

Birth Centers

Substitute Senate Bill 5835; Section 213(1)(kk); Chapter 1; Laws of 2017

October 15, 2018



Birth Centers

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Health Care Authority

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Table of Contents

Table of Contents..... 1

Executive Summary..... 2

Introduction..... 3

Access to Birth Center Care 4

Improving the Cesarean Section Rate..... 5

Potential Savings..... 6

Conclusion..... 7

Appendix A: Birth Center Births (FY 2010–FY 2017) 8

Appendix B: Washington Women Who Delivered at a Birth Center or at Home with a Midwife
Attendant, January 2012–June 2017 9

Appendix C: Washington State Licensed Birth Centers 11



Executive Summary

This report provides updates on access to birth center care, Cesarean section rates, and potential savings related to birth center services for Washington Apple Health (Medicaid) clients since the October 2016 report titled *Reimbursement for Births Performed at Birth Centers*.¹ That report primarily addressed recommendations for adjusting reimbursement methods and levels and discussed these three topics as related to birth centers. This report includes more recent claims and provider enrollment information.

- The percentage of births occurring in birth centers was on the rise prior to a facility fee increase, and we anticipate this fee increase will contribute to a continuation of the rise. Since the fee increase, more birth centers are contracting with the Apple Health managed care organizations (MCOs), and two birth centers in Eastern Washington have applied for licensure.
- The Cesarean section rate in Washington decreased from a high of 16.5 percent in fiscal year (FY) 2008 to about 14 percent between FY 2014 and FY 2017.
- Health Care Authority (HCA) cannot estimate potential cost savings outcomes from the July 2017 birth center facility fee increase, because we do not yet have mature Apple Health fee-for-service (FFS) claims and MCO encounter data. In addition, because many factors influence whether Apple Health clients use birth centers, it might not be possible for HCA to determine the relationship between the facility fee increase and cost savings.

¹ *Reimbursement for Births Performed at Birth Centers*, <<https://www.hca.wa.gov/assets/program/2eshb-2376-birth-centers.pdf>>, accessed on September 12, 2018.



Introduction

Substitute Senate Bill (SSB) 5883 (2018), Section 213(1)(kk) states:

“The authority shall report to the governor and appropriate committees of the Legislature by October 15, 2018, updated information regarding:

- Access to care
- Improvements to the Cesarean section rate
- Savings outcomes for utilizing birth centers as an alternative to hospitals”

This report provides updates on access, Cesarean section rates, and potential savings related to birth center services since the report in October 2016. This report includes more recent claims and provider enrollment information through June 2017 (FY 2017). The report in October 2016 provided information through FY 2015 and made a recommendation to the Legislature to increase the reimbursement for birth center facilities. The term “birth center” refers to only facilities licensed as “childbirth centers” by Department of Health (DOH).² This term refers to community-based centers that are not licensed as part of a hospital.

Evidence shows us that birth centers are a safe and cost effective delivery site. Outcomes for mother and baby are as good or better than delivering in a hospital setting for low risk clients. With this in mind, the Legislature directed HCA to increase the facility fee for birth centers to encourage their use by Apple Health clients, and to influence the expansion of current birth centers and the opening of new ones across the state. The Legislature approved a facility fee increase to \$1,742 to be paid by both MCOs and FFS, effective July 1, 2017.

HCA understands the intent of the legislative request is for a report to show updated information related to the birth center facility fee increase. Such an analysis cannot be completed at this time, because births solely related to the change in rates will not be seen in the claims and managed care encounter data until at least one year, and more likely two years, past the effective date of the facility fee increase. Unless birth centers began accepting many more Apple Health clients prior to (and in anticipation of) the July 1, 2017 facility fee increase, Apple Health-funded births in birth centers that otherwise would not have occurred without the facility fee increase likely began no earlier than January 2018 (i.e., six months after expectant mothers were likely to choose their birth location). Due to claims data lag (usually six months), it is not possible to capture enough mature data on those births prior to the due date of this report. This report, therefore, focuses on providing more current data about HCA’s experience with birth center utilization prior to the initiation of the facility fee increase.

² See “Child Birth Centers”, <<https://www.doh.wa.gov/LicensesPermitsandCertificates/FacilitiesNewReneworUpdate/ChildbirthCenters>>, accessed on August 1, 2018.

