



## State Fiscal Note for Bill Number: 2021-H-5787

**Date of State Budget Office Approval:** Thursday, March 18, 2021

**Date Requested:** Friday, March 12, 2021

**Date Due:** Monday, March 22, 2021

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2021	N/A	FY 2021	N/A
FY 2022	(\$5,389,366)	FY 2022	N/A
FY 2023	(\$5,389,366)	FY 2023	N/A

*Explanation by State  
Budget Office:*

The act would provide abortion coverage in the Medicaid program and repeal the abortion coverage exclusion for state employee insurance plans. Section 2 of this act would repeal Section 36-12-2.1 of the General Laws, removing the abortion coverage exclusion for state employee insurance plans. Currently, abortions are not covered under state employee health insurance plans, except in cases where the mother would be endangered if the fetus were carried to term, or where the pregnancy resulted from rape or incest.

The Medicaid program currently provides abortion coverage only in cases of rape or incest, or to save the life of the pregnant individual. Section 3 of this act would provide services to Medicaid enrollees for any termination of pregnancy permitted under RIGL 22-4.13-2 (Noninterference in reproductive health care). No federal funds would be used to pay for such services, except where permitted under federal law.

*Comments on  
Sources of Funds:*

General revenue would finance abortion coverage for state employee insurance plans. General revenue would also finance the projected expansion of abortion services under the Medicaid Program. Per the Hyde Amendment (a rule that is annually attached to Congressional appropriation bills and approved every year by Congress), federal funds can only be used for abortions if the pregnancy is a result of rape, incest, or if it is determined to endanger the pregnant individual's life.

Medicaid expenditures are jointly financed by general revenues and federal funds according to the prevailing (blended) Federal Medicaid Assistance Percentage (FMAP), which is 53.81 percent and 54.68 percent in FY 2021 and FY 2022, respectively. The FY 2023 (blended) FMAP is assumed as equivalent to the final FFY 2022 rate, or 54.68 percent.

*Summary of Facts  
and Assumptions:*

**State Employee Insurance Plans Facts and Assumptions**

Abortions are a standard covered benefit for Blue Cross Blue Shield of Rhode Island's (BCBSRI) commercial business. Per latest available data, BCBSRI covered 101 elective abortions and 169 non-elective abortions, for a rate of 0.97 and 1.59 per 1000 enrolled members, respectively. Abortion type is based solely on the associated CPT Code (i.e. missed abortions and septic abortions are non-elective, all other types are induced and therefore considered elective). This estimate assumes non-elective abortions are covered under the current policy and uses the BCBSRI elective abortion rate to project service take up. There would not be any additional administrative charges to the state to add this coverage to the employee health plans,

Prepared by:

Ryan Gardiner / 4012226421 / [Ryan.Gardiner@omb.ri.gov](mailto:Ryan.Gardiner@omb.ri.gov)

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only costs associated with the additional services covered (i.e., elective abortions).

The Rhode Island state Employee health Plan currently covers nearly 32,000 members, with approximately 6,500 maternity-aged individuals (proxied using the number of 20-49-year-old female members). The Budget Office assumes a take up of 31 abortions per year, based on the elective abortion rate of .96 per 1000. The Budget Office applied this rate to the entire covered population to align with the BCBSRI rate among all covered Rhode Island members (converted to the eligible population of 6,500, the abortion rate is 4.77 per 1000).

The average allowed abortion cost under BCBSRI is \$2,075.62. This is the entire cost of the claim, inclusive of all related lab work, imaging, etc., not only the cost associated with the abortion CPT code. This cost is the maximum that the state would be responsible for in any case, as member cost-sharing (deductibles and coinsurance) would likely decrease the State's cost. For example, in cases where a member has not met their deductible or out-of-pocket maximum, there would be a decrease in costs to the State. In cases where a member has met their deductible or out-of-pocket maximum, there would be no impact on the assumed cost per abortion. Since it is not possible to accurately model member cost-sharing for this service, the Budget Office assumes the maximum potential service cost.

This analysis assumes that every individual who receives an abortion, would otherwise have had a pregnancy in the fiscal year. To calculate savings from avoided pregnancies, the estimate uses a weighted per-pregnancy cost derived from BCBSRI's average cost of cesarean section (C-section) and vaginal deliveries at both Kent Hospital and Women & Infants hospitals. The weighted per-pregnancy cost assumes 80% of births occur at Women and Infants Hospital, based on their overall share of births in the state. The average also assumes that 31.4% of births occur via C-section and the remainder through vaginal pregnancy, based on Rhode Island's 2017 C-section birth rate reported by the Department of Health. Lastly, a 10% reduction was applied to account for member coinsurance. Coinsurance could increase to 30% if out-of-network providers are used or reduce to zero if all deductibles/out-of-pocket maximums are met; the estimate assumed a level 10% only.

