Expanding Medicaid Income Eligibility for Family Planning:
An Opportunity to Improve Reproductive Outcomes and Lower Medicaid Costs

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The State of North Carolina is requesting federal approval from the Centers for Medicare and Medicaid Services (CMS) to extend eligibility for family planning services to all women and men from 19 to 55 years of age with incomes at or below 185% of the federal poverty level. Unlike the Medicaid expansions for pregnancy-related care, which are specifically provided for in the federal statute, a family planning expansion must be approved by CMS as a Medicaid Family Planning 1115 Demonstration. To be approved, the proposal must be budget neutral—the added Medicaid family planning costs must be offset by at least a similar decrease in maternity and infant healthcare costs. As with maternity care, services may be offered by both public and private providers.

Current Medicaid regulations provide coverage to pregnant women and to infants (younger than a year) at or below 185% poverty. However, these women are eligible for Medicaid benefits only during the period following the confirmation of their pregnancy through 60 days postpartum. After 60 days postpartum, women who no longer meet the state's more stringent financial criteria for participation in the Medicaid program lose eligibility for all benefits, including family planning. It has been estimated that more than two-thirds of the approximately 45,000 women eligible for Medicaid each year due to pregnancy lose their Medicaid coverage after 60 days postpartum, leaving them without family planning or preventive health services coverage.

Among all North Carolina women of childbearing age, there are estimates that more than 318,000 women aged 20-44 are in need of publicly supported contraceptive services and do not have Medicaid coverage for these reproductive health services.[1] Although the 170 publicly supported family planning clinics in North Carolina serve 125,500 women aged 20-44, this represents only 39% of all women in need. Publicly supported contraceptive services are provided to 179,340 low-income women of all ages each year in North Carolina, and these women avert over 41,000 pregnancies each year.[2]

Unintended Pregnancies

A key goal of the Medicaid Family Planning 1115 Demonstration is to reduce the rate of unintended pregnancies within a state's low-income female population. Unintended pregnancies are those that are unwanted or occur before a woman intended to become pregnant (i.e., mistimed). More than half of all pregnancies in the United States and North Carolina are unintended.[3] In North Carolina, an estimated 45% of the more than 115,000 live births each year were unintended at the time of conception.[4] In addition, there are approximately 27,000 induced abortions each year in North Carolina, and presumably the vast majority of those result from unintended pregnancies. Women ages 20 and older account for over 85% of all unintended pregnancies.[5] More than three out of every five (61%) pregnancies to low-income women (income less than the federal poverty level) are unintended, compared to 41% of pregnancies for higher-income women (income more than double the federal poverty level).[6] They also are less likely to use effective contraceptive methods and to use contraception consistently.[7] Women whose prenatal care is paid for by Medicaid are significantly more likely than other women to report an unintended pregnancy resulting in a live birth.[8] The national *Healthy People 2000* goal was to reduce unintended pregnancies to 30% of all pregnancies, while the *Healthy People 2010* goal is to increase intended pregnancies to 70%.[9]

Reproductive Outcomes

Unintended pregnancy is associated with delayed entry into prenatal care as well as low-birth weight, poor maternal nutrition, smoking, and use of alcohol and other drugs.[10,11,12] Additionally, the opportunities and benefits of preconceptional healthcare are lost. As reported in the Running the Numbers column in this Journal (page 177),[4] North Carolina Pregnancy Risk Assessment Monitoring System (PRAMS) data from

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1997-2000 showed a strong association between an unintended pregnancy and low-socioeconomic status, never taking a multivitamin (folic acid) before pregnancy, late entry into prenatal care, smoking during pregnancy, postpartum depression, and not breastfeeding.[13,14]

The overall premise for the Medicaid Family Planning 1115 Demonstration supports the concept that providing Medicaid coverage for family planning services increases the likelihood that low-income women will use these services and thus be less likely to have unintended pregnancies. In turn, fewer pregnant women and subsequent infants and children will need Medicaid coverage. Also, fewer of these pregnant women, infants, and children will have complicated medical conditions, because women with unintended pregnancies are at a higher risk for preterm delivery and other complications. Moreover, improving the spacing of births among the low-income, postpartum population will result in reductions in the overall number of births that will be supported by Medicaid funding.[15] The provision of this benefit might also be expected to reduce the number of low-birth weight and premature deliveries and infant deaths attributable to closely spaced pregnancies among those families whose poverty limits their access to health services. This, in turn, impacts the costs that are incurred for the lifetime care of infants who are born with a disability due to their premature and/or very low-birth weight. Additionally, expanding coverage for family planning and related preventive services offers a major health benefit to low-income populations.