HCA does not have direct control over client and provider decision making. However, HCA can encourage decision making changes based on reimbursement policy — such as this facility fee increase — and client education about coverage and options. It is unlikely that clients base their birth site choice on what Apple Health pays providers since Apple Health clients have no cost sharing. However, if there are more birth site choices and broader geographic access to birth centers, Apple Health clients will have increased access to this model of care. Increasing the birth center facility fee helps make birth centers sustainable, encourages new ones to be built, and encourages birth center owners to contract with MCOs and HCA and accept more Apple Health clients.

The appendices in this report also show data about home births. This is provided for comparison and because most of the midwives attending births in birth centers also offer attendance at home. Home birth data is not discussed in this report.

Access to Birth Center Care

Many factors play a role in access to care, including the geography of birth center sites, social and demographic trends, provider outreach, and clients' personal preferences.

Appendix C shows where in the state licensed birth centers are located and whether they are contracted with HCA and the MCOs. Ten counties have birth centers, with King, Pierce, Whatcom, and Snohomish each having more than one. Eastern Washington has one licensed birth center. As of August 1, 2018, two more are pending licensure. These additional two centers will increase Eastern Washington coverage, bringing the number of counties with a birth center to 12, and the total number of birth centers in the state to 20. All 18 currently-licensed Washington State birth centers are contracted with HCA; 17 are contracted with at least one MCO. Apple Health clients therefore have access to all currently-licensed Washington birth centers. This access is limited by geographic distribution of the birth centers and the fact that not all are contracted with every MCO. MCOs are the payer for 76 percent of Apple Health clients who are pregnant; FFS pays for the remaining 24 percent. Two MCOs have added birth centers to their contracted list since July 1, 2017. The others will consider applications from interested birth centers, but the MCOs have not reached out to them since the facility fee increase.

HCA's website and Apple Health client information materials indicate that birth centers are covered service sites for pregnant clients. An improvement on HCA's website would be to include the list of contracted birth centers on the client section of the website. MCOs also list birth centers as a covered service site in their materials and inform clients of their options if they call for assistance with finding a provider. The MCOs identified that the biggest difficulty is finding a location close to where the client lives. They also suggested that HCA specifically mention birth centers in the client handbook provided to every Apple Health client enrolled in a managed care plan.

We contacted the Midwives Association of Washington State (MAWS) to find out if there are any new birth centers in planning stages since the facility fee increase. They responded that the

Birth Centers
October 15, 2018



increase is making birth center businesses viable. One applicant for a new license reported to MAWS that they made the decision in part because of the increase. MAWS also heard from two current owners that they were able to keep the doors open because of the increase when previously they had planned on closing.

There has been a moderate 11 percent increase in community-based (home and birth center) births from 2012–2016. Birth center births increased 18 percent, while home births increased by only 5 percent. Birth centers are attracting an increasing portion of community-based births; 46 percent in 2016. This suggests that clients are becoming more aware of the birth center option. There were 1,427 and 1,361 deliveries at 18 birth centers across the state during FY 2016 and FY 2017, respectively. Apple Health clients accounted for 36 percent and 40 percent of overall birth center deliveries in FY 2016 and FY 2017, respectively. This is in comparison to Apple Health representing 49 percent of all Washington births during the same time period. During FY 2017, depending on the individual birth center, clients covered by Apple Health accounted for 25 percent to 61 percent of deliveries. (See Appendices A and B.)

There is no way to account for personal preference by evaluating claims and encounter data. It is also not possible to evaluate the birth centers' marketing efforts through the data available to HCA. HCA continues to work with DOH and MAWS through various statewide workgroups and collaboratives to increase the quality of care provided and improve the outcomes for mothers and babies in our state. Access to birth center care continues to be part of these efforts.

