

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$16,832		\$300,223	
CASH FUNDS				
FEDERAL FUNDS	\$50,498		\$557,557	
OTHER FUNDS				
TOTAL FUNDS	\$67,330		\$857,780	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill would require the Department of Health and Human Services (DHHS) to reimburse a provider for doula services by no later than January 1, 2027. The bill requires DHHS to establish a workgroup of stakeholders and experts to develop an implementation plan including a reimbursement rate which will report back to DHHS by October 1, 2026.

DHHS notes sixteen other states' Medicaid programs are either currently reimbursing for doula services or implementing such services. The federal Center for Medicare & Medicaid Services does not define standards for reimbursements for doulas and estimates for service costs vary. Based on the assumption of 25% utilization of 8,912 Medicaid births (2,228) and using the cost of \$770 total per birth, the estimate of aid needed for the program for a full fiscal year is \$1,715,560. Using a fund mix of 65% federal contribution, the state contribution would be \$600,446 General Funds and \$1,115,114 federal funds. The aid cost for FY27 would be half due to the implementation date being 6 months into the fiscal year.

For administering the program DHHS indicates needing a total of \$67,330 for IT costs but details for this expenditure are not explained. The federal fund participation for the IT updates is 75%. There is no basis to disagree with the estimate.

Technical note: The provisions in the bill are added to the Medical Assistance Act. To achieve the intent of covering doula services in Medicaid, clarifying language to narrow reimbursement exclusively to Medicaid clients should be added. This fiscal note is based on coverage of Medicaid births only and does not consider reimbursement for non-Medicaid doula services.

#### ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB:	701	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services	
REVIEWED BY:	Ann Linneman		DATE:	2-26-2025
			PHONE:	(402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.				

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-25-25

Phone: (5) 471-6719

	<b>FY 2025-2026</b>		<b>FY 2026-2027</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$16,832		\$300,223	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>	\$50,498		\$557,557	
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$67,330	\$0	\$857,780	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

**Explanation of Estimate:**

LB701 requires creating and reimbursing a new Medicaid provider type of doula no later than January 1, 2027. The bill requires the state to reimburse a doula with state funds at a rate defined by the Department of Health and Human Services (DHHS).

The bill requires the Department to establish a workgroup of stakeholders and experts to develop an implementation plan and reimbursement rate and submit an implementation plan to the Department by October 1, 2026. It is unclear if the Department is required to implement the rate established by the workgroup. There is a concern that the workgroup composition does not include representation from Medicaid. Without this representation and input, the work group's proposed scope may not be covered by the Medicaid program.

The bill requires a doula to have appropriate training, certification, or experience as determined by the implementation plan developed by the workgroup. It is unclear who or what entity would determine the definition of appropriate training and certification and whether this requires the Division of Public Health (DPH) to create a certification.

CMS does not define standards for payment of doula services. Medicaid and CHIP Payment and Access Commission (MACPAC) shows doulas are typically paid per-visit basis, with a higher payment rate for attending labor and delivery. Some states with managed care have established a fee-for-service payment rate and permit Managed Care Organizations (MCOs) to pay higher fees. Payment rates may also vary depending on whether a doula contracts directly with an MCO or bills through an intermediary organization.

According to a CMS resource, eleven state Medicaid programs are actively reimbursing doula services, and five are in the implementation process for reimbursement. There is no literature that can be found that shows an applicable estimated number of Medicaid patients who utilize doulas in states that cover doula services. Annual births covered by Medicaid are estimated to be 8,912. If 25% of every covered pregnancy in Medicaid had a doula service paid, then 2,228 births would have doula services covered. Using an average cost of \$770 per birth, which includes services for four months of prenatal, labor, and delivery and two months of postnatal visits, the resulting annual expenses would be \$1,715,560. The implementation date for the bill is January 1, 2027, and the blended federal medical assistance percentage used for this fiscal note is 65%.

Additionally, IS&T estimates that the system changes associated with this bill to be around \$67,330. Other program staff time would be absorbed.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES

Benefits.....		
Operating.....	\$67,330	
Travel.....		
Capital Outlay.....		
Aid.....		\$857,780
Capital Improvements.....		
TOTAL.....	\$67,330	\$857,780