

# Medical Assistance Coverage of Pregnant Women and Newborn Children in Pennsylvania

## Introduction

The Medical Assistance program is Pennsylvania's health care safety net. The program pays for the medical care of low-income and vulnerable individuals who meet certain eligibility criteria. In addition, it is an important source of revenue for hospitals that provide care to low-income individuals by lessening the burden of uncompensated care. In May 2008, about 15 percent of the residents of Pennsylvania—1,955,604 total—were covered by Medical Assistance<sup>i</sup>.

In this fact sheet, we examine the importance of Medical Assistance for low-income pregnant women, their newborn children and the hospitals that provide them with medical care. We first describe Medical Assistance eligibility criteria and covered services for pregnant women and their newborn children. Then, using data from the Pennsylvania Health Care Cost Containment Council (PHC4) discharge data set, we illustrate the significance of Medical Assistance for these populations by presenting the proportion of newborns that were covered in each Pennsylvania county during 2005 and 2006. We also provide information on how birth outcomes of newborns covered by Medical Assistance compare to the outcomes of all Pennsylvania births. Finally, we show the impact of Medical Assistance in financing hospitals by the proportion of births paid for by the program.

## Medical Assistance Eligibility for Pregnant Women and Their Newborn Children

Pregnant women in Pennsylvania are eligible for Medical Assistance if their pregnancy has been verified by a medical professional and their income is at or below 185 percent of the federal poverty level (FPL)<sup>ii</sup>. In addition to meeting the income requirement, pregnant women must also be United

States citizens or qualified legal aliens<sup>iii</sup>. Medical Assistance eligibility for pregnant women is for the duration of their pregnancy and through the post-partum period. The post-partum period is defined as 60 days post-delivery plus any additional days needed to complete the last month of coverage<sup>iv</sup>.

A pregnant woman that is *not* a United States citizen or qualified legal alien is only eligible for Medical Assistance coverage of the delivery.

Medical Assistance streamlined eligibility for pregnant women by implementing presumptive eligibility to minimize delays in receiving prenatal care. Under presumptive eligibility, Medical Assistance will start paying for medical care as soon as a medical professional verifies the pregnancy and will continue when the woman is enrolled in Medical Assistance.

Newborn children are automatically eligible for Medical Assistance until the age of one year if the mother is eligible for Medical Assistance at the time of the birth and the newborn continues to live with the mother. All newborns in families with incomes at or below 185 percent of the FPL are eligible for Medical Assistance. Title IV-E adoptive or foster children are eligible for Medical Assistance regardless of family income or resources<sup>v</sup>.

## Covered Services

Pregnant women and newborns receive comprehensive health care coverage through the Healthy Beginnings and Healthy Beginnings Plus programs of Medical Assistance. Services are then provided through either a managed care program or a

<sup>i</sup> Commonwealth of Pennsylvania, Department of Public Welfare. Medical Assistance Eligibility Statistics, May 2008.

<sup>ii</sup> If the woman's pregnancy is verified, the unborn child is counted as a family member when establishing the income limit.

<sup>iii</sup> For more information, please refer to the PMPC fact sheets *Common Medicaid Eligibility Categories in Pennsylvania* and *Medicaid Eligibility for Noncitizens*.

<sup>iv</sup> Women with children are eligible for Medical Assistance only if their family income is equal to or less than 25 percent of the FPL.

<sup>v</sup> Title IV-E is a subpart of Title IV of the federal Social Security Act. This program provides federal reimbursement to states for the costs of children placed in foster homes or other types of out-of-home care under a court order or voluntary placement agreement.