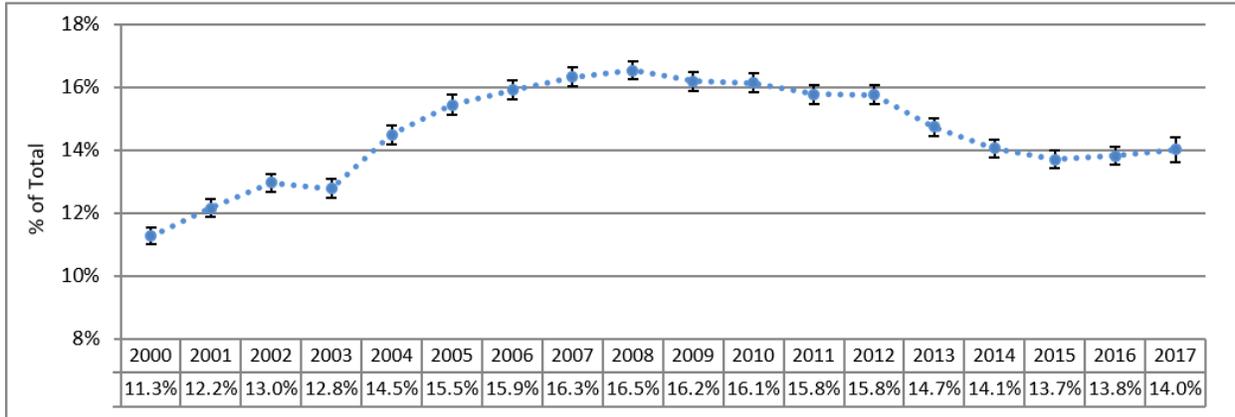
Improving the Cesarean Section Rate

Decreasing the Primary Term Single Vertex (TSV) Cesarean section rate has been a measure of Results Washington's Healthy and Safe Communities since 2013. The Primary TSV Cesarean section rate in Washington had an increasing trend from 2000 to 2008. The rate peaked in 2008 at 16.5 percent and has decreased steadily since then, with the largest decreases from 2012 to 2014. The rate of decline appears to have slowed in the last few years. The baseline rate for the Results Washington measure was 15.4 percent in FY 2013. The 14.7 percent target for 2018 was met and has been exceeded since 2014, with annual rates around 14 percent.



Primary C-Sections Among Term Singleton Vertex (TSV) Deliveries 2000 - June 2017

Hospital Rate with 95% Confidence Limits



Potential Savings

There are many factors which impact potential savings. Cost savings will depend on the volume of clients who move from hospitals to birth centers for their choice of delivery site. Although deliveries in birth centers have been on the rise, there is no guarantee this trend will continue at the same rate. There is no available data to estimate how many women might move from a hospital to a birth center setting solely because of the facility fee increase. As the capacity in currently-licensed birth centers to accept Apple Health clients increases and birth center options become available in areas where there currently are none, more pregnant clients will have access to choose a birth center as their site of delivery. As noted above, this increased availability in choices is influenced by the facility fee increase for birth centers.

As reported in October 2016, the estimated difference in facility cost between an uncomplicated hospital birth and a birth center birth at the approved increased facility fee was \$194 (\$1,936 versus \$1,742). That report also showed that there is potential to capture savings due to the different utilization rates of birth center clients of antepartum and postpartum inpatient services. Another factor in potential savings is the impact of decreased cesarean sections, decreased complications of birth, decreased neonatal intensive care unit costs, increased continuation of breastfeeding, decreased inductions of labor, decreased use of epidurals and pharmacologic pain management, and shorter stays. These are harder to estimate and compare due to selection bias. The birth center model of care is focused on a low risk population and therefore already has lower costs. It would be necessary to compare a similar low risk population that delivers in the hospital to accurately determine additional costs savings.

The October 2016 report used the difference between average total delivery costs (professional and facility combined) to estimate that 22 clients would need to switch their delivery site decision from hospital to birth center for HCA to break even on the FFS cost of the increased birth center facility fee. As noted above, it is too early to determine if client choice has changed to meet this estimate.

Birth Centers
October 15, 2018



Future savings are impacted by the fact that the Legislature directed a flat fee for the birth center facility portion rather than a floating fee that moves with other rate setting changes HCA conducts on a regular basis. This means that savings will increase if the hospital facilities rates increase since the hospital rate is what was used as a comparison in October 2016.

Conclusion

Birth centers are a safe and cost effective delivery site option. HCA recognizes the importance of this option for Apple Health clients and continues to support the provision of this service to improve the quality of care and to capture savings from improved outcomes.

It is too soon to identify the impact of the fee increase on costs by HCA or to identify if there is an increase in birth center births related to the fee increase. We have shown in this report that the percentage of births occurring in birth centers was on the rise prior to the fee increase, and we anticipate that the fee increase will contribute to a continuation of this rise. Since the fee increase, more birth centers are contracting with the MCOs, which helps expand access to this delivery site choice to more Apple Health clients.