Proposed Family Planning Services

The proposed family planning demonstration will cover family planning clinical services currently covered by Medicaid as well as some limited sexually transmitted disease (STD) treatment for STDs identified during the initial family planning visit. Additional covered clinical services could be added in the future if funds were available and budget neutrality could be maintained. Services recommended for coverage are the following:

- Family planning initial or annual examinations (including appropriate physical exams)
- Family planning counseling and supply visits
- All FDA-approved and Medicaid covered methods of birth control (including removal of implants/inserts)
- Tubal ligations and vasectomies and necessary post-procedure follow-up (upon receipt of proper federal sterilization consent form per current Medicaid regulations)
- Laboratory tests that are in conjunction with the family planning visit, including STD screening tests, pregnancy tests, and Pap tests
- Antibiotics for STDs detected during a family planning initial or annual visit
- HIV testing including pre- and post-test counseling visits
- Referral to a primary care physician or clinic, when needed

Abortion services will not be covered under this program nor will infertility services and related procedures. Unfortunately, except for treatment of some STDs, treatment will not be covered for medical conditions/problems discovered during screenings (e.g., urinary tract infections, diabetes, or hypertension) or caused by or following a family planning procedure (i.e., medical complications from family planning procedures). Treatment for AIDS and cancer will not be covered.

Projected Cost Savings

The purpose of family planning demonstration waivers such as the one North Carolina has requested from CMS is to prove that approaches that expand family planning services to low-income adults will ultimately reduce Medicaid costs for maternity and infant care. Other states (including South Carolina and Arkansas) have already demonstrated that significantly expanding family planning services to low-income populations results in savings greater than the government expenditures needed to provide the family planning services. This is true because the annual cost of family planning services per participant is approximately $350 while the average cost of prenatal, delivery, and infant healthcare is almost $9,000. In addition to savings for maternity and infant healthcare costs, reducing the number of unintended pregnancies will result in savings in future government expenditures for social services, public assistance, and other healthcare costs.

The match for Medicaid family planning services is an especially favorable one for the state—$1.00 in state match for every $9.00 in federal Medicaid expenditures. The favorable Medicaid match will allow existing state family planning funds, when used as the state match, to expand family planning services nine-fold. No additional state funding will be required to fund the Medicaid Family Planning 1115 Demonstration. Thus, even with the State's current budget shortfall, the importance of implementing this waiver—with support and involvement of both the public and private sectors—cannot be overstated.

Evaluation of Efforts by Other States

The first national evaluation of the Medicaid Family Planning 1115 Demonstrations funded by the CMS has just been completed.[16,17] There are currently 18 Medicaid Family Planning 1115 Demonstrations located throughout the United States.[18] Some have operated longer than others. The South Carolina demonstration, which began in 1993, was first, Rhode Island followed in 1994, and demonstrations in Virginia, Mississippi, and Illinois are the most recent to be approved. This evaluation concluded that all of the state programs evaluated were budget neutral. Savings from averted births exceeded the cost of expanded family planning coverage when the proposed model budget neutrality formula was applied.

Timeline

Preparations to expand Medicaid income eligibility for family planning services in North Carolina are well underway. The proposal has been approved by the NC General Assembly.

Once CMS approval is obtained, implementation can begin within three to four months. Within the NC Department of Health and Human Services, the Division of Medical Assistance, with support from the Division of Public Health, will be responsible for the Medicaid Family Planning 1115 Demonstration. Postpartum women, especially those at high risk for poor pregnancy outcomes, will be given priority for enrollment. Approximately 4,000 women and men will be provided family planning services during the first full year. This annual number will increase each year, with 20,000 people being served by the fifth year.

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