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Medicaid Funding Opportunities in Support of Perinatal Regionalization Systems

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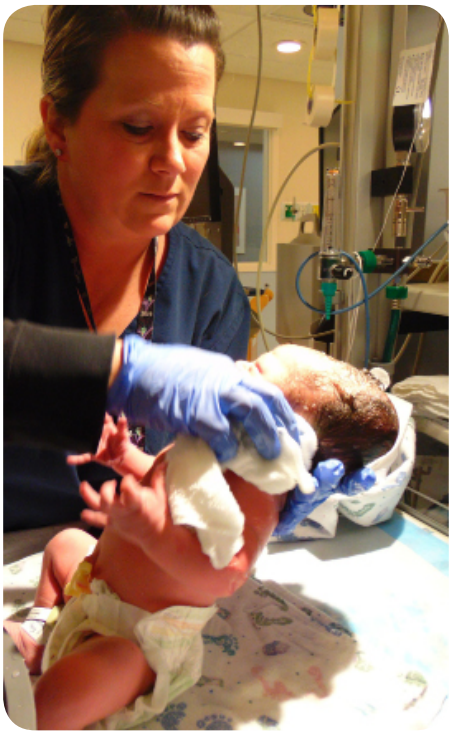


Introduction:

In the past 20 years, Medicaid has become the nation's largest payer of maternity-related services,[1] with nearly half of all births nationwide covered by state Medicaid agencies.[2] High-risk births, specifically low birthweight and preterm infants, add a large share to these costs.[3] And are most often related to services provided through neonatal intensive care units (NICUs).[4]

The proportion of preterm and low birthweight infants has steadily increased over the past two decades. States use perinatal regionalization, a designation system where infants are born or transferred based on the amount of necessary care at birth, as a leading strategy for decreasing infant morbidity and mortality.[5] Regionalization of perinatal care is characterized by a tiered system of risk-appropriate care delivery whereby hospitals choose or are given specific designations based on the level of care they can provide.[6] The systems purpose is to ensure that high-risk mothers and infants are cared for at appropriate level facilities. Perinatal regionalization has been shown to improve maternal and neonatal outcomes, and to be cost effective.[7]

Key Findings

- When looking at the combined cost of care for mothers and infants, Medicaid payments are ***$14,000 more per delivery*** if the baby is premature or of low birth weight.[8]

- ***1 in 8 infants*** covered by Medicaid is ***born premature***, and Medicaid costs for these high-risk infants are ***more than 9x as high*** as those for uncomplicated births.[9]

- Preterm birth is the largest cause of infant morbidity and mortality accounting for approximately ***11.5% of all births*** and ***50% of pregnancy-related costs,*** creating a significant burden on the U.S. healthcare system.[10]

Several studies have shown that high-risk infants (particularly very low birthweight and preterm infants) born outside of level III hospitals have a significantly increased risk of neonatal death.[11] "Extremely low birth weight infants born in non-level III hospitals had an 80% increase in odds of neonatal and /or predischarge mortality compared to those born at level III hospitals (55% increase in odds for very preterm infants)." [12]

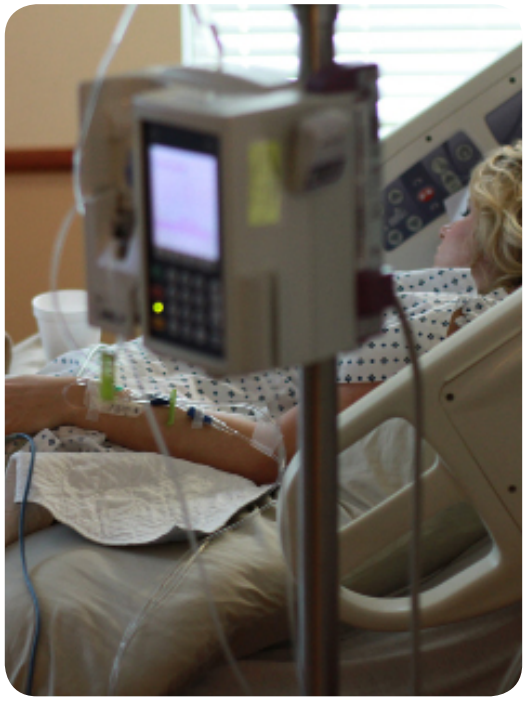
Today, nearly 40 states have a system of risk appropriate perinatal care.[13] The American College of Obstetricians and Gynecologists (ACOG), the American Academy of Pediatrics (AAP) and the March of Dimes have jointly recommended regionalized systems of perinatal care[14] as a way "to ensure that each newborn is delivered and cared for in a facility appropriate for his or her healthcare needs and to facilitate the achievement of optimal outcomes." [15] As the payer for nearly half of all births nationwide, Medicaid is a key partner in the financing of perinatal regionalization.