There is an opportunity to increase awareness of the birth center option among Apple Health clients by improving the HCA website to more clearly identify birth centers as a community-based birth coverage option. As a result of this increased education and the birth center owners direct marketing to Apple Health clients, we expect more clients to choose birth centers as their delivery site.

As a result of the fee increase, we anticipate that providers in counties that currently do not have a birth center site will be motivated to consider opening one so that distance is not an obstacle for Apple Health clients to choose a birth center as their preferred delivery site. We are encouraged that there are two birth centers pending licensure in Eastern Washington.



Appendix A: Birth Center Births (FY 2010–FY 2017)

Facility	SFY 2010		SFY 2011		SFY 2012		SFY 2013		SFY 2014		SFY 2015		SFY 2016		SFY 2017	
	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)	Total Births (N)	Percent with Medicaid-Paid Maternity Care (%)
A	97	49.5%	124	43.5%	101	38.6%	129	38.0%	106	48.1%	73	46.6%	97	48.5%	100	44.0%
B	0	--	0	--	0	--	<10	--	<10	--	66	40.9%	57	36.8%	55	41.8%
C	49	40.8%	61	45.9%	89	37.1%	78	48.7%	88	33.0%	114	46.5%	104	39.4%	82	35.4%
D	0	--	<10	--	<10	--	12	58.3%	20	20.0%	49	28.6%	99	24.2%	106	29.2%
E	62	17.7%	77	24.7%	80	26.3%	78	19.2%	88	14.8%	77	35.1%	80	17.5%	57	24.6%
F	16	81.3%	16	75.0%	29	72.4%	21	61.9%	24	62.5%	23	65.2%	28	67.9%	29	58.6%
G	112	32.1%	140	44.3%	130	40.8%	152	37.5%	124	23.4%	123	39.8%	127	33.1%	111	30.6%
H	19	31.6%	<10	--	14	50.0%	12	8.3%	<10	--	0	--	0	--	0	--
I	0	--	22	59.1%	52	44.2%	62	37.1%	66	39.4%	78	35.9%	92	41.3%	88	43.2%
J	196	13.3%	182	22.0%	210	16.7%	204	16.2%	215	18.1%	228	23.7%	205	24.9%	159	25.8%
K	0	--	0	--	0	--	0	--	0	--	20	45.0%	74	20.3%	89	39.3%
L	0	--	0	--	0	--	0	--	0	--	0	--	11	54.5%	50	58.0%
M	23	13.0%	30	16.7%	27	25.9%	40	17.5%	36	36.1%	42	31.0%	27	18.5%	24	29.2%
N	19	26.3%	13	15.4%	<10	--	13	15.4%	12	33.3%	<10	--	<10	--	<10	--
O	38	60.5%	43	83.7%	64	51.6%	59	49.2%	76	68.4%	90	62.2%	65	53.8%	95	61.1%
P	18	61.1%	68	42.6%	65	35.4%	75	40.0%	88	44.3%	96	38.5%	95	43.2%	91	42.9%
Q	109	26.6%	126	28.6%	112	26.8%	129	25.6%	126	28.6%	121	42.1%	202	40.1%	167	41.3%
R	25	36.0%	46	43.5%	39	48.7%	46	58.7%	39	56.4%	40	40.0%	42	42.9%	50	60.0%
Not Stated	54	37.0%	34	38.2%	93	31.2%	100	50.0%	91	30.8%	84	34.5%	16	43.8%	<10	--
Total	837	31.1%	991	37.3%	1,114	33.8%	1,214	34.2%	1,202	33.3%	1,326	38.8%	1,427	35.7%	1,361	39.8%

NOTES: Prepared for Health Care Authority (HCA) by Department of Social and Health Services (DSHS) Research and Data Analysis, womenshealth@hca.wa.gov. 2017 Birth certificate data are preliminary. Birth Center categorization is based on Birth certificate birthplace type ('Freestanding Birth Center') and facility code. Does not include delivery records with birthplace type of freestanding birth center but a facility code whose value is generic other (128 for all years combined — 1 each for FY 2016 and FY 2017). 'Not Stated' = Birth Certificate stated birthplace type of freestanding birth center but facility code identifying information was for midwife or midwife group. Births 1–9 and the correspondent percent were suppressed.