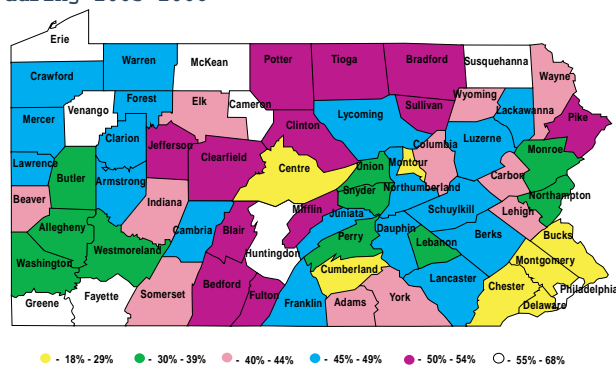
fee-for-service program. The set of covered services for both the mother and the newborn is comprehensive and includes hospital, intensive, physician and preventative care, as well as outpatient drugs<sup>vi</sup>.

### Insurance Coverage of Newborns<sup>vii</sup>

Using PHC4 inpatient discharge data, we estimate that 205,888 newborns were discharged from Pennsylvania hospitals in 2005-2006 (104,627 in 2005 and 101,261 in 2006). Of these, approximately 42 percent were covered by Medical Assistance, 55 percent were covered by private insurance and the rest were either covered by another government program (less than 1 percent) or were not insured (2 percent).

The percentage of newborns covered by Medical Assistance varied across Pennsylvania counties, from Montgomery County at 18 percent to Philadelphia County at 68 percent. In 21<sup>viii</sup> of the 67 counties in Pennsylvania, more than 50 percent of that county's newborn population was covered by Medical Assistance. (Figure 1)

Figure 1: Proportion Of Pennsylvania County Newborns Covered by Medical Assisatnce during 2005-2006



Source: Author's calculations from PHC4 Pennsylvania Hospital Discharge Data.

<sup>vi</sup> For information on covered services, please see the PMPC fact sheet *Covered Services Under the Pennsylvania Medicaid Program*.

<sup>vii</sup> In this section, we discuss newborns rather than births. Given multiple births, there are a smaller number of births than newborns.

<sup>viii</sup> Blair, Mifflin, Pike, Clinton, Potter, Jefferson, Clearfield, Fulton, Bradford, Bedford, Sullivan, Tioga, Susquehanna, Erie, Huntingdon, Cameron, Fayette, Venango, Greene, McKean and Philadelphia.

### HEALTH STATUS OF NEWBORNS

Using PHC4 data, we find that the birth outcomes of newborns covered under Medical Assistance during 2005 and 2006 were poorer than the birth outcomes of newborns covered under private insurance in Pennsylvania. For example, 8 percent of Medical Assistance newborns had low birth weight (less than 2,500 grams) compared to about 6 percent of all newborns—a difference that is statistically significant. The proportion of Medical Assistance newborns who stayed in the hospital for more than three days is similar to that of newborns covered by private insurance. However, among those newborns who had a length of stay of more than three days, the Medical Assistance newborns stayed an average of 14 days compared to 11 days for all newborns and 9 days for those with private insurance—a difference that is statistically significant. This distinction in newborns' length of stay suggests that the Medical Assistance newborns are in poorer health.

The variation in newborn health outcomes may be accounted for by several factors. The mothers who are covered under Medical Assistance could be in poorer health prior to getting pregnant and may be less likely to seek medical care and health insurance coverage early in the pregnancy. Furthermore, Medical Assistance does not cover any prenatal care for low-income nonqualified aliens.

### PENNSYLVANIA PROGRAMS TO IMPROVE BIRTH OUTCOMES

The Commonwealth has implemented programs to address some of the factors that may lead to poor birth outcomes under the Medical Assistance program. The Pennsylvania Department of Public Welfare (DPW) monitors the amount of prenatal care received by pregnant women who are enrolled in Medical Assistance managed care organizations, which pay for about 26 percent of all births in Pennsylvania. In 2005, Pennsylvania implemented a pay-for-performance program to provide incentives for managed care plans to improve their performance on health care services, such as prenatal care. For example, managed care organizations are rewarded with more funding if the number of pregnant women who receive prenatal care in the first trimester increases or the total number of prenatal care visits increases. Furthermore, in 2005, Pennsylvania introduced case-management programs for high-risk

