

**Policy Issue: How Should Women Applying in the 3<sup>rd</sup> Trimester Receive Care Under the OHP and How Should Payment be Made?**

**Options:**

- A. Services included in the maternity case rate are “carved out” for women applying in the 3<sup>rd</sup> trimester of pregnancy, and are provided outside FCHP/PCO enrollment.
- B. Women applying in the 3<sup>rd</sup> trimester are enrolled in a FCHP/PCO and the plan is fully at risk for the cost of maternity care.
- C. Women applying in the 3<sup>rd</sup> trimester are enrolled in a FCHP/PCO and the plan is at risk for the cost of maternity care with risk adjustors.
- D. Women applying in the 3<sup>rd</sup> trimester are enrolled in a FCHP/PCO which acts as primary care case manager, but payment for all services is fee-for-service.
- E. Women applying in the 3<sup>rd</sup> trimester are not enrolled in a FCHP/PCO, and all payments are fee-for-service.

**Factors:**

- 1. It is widely agreed that pregnant women and their newborns benefit from managed care.
- 2. Costs associated with women applying in their 3<sup>rd</sup> trimester may be higher than with women applying earlier in the pregnancy.
- 3. Maternity care is paid for under OHP through a maternity case rate of \$7,000 to \$8,000.
  - a. This amount is determined actuarially from the average costs for all managed care maternity cases in the OHP
  - b. This amount is independent of when in the pregnancy application is made
  - c. There is no risk adjustment made to the maternity case rate

4. It is important to separate the issues of maternity care and neonatal care
  - a. Neonatal care is where the high costs are incurred
  - b. Neonatal care is outside the maternity case rate
  - c. There is no risk adjustment made to the capitation component for neonatal care intensity, but there is an adjustment for the prevalence of children under 1 year who were born into the FCHP/PCO versus those enrolled after birth
  
5. There are exemptions from enrollment in a prepaid plan for women in their 3<sup>rd</sup> trimester under some circumstances
  - a. The applicant can be exempted if her provider is not in the FCHP/PCO panel and the woman is initially determined eligible during her third trimester
  - b. The FCHP/PCO cannot deny enrollment

{Note: data is forthcoming within a few weeks on the incidence and distribution among plans of exemptions from enrollment for women in their 3<sup>rd</sup> trimester}

6. Given that the value of managing maternity care is widely acknowledged, the question remains how resources can best be distributed among plans to cover the cost of care provided.
  
7. Since the budget is set to reflect an “average” distribution of maternity case costs among plans, payment for maternity care is a zero sum proposition in the sense that any additional payments to some plans to reflect higher cost differentials in maternity cases would mean a commensurate reduction in payments to plans with lower cost maternity cases.