Appendix B: Washington Women Who Delivered at a Birth Center or at Home with a Midwife Attendant, January 2012–June 2017

Women who Delivered in a Birth Center:							
Washington Women with Deliveries January 2012 - June 2017							
Who Delivered in a Birth Center							
By Medicaid Status							
	2012	2013	2014	2015	2016	Jan-Jun 2017	
Non-Medicaid	811	821	804	863	897	391	
Medicaid	364	436	462	523	523	275	
Fee-for-Service	80	92	62	74	64	21	
Managed Care	284	344	400	449	459	254	
Total	1,175	1,257	1,266	1,386	1,420	666	
<i>Birth Center Deliveries as a Percent of All Deliveries</i>						<i>Pct Increase 2012-2016</i>	
All Deliveries	86,128	84,888	83,264	86,643	88,194	43,333	
% of Total Deliveries	1.4%	1.5%	1.5%	1.6%	1.6%	1.5%	18.0%
% of Medicaid Deliveries	0.9%	1.0%	1.1%	1.2%	1.2%	1.3%	39.5%

Women who Delivered at Home with a Midwife Attendant:							
Washington Women with Deliveries January 2012 - June 2017							
Who Delivered at Home attended by a Midwife							
By Medicaid Status							
	2012	2013	2014	2015	2016	Jan-Jun 2017	
Non-Medicaid	1,064	1,101	1,208	1,103	1,080	466	
Medicaid	501	498	587	635	605	277	
Fee-for-Service	130	135	83	96	68	23	
Managed Care	371	363	504	539	537	254	
Total	1,565	1,599	1,795	1,738	1,685	743	
<i>Midwife-Attended Home Deliveries as a Percent of All Deliveries</i>						<i>Pct Increase 2012-2016</i>	
All Deliveries	86,128	84,888	86,325	86,643	88,194	43,333	
% of Total Deliveries	1.8%	1.9%	2.1%	2.0%	1.9%	1.7%	5.1%
% of Medicaid Deliveries	1.2%	1.2%	1.4%	1.5%	1.4%	1.3%	17.3%

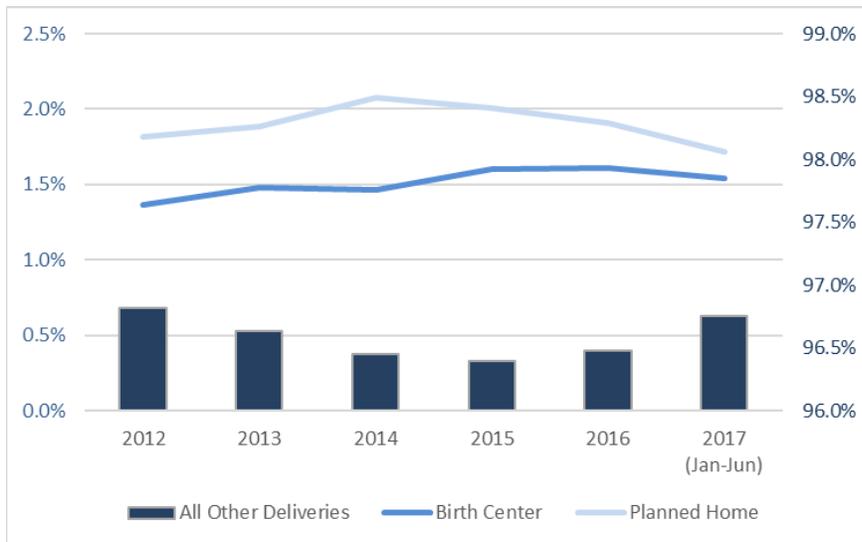
Women who Delivered in a Birth Center or at Home with a Midwife Attendant:							
Washington Women with Deliveries January 2012 - June 2017							
Who Delivered in a Birth Center, or at Home attended by a Midwife							
By Medicaid Status							
	2012	2013	2014	2015	2016	Jan-Jun 2017	
Non-Medicaid	1,875	1,922	2,012	1,966	1,977	857	
Medicaid	865	934	1,049	1,158	1,128	552	
Fee-for-Service	210	227	145	170	132	44	
Managed Care	655	707	904	988	996	508	
Total	2,740	2,856	3,061	3,124	3,105	1,409	
<i>Birth Center or Midwife-Attended Home Deliveries as a Percent of All Deliveries</i>						<i>Pct Increase 2012-2016</i>	
All Deliveries	86,128	84,888	86,325	86,643	88,194	43,333	
% of Total Deliveries	3.2%	3.4%	3.5%	3.6%	3.5%	3.3%	10.7%
% of Medicaid Deliveries	2.1%	2.2%	2.5%	2.7%	2.6%	2.6%	26.6%

