

# Draft Policy:

## Medicaid Payments for Elective Deliveries

### Background Information:

Based on Montana Birth Certificates for live-born, single infants filed with the Office of Vital Records in calendar years 2010-2012:

- There were approximately 12,000 live births in Montana each year
  - 24% were delivered by induced labor
  - 31% were delivered by cesarean section
- Gestational age is defined by the American Congress of Obstetricians and Gynecologists by number of weeks since the first day of the last menstrual cycle. Gestational age is written in both weeks and days.
  - Full term pregnancy defined as at least 39 weeks and 0 days.
- 27% of Montana babies were born at gestational ages of 36 to 38 weeks, moderately premature by the standard of at least 39 weeks completed gestation.
  - 47% of these moderately premature babies were delivered by medical intervention
    - 13% were induced
    - 34% were by cesarean section
- The American Congress of Obstetricians and Gynecologists estimate that between 6% and 12% of all pregnancies are affected by conditions that make early delivery medically necessary or advisable.<sup>1</sup>
  - We do not know the prevalence of these conditions in Montana mothers but assume they are in the range of 6% to 12%
  - We therefore estimate that as many as 2,000 Montana babies might be delivered early through medical intervention in the absence of currently recognized indications each year.
- Elective inductions, cesarean sections, and early deliveries all increase the risk to both mother and infant, and there is no evidence that they confer any health benefits in the absence of medical indications.<sup>2</sup>
- Elective inductions, cesarean sections, and early deliveries all increase the average hospital stay and costs for care for both mother and infant.
- Montana Medicaid pays for approximately 4,400 births a year, or 37% of Montana's births.
  - 25% of these births are induced
  - 30% are cesarean sections

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<sup>1</sup> ACOG committee opinion no. 560: Medically indicated late-preterm and early-term deliveries. *Obstet Gynecol* 2013; 212:908-910.

<sup>2</sup> [http://acog.org/Resources And Publications/Committee Opinions/Committee on Obstetric Practice/Nonmedically Indicated Early-Term Deliveries](http://acog.org/Resources_And_Publications/Committee_Opinions/Committee_on_Obstetric_Practice/Nonmedically_Indicated_Early-Term_Deliveries)

- These rates are similar to the rates of induction and cesarean section for the overall population of Montana.
- Assuming that the prevalence of conditions that would make inductions, cesarean sections, or early delivery medically necessary or advisable, this suggests that approximately 750 births covered by Medicaid might be delivered early through medical intervention in the absence of currently recognized indications each year.
- The American Congress of Obstetricians and Gynecologists, The Joint Commission, The National Quality Forum, the Leapfrog Group, and the March of Dimes have identified the reduction of early deliveries as a key quality indicator for maternal and child health.<sup>3</sup>
  - Many states are collaborating with hospitals and practitioners in initiatives to reduce elective deliveries before 39 weeks completed gestation.
  - The initiatives involve engaging hospital administrations and medical professionals to champion systematic review of early deliveries for medical necessity.
  - Toolkits are available to help educate administrators, physicians, staff, and patients about the importance of waiting until term for most women.
- Montana Medicaid, as the payer for more than one third of births in Montana, is in a key position to contribute to the reduction of elective early deliveries.

## **Policy for Inductive Deliveries:**

All facilities enrolled in Montana Medicaid who perform deliveries must have an induction policy in place by July 1, 2014. A reduced payment policy will be implemented for facilities and physicians on October 1, 2014 for elective deliveries before 39 weeks and 0/7 days, and for non-medically necessary C-sections at any gestation. (If requested, the Department will work with providers regarding the policy criteria.)

- July 1, 2014: The department will perform a soft rollout of upcoming coding changes; the department will provide information and support to those providers who are not in compliance with The American Congress of Obstetricians and Gynecologists (ACOG) guidelines (see below).
- October 1, 2014: All Claims submitted for reimbursement regarding elective deliveries prior to 39 gestational weeks w/o medical necessity, and all non-medically necessary Cesarean Sections at any gestational age will receive a reduced payment. Medical necessity will be determined based on diagnoses set by ACOG and Joint Commission guidelines.