#### Medicaid Programs Facts and Assumptions

An average of 73 abortions occur per year under the current Medicaid policy. The Budget Office assumes an additional take up of 609 abortions among an estimated 77,258 eligible maternity-aged (15-44 years old) Medicaid-enrollees. The additional take up is based on the 2018 Rhode Island abortion rate of 13.5 per 1000 females aged 15-44 years, reported by the CDC. The CDC does not stratify rates by insurance coverage. The estimate of maternity-aged females is based on the percentage of females aged 15-44 from September 2019 enrollment, applied to the February Medicaid enrollment report totals for the RiteCare and expansion populations.

Abortion costs vary greatly depending on the circumstances, such as state of pregnancy, location of service (hospital vs. clinic), and whether the procedure was planned or unplanned. This analysis assumes an average cost of \$399.40 based on two years of Rhode Island Medicaid claims (2018-2019), with a range from \$58.43

to \$2,663.19. This does not account for other costs associated with the abortion service, such as lab work or imaging.

This analysis assumes that every individual who receives an abortion, would otherwise have had a pregnancy in the fiscal year. To calculate savings from avoided pregnancies, the estimate uses the SOBRA rate adopted at the November Caseload Estimate Conference for FY 2022; \$13,769.52 per pregnancy. The state share for RiteCare enrollees is 45.32% of total costs (Nov. CEC FMAP) and 10% for the expansion population. The estimate assumes 970 prevented pregnancies (854 RiteCare and 118 expansion) per year due to the estimated abortion take up rate.

The Budget Office assumes this legislation would be effective on July 1, 2021 (FY 2022).

*Summary of Fiscal  
Impact:*

The Budget Office estimates a total savings of \$5,389,366 from an increase in the number of covered abortions and avoided pregnancies under both Medicaid and the State Employee Insurance Plans. In nearly every instance, the overall impact would be positive due to the average net savings per case (resulting from avoided pregnancy costs).

**State Employee Insurance Plans**

The Budget Office estimates a total savings of \$286,946 from an increase in the number of covered abortions and avoided pregnancies under the State Employee Health Plan. The per case savings is \$9,257.

Projected abortions = Eligible population/1000\*rate per 1000 =  
(6500/1000)\*4.77=31

Projected cost of additional abortion services = 31\*\$2,076=\$64,336

Avoided Pregnancies (C-Section) = 31\*.314=9.73

Avoided Pregnancies (Vaginal) = 31\*.686=21.26

Per Pregnancy Cost less 10% coinsurance (C-Section) = \$14,760\*.9=\$13,284

Per Pregnancy Cost less 10% coinsurance (Vaginal) = \$11,600\*.9=\$10,440

Total Pregnancy Cost = (9.73\*\$14,760) + (21.26\*\$11,600) = \$351,282

Abortion Cost – Pregnancy Costs = \$65,336 = \$351,282 = (\$286,946)

Per Case (C-Section) = \$2,076 - \$13,284 = (\$11,208)

Per Case (Vaginal) = \$2,076 = \$10,440 = (\$8,364)

Per Occurrence Weighted Average = ((\$11,208)\*.314) + ((\$8,364)\*.686) = (\$9,257)

**Medicaid**

The Budget Office estimates a total savings of \$5,102,420 from an increase in the number of covered abortions and avoidance of pregnancies under the Medicaid Program. The Per case savings is \$5,841 for Rite Care enrollees and \$978 for the expansion population.

Projected abortions = Eligible population/1000\*rate per 1000 = (77,258/1000)\*13.5  
= 1,043

Projected abortions (less abortions under current policy) = 1,043-72.5 (2019/2020 average) = 970



Projected cost of additional abortion services =  $970 * \$399$  (2019/2020 average cost)  
= \$387,612

Avoided Rite Care Pregnancies =  $970 * 0.8798 = 854$

Avoided Expansion Pregnancies =  $970 * 0.01211 = 118$

Per Pregnancy Costs = \$13,769.52

State Share =  $[(\$13,769.52 * .4532) * 854] + [(\$13,769.52 * .1) * 118] = \$5,490,032$

Abortion Cost – State Share of Pregnancy Costs =  $\$387,612 - \$5,490,032 =$   
(\$5,102,420)

Per Case Savings (RiteCare Enrollee) =  $\$399.40 - (\$13,769.52 * .4532) = (\$5,841)$

Per Case Savings (RiteCare Enrollee) =  $\$399.40 - (\$13,769.52 * .1) = (\$978)$

Total Savings Per Year = State Employee Health Plan Savings + Medicaid Savings =  
 $(\$286,946) + (\$5,102,420) = (\$5,389,366)$

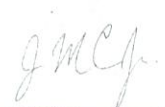
FY 2021: No fiscal impact reported due to timing of passage.

FY 2022: (\$5,389,366)

FY 2023: (\$5,389,366)

Budget Office Signature:

Fiscal Advisor Signature:

  
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