Levels of Maternal and Neonatal Hospital Care

In 2004, The American Academy of Pediatrics designated levels of maternal and neonatal care, and has since provided updates periodically. This classification of facilities has been critical to the creation of a well-defined regionalized system of perinatal care. The most updated classification includes four levels of care, which are defined by the availability of appropriate personnel and facilities (physical space, equipment, technology and organization).[16]

- **Level I:** Basic care facilities provide the most basic level of care to low-risk neonates.
- **Level II:** Specialty care facilities are recommended to be reserved for stable or moderately ill neonates with problems that are expected to resolve quickly and do not need subspecialty-level services on an urgent basis.
- **Level III:** Subspecialty intensive care facilities demonstrate strong clinical experience via large patient volume, existence of a neonatal intensive care unit (NICU), high complexity of care, and availability of medical subspecialists and surgical specialists for the pediatric population. Infants born at less than 32 weeks' gestation, weigh less than 1500g at birth, or have medical or surgical conditions, regardless of gestational age, are recommended to be cared for at this level facility.
- **Level IV:** Subspecialty intensive care facilities have the same capabilities as a level III facility, with additional capability and experience to care for the most high-risk, complex and critically ill neonates. Many level VI hospitals function as regional care centers.

Medicaid Financing of Perinatal Regionalization



Medicaid covers specific services that can maximize access to risk-appropriate care for mothers and infants, including the coverage of pre- and post-natal care, delivery, and other services such as transportation.

Medicaid coverage for pregnant women is federally required up to 133 percent of the federal poverty level (FPL), although many states extend eligibility levels much higher. Medicaid must provide coverage for pregnancy-related services and conditions that might complicate the pregnancy. These services include:

- prenatal care
- intrapartum and postpartum care
- family planning
- services for conditions that might complicate the pregnancy

A number of states cover additional services, some of which are critical components of a state perinatal regionalization system. These include:

- prenatal lab tests
- coverage of medical risk services
- prenatal care coordination or case management
- transportation services[17]

Of these services, Medicaid coverage of neonatal transportation is a critical component of timely provision of care and overall patient health, specifically for high-risk mothers and infants, and a core element of a comprehensive perinatal regionalization system.[18] The presence of high-risk maternal and newborn transportation systems helps increase patients' access to appropriate prenatal and neonatal care, further reducing the risk of infant morbidity and mortality.[19] Studies have shown that increased distance of maternal residence from a regional perinatal center has been associated with a greater likelihood of delivering at a lower level of care, which potentially subjects infants and mothers to a greater risk of morbidity and mortality.[20] This distance often presents a larger impediment to women with less social capital and lower incomes.[21]

State Medicaid agencies have developed various approaches to support risk-appropriate care.[22] Thirty-one states have developed state-level policies to address neonatal transportation for risk-appropriate care, and 19 states have a Medicaid payment option for transportation reimbursement.[23] State strategies commonly include Medicaid reimbursement of transportation services, including transportation services covered as an enhanced benefit for pregnant women, or direct coverage of transportation by Medicaid due to its status as a covered service. Additionally, some states are using broader health systems transformation efforts to promote improved maternal and infant access to perinatal services (such as transportation). Overall, transportation is one of the more complicated reimbursement components of a perinatal regionalization system due to elements, such as back transport, hospital transfers and cross-hospital coordination.

Conclusion:

Medicaid is an important partner in developing perinatal regionalization policies and strategies given its significant investments in a disproportionate share of high-risk births. With flexibility in the range and scope of services covered, Medicaid can play a large role in shaping states perinatal regionalization systems. Of these services, transportation is a critical component of timely provision of care and overall patient health, specifically for high-risk mothers and infants, and a core element of a comprehensive perinatal regionalization system. Therefore, Medicaid coverage of transportation can contribute to the reduction of maternal and infant morbidity and mortality through ensuring that high-risk mothers and infants can access services that match their medical needs.

Endnotes:

1. Services covered include pregnancy related services, services for other conditions that might complicate pregnancy, delivery, and post-partum care.
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