## **Facility Reimbursement Policy:**

Facilities that perform non-medically necessary inductions prior to 39 weeks and 0/7 days or non-medically necessary Cesarean deliveries at any gestation will receive a 33% reduction in reimbursement. Critical Access Hospital payments will also be reduced 33% at cost settlement.

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<sup>3</sup> [http://www.qualityforum.org/Standards/Measures/Elective\\_delivery\\_prior\\_to\\_39\\_completed\\_weeks\\_gestation.aspx](http://www.qualityforum.org/Standards/Measures/Elective_delivery_prior_to_39_completed_weeks_gestation.aspx) ;  
<http://www.jointcommission.org/PerformanceMeasurement/PerformanceMeasurement/Perinatal+Care+Core+Measure+set.htm> ;  
[http://www.leapfroggroup.org/for\\_hospitals/Changees\\_LF\\_Survey\\_2009](http://www.leapfroggroup.org/for_hospitals/Changees_LF_Survey_2009) ;

Main E et al. 2010. *Elimination of Non-Medically Indicated (Elective) Deliveries Before 39 Weeks Gestational Age*. Sacramento, CA: March of Dimes.

<b>Hospital Reimbursement</b>	<b>PPS Hospital C-Section</b> DRG 540	<b>PPS Hospital Vaginal Delivery</b> DRG 560
<b>Current Reimbursement</b>	\$3,161.49	\$1,853.17
<b>33% Reimbursement Reduction</b>	\$2,118.20	\$1,241.62

PPS rate is based on a severity level of 1. Hospital rate based on July 2013 fee schedule

Procedure codes regarding Cesarean section at all gestational ages or induction prior to 39 gestational weeks will require a condition code in fields 18-28 on the UB-04 claim form, coordinating with a set list of diagnosis codes referencing correctly coded medical necessity.

## **Physician Reimbursement Policy:**

Physicians, Physician Assistants, Nurse Midwives, and birth attendants who perform non-medically necessary inductions prior to 39 weeks and 0/7 days or non-medically necessary Cesarean deliveries at any gestation will no longer receive the 12% policy adjustor for maternity services. Instead, they will be reimbursed at the standard RBRVS fee. The payment reduction will not apply to ancillary providers.

	<b>Physician Global Fee- Vaginal Birth</b> Procedure code 59400	<b>Physician Global Fee- C-section</b> Procedure code 59510	<b>Physician Delivery only- Vaginal Birth</b> Procedure code 59409	<b>Physician Delivery Only C- Section</b> Procedure code 59514
<b>Physician Reimbursement</b>				
<b>Current Reimbursement</b>	\$2,465.16	\$2,725.86	\$960.58	\$1,081.32
<b>Non Maternity Rate Adjustor (12%)</b>	\$2,169.34	\$2,398.76	\$845.31	\$951.56

Physician rate based on the December 2013 fee schedule

Providers are required to append a modifier to the procedure code. The Medicaid claims processing system will have criteria files to include allowed diagnosis and procedure code combinations. Reimbursement will be tied to these criteria files.

## **ACOG Guidelines:**

- No non-medically necessary inductions and Cesarean Sections prior to 39 weeks and 0/7 days gestation, and no non-medically necessary Cesarean Sections at any gestational age.
- Confirmation of weeks gestation by ACOG guidelines (at least one of the following guidelines must be met to show gestational age):
  - Fetal heart tones have been documented for 20 weeks by non-electronic fetoscope or 30 weeks by Doppler.
  - 36 weeks since a positive serum or urine pregnancy test that was performed by a reliable laboratory.
  - An ultrasound prior to 20 weeks that confirms the gestational age of at least 39 weeks.
- Policy must have a multistep review process prior to all inductions and Cesarean Sections including final decision being made by the Perinatology Chair, OB Director, or Medical Director.