

PURPOSE OF HB 1034

To regulate the reimbursement rate of a birth under an insurance policy in this state; and to establish the reimbursement rate for a birth to be at least the same as the reimbursement rate for a birth by cesarean section.

ACTUARIAL STATEMENT

The Fiscal Impact Statement was prepared according to generally accepted actuarial principles and practices, in compliance with ACT 112. The Statement provides an estimate of the financial and actuarial effect of the proposed change(s) on the Plans, if possible. The Statement makes no comment or opinion with regard to the merits of the measure for which the Statement is prepared; however, any identified technical or mechanical defects have been noted.

We have reviewed the input and results of our analysis for reasonableness and relied upon the data and information provided by the Plans and their Claims Processing Contractors.

A handwritten signature in black ink, appearing to read "Patrick Klein".

3/10/2023

Patrick Klein, FSA, MAAA
Vice President

Date

A handwritten signature in black ink, appearing to read "Matthew Kersting".

3/10/2023

Matthew Kersting, FSA, MAAA
Vice President

Date

PROJECTED COSTS

Plan	Annual Estimated Cost	Estimated Cost as a Percent of Total Annual Medical Spend
EBD	\$1,293,000	0.3%
UOA	\$248,000	0.2%
ASU	\$25,000	0.1%
UCA	\$25,000	0.3%
AHEC	\$5,000	0.1%
NWACC	\$3,000	0.1%
SAU	\$6,000	0.3%

PRICING APPROACH AND COMMENTS

House Bill 1034 requires self-insured health plans to reimburse providers who perform vaginal delivery births the same amount that they would reimburse a provider for performing a birth by cesarean section. The reimbursement amount for performing birth by cesarean section is generally greater than the reimbursement amount for performing a vaginal delivery birth. Reimbursing vaginal delivery births at the same rate as a birth by cesarean section would result in expected cost increases for a health plan.

To develop the cost impact for the plans, cost and utilization metrics were sourced from EBD, the administrators of the university system health plans, Blue Cross and Blue Shield of Arkansas, and publicly available data. The magnitude of the fiscal impact for each plan was estimated based on a set of developed cost and utilization assumptions and incorporates the anticipated cost share based on plan designs. An average cost was calculated for university systems with limited numbers of annual natural births as their experience was deemed to not be credible for developing expected cost impacts. The calculated average cost used for these smaller university systems is based on larger plan experience and actuarial judgement.

The table below contains the assumed increase in reimbursement by plan and the annual number of natural births.

Plan	Average Annual Number of Vaginal Delivery Births	Assumed Provider Reimbursement Increase
EBD	555	\$2,330
UOA	328	\$754
ASU/UCA/AHEC/NWACC/SAU (combined)	33	\$1,946

Actual legislative cost impacts to health plans may vary as actual future experience differs from the assumptions made in developing these cost estimates. Potential for actual experience to vary from the assumptions made in these estimates includes underlying changes to the cost of childbirth and changes in the incidence of childbirth for each plan.