



VERMONT LEGISLATIVE  
**Joint Fiscal Office**

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## Fiscal Note

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### **S.18 – An act relating to licensure of freestanding birth centers**

As recommended by the Senate Committee on Health and Welfare Draft 2.1<sup>1i</sup>

#### **Bill Summary**

The bill proposes to establish a licensing structure for freestanding birth centers. It would also require prenatal, maternity, postpartum, and newborn coverage under health insurance plans and Medicaid to include birth center services. It would also specify that birth centers are not subject to certificate of need (CON) review.

#### **Background and Details**

Birth centers are health care facilities designed to provide a more home-like environment for childbirth and are geared towards low-risk pregnancies. They are usually staffed with licensed midwives and support teams (and sometimes obstetricians). Most birth centers tend to take a more holistic approach to pregnancy, labor, and postpartum care.

Both anecdotal and empirical evidence suggest the potential for cost savings if access to birth centers was available. *Strong Start for Mothers and Newborns (Strong Start)* tested the effects on costs and outcomes of birth centers for Medicaid beneficiaries from 2013 to 2017 and found that that birth center births were an average of \$2,010 cheaper than typical care births.<sup>2</sup>

#### **Fiscal Impact**

Sec. 1 would create a \$250 fee license for applications, renewals, or changes in ownership. The fees would be deposited into the Hospital Licensing Fees Special Fund and be available to the Department of Health to offset the costs of licensing birth centers. Initial revenues from this fee are anticipated to be nominal and will depend on the number of applicants.

Sec. 2 would requires health insurance plans to cover prenatal, maternity, postpartum, and newborn services provided at a licensed birth center. The Vermont State Employee Health Plan already covers birth centers. Although there are currently no birth centers in Vermont, there are two birth centers in New Hampshire

<sup>1</sup> The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.

<sup>2</sup> MACPAC (May 2023). *Access to Maternity Providers: Midwives and Birthing Centers*.

that are part of the Blue Cross Blue Shield of Vermont network.<sup>3</sup> Further, the policy states that “if using a nurse midwife, the provider must be a network certified nurse midwife or network licensed professional midwife; there is no coverage for lay or out-of-network midwives.” From 2022 to 2024, the plan paid for an average of 203 births per year.<sup>4</sup> The fiscal impact and/or the potential for savings to the State employee health plan will depend on the timing of birth centers coming online and the utilization of these centers by plan beneficiaries.

Sec. 4 would direct the Agency of Humans Services (AHS) to seek approval from the Center for Medicare and Medicaid Services (CMS) to allow Vermont Medicaid to cover prenatal, maternity, postpartum, and newborn services provided at a licensed birth center and to allow Vermont Medicaid to reimburse separately for birth center services, including birth center facility fees, and for professional services. From 2021 to 2023 Vermont Medicaid paid for an average of 2,033 births per year.<sup>5</sup> The fiscal impact and/or the potential for savings to the Medicaid program will depend on the timing of birth centers coming online in Vermont, CMS approval, and the utilization rate.

## Summary

S.18 would have no immediate fiscal implications on the State budget.

- Fee revenues are anticipated to be nominal and will depend on how many applicants apply for licensure and subsequent renewals.
- Evidence suggests the potential for savings in the Medicaid program and the State employee health plan, depending on access to and utilization of birthing centers once they come online.

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<sup>i</sup> The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.

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<sup>3</sup> The State of Vermont Employee Health Plan contracts with Blue Cross and Blue Shield of Vermont (BCBSVT) as its third-party administrator and therefore uses BCBSVT’s network of providers.

<sup>4</sup> Data provided by the Vermont Department of Human Resources.

<sup>5</sup> Coverage of Doula Services report to the Legislature required by Act 97 of 2024. Department of Vermont Health Access [Annual Report, 2024](#). Page 55.