

**Department of State Health Services  
Council Work Session Agenda Memo for State Health Services Council  
November 19, 2014**

**Agenda Item Title:** Amendment to a rule concerning the level of care designation for hospitals that provide neonatal and maternal care

**Agenda Number:** 1.a

**Recommended Council Action:**

For Discussion Only

For Discussion and Action by the Council

**Background:**

The office of Emergency Medical Services/Trauma Systems currently administers two different designation programs, trauma and stroke. These programs strive to improve the quality of care delivered to patients with specific diseases, stroke and trauma, through on site verification to determine compliance with designation requirements. This office will also administer the level of care designation for hospitals that provide neonatal and maternal care.

Costs related to infant care have grown almost 10% per year (2000 to 2008) and Medicaid pays for more than 55% of all births in Texas. Neonatal Intensive Care Unit (NICU) utilization has grown faster than expected with over 50% of costs attributable to very low birth weight (VLBW) births. VLBW infants is defined as less than 32 weeks gestation or 1500g birth weight and comprise of less than 2% of US births, but account for 55% of infant deaths and more than 1/3 of total neonatal hospital costs.

VLBW infants have significantly better outcomes when born at level III or level IV (highest level) facilities rather than being born in lower level facilities and then transferred. Hospitals with higher volumes of VLBW care also seem to have better outcomes.

Less than 50 percent of Texas VLBW babies are born at the highest-level facility, which indicates an important non-compliance in a national quality measure, affecting neonatal outcomes. Whereas the percentage of VLBW births in Texas have remained relatively unchanged