who plan their pregnancies. Newborns born to women whose pregnancies are unintended or unplanned are more likely to be low birth weight and preterm. These are significant causes of infant mortality. Children from an unintended pregnancy are more likely to have poor physical and mental health and poor educational outcomes.

DISTINCTION BETWEEN ONE-TIME AND ONGOING COSTS:

Costs associated with this request will be ongoing.

BUDGET IMPACTS IN FUTURE BIENNIA:

Costs associated with this request will continue into future biennia. Over time, the HCA should expect costs to decrease due to increased use of LARCs. However, costs in future biennia will continue as savings from averted births are not sufficient to counter balance the costs associated with the rate increase.