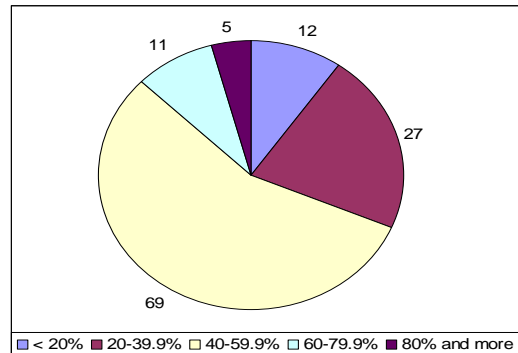
pregnant women who are not enrolled in managed care programs. The Commonwealth also implemented smoking cessation programs to encourage healthy maternal habits.

### Importance of Medical Assistance Coverage of Births to Pennsylvania Hospitals

The Medical Assistance program provides not only health care coverage—the key to accessing care—to qualified individuals, but also an essential funding stream for providers, including hospitals. Under the federal Emergency Medical Treatment and Active Labor Act (EMTALA), all deliveries are considered an “emergency medical condition.” A pregnant woman who presents in active labor *must* be treated and admitted to the hospital until delivery is complete—unless a transfer to another hospital is appropriate—regardless of insurance status, ability to pay or citizenship. Without Medical Assistance coverage, it is likely that a large number of pregnant women would be otherwise uninsured and that hospitals would have a large amount of uncompensated care. Therefore, Medical Assistance provides hospitals with essential payments to cover the costs of active labor, delivery and stabilization of the mother and her newborn.

Medical Assistance finances a considerable portion of obstetric and newborn care in Pennsylvania hospitals. This can be seen by examining the proportion of each hospital’s newborn care that was paid for by Medical Assistance (*Figure 2*). Among 124 hospitals included in the PHC4 data, Medical Assistance paid for between 40 and 60 percent of all newborn care in 69 hospitals and for more than 80 percent of all newborn care in 5 hospitals.

**Figure 2: Percentage Newborn Care Financed by Medical Assistance in Pennsylvania Hospitals during 2005–2006**



Source: Author’s calculations from PHC4 Pennsylvania Hospital Discharge Data.

Medical Assistance payment is relatively more important to hospitals for obstetric and newborn care than it is for general medical care. In 2006, Medical Assistance paid for 16 percent of all inpatient hospital discharges and for 41 percent of all newborn discharges statewide. This difference means that Medical Assistance is more important for the overall successful operation of obstetric and neonatal services than it is for general hospital services.

### Conclusion

The Medical Assistance program is the main pathway to prenatal care for a significant number of pregnant women in Pennsylvania. After delivery, Medical Assistance pays for essential medical services to new mothers and their newborns. The proportion of newborns that are covered by Medical Assistance is remarkable, reaching more than 50 percent of all newborns in 21 Pennsylvania counties in 2005-2006. In turn, the funding for this maternal and newborn care supports the obstetric services and the neonatal intensive care units at Pennsylvania hospitals that are used by all of the citizens of the Commonwealth.

Limitations: The data in this fact sheet was based on the data included in the PHC4 Pennsylvania Hospital Discharge Data. The data, which included standard hospital discharge data, were reported to PHC4 by hospitals and were not independently verified. We estimated that the number of newborns covered by Medical Assistance by the “Source of Payment” expected by the hospital upon discharge. In a small number of cases, the actual payment source will differ from the expected payment source. Although there will be some errors, it is highly unlikely that it

will make any significant difference to the general nature of our findings.<sup>ix</sup>

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<sup>ix</sup> In 2008, DPW conducted a study of newborns covered by Medical Assistance. DPW's estimate of the number of newborns covered by Medical Assistance exceeds ours. However, the correlation between their estimate and our estimate of the number of Medical Assistance newborns in each Pennsylvania county is .991. This very high correlation means that all of the patterns that we describe in this fact sheet are accurate. For instance, although there may be some slight error in the estimated proportion of the newborns that are covered by Medical Assistance in each county, there is no doubt that the proportion of births covered by Medical Assistance in Philadelphia County is more than three times higher than the proportion of births covered by Medical Assistance in Montgomery County.