NOTES: Prepared for Health Care Authority (HCA) by Department of Social and Health Services (DSHS) Research and Data Analysis, womenshealth@hca.wa.gov. Birth Place and Birth Attendant are as stated on the Birth Certificate. Year is calendar year. Apple Health indicates Apple Health-funded maternity care (prenatal and/or delivery). Apple Health status FFS/MC is determined from Apple Health eligibility during



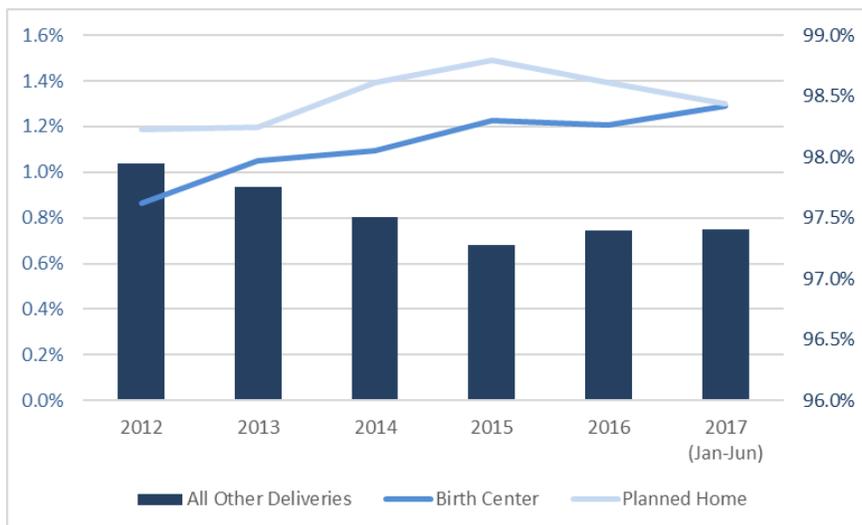
month of delivery. Midwife = Birth Certificate Attendant of LM, CNM, or other midwife. 2017 Birth Certificate data are preliminary and only include births through June.

Deliveries in a Birth Center or at Home with a Midwife Attendant As a Proportion of All Deliveries January 2012–June 2017



NOTE: Prepared for Health Care Authority (HCA) by Department of Social and Health Services (DSHS) Research and Data Analysis, womenshealth@hca.wa.gov. 2017 Birth Certificate data are preliminary and only include January–June.

Deliveries to Women with Apple Health-Funded Maternity Care Birth Place of Birth Center or at Home with a Midwife Attendant As a Proportion of All Deliveries with Apple Health-Funded Maternity Care, January 2012–June 2017



NOTE: Prepared for Health Care Authority (HCA) by Department of Social and Health Services (DSHS) Research and Data Analysis, womenshealth@hca.wa.gov. 2017 Birth Certificate data are preliminary and only include January–June.

Birth Centers
October 15, 2018



Appendix C: Washington State Licensed Birth Centers

Birth Center Name	County	HCA Contracted	MCO Contracted
Wenatchee Midwife Service and Childbirth Center	Chelan	Y	Y
The Greenbank Women's Clinic and Birth Center	Island	Y	Y
Eastside Birth Center	King	Y	Y
Puget Sound Midwives and Birth Center	King	Y	Y
Puget Sound Midwives and Birth Center - Renton	King	Y	Y
Center For Birth	King	Y	Y
Seattle Birth Center LLC	King	Y	Y
Seattle Home Maternity and Childbirth Center	King	Y	Y
Salmonberry Birth Center	Kitsap	Y	Y
Lakeside Birth Center	Pierce	Y	Y
The Birthing Inn	Pierce	Y	Y
Mount Vernon Birth Center	Skagit	Y	N
Cascade Midwives and Birth Center	Snohomish	Y	Y
Sprout Birth Center & Natural Health	Snohomish	Y	Y
Spokane Midwives	Spokane	Y	Y
The Birth House	Thurston	Y	Y
Bellingham Birth Center	Whatcom	Y	Y
Birthroot Midwives and Birth Center	Whatcom	Y	Y

NOTE: Represents all licensed childbirth centers as of August 1, 2018.
<https://fortress.wa.gov/doh/facilitysearch/Default.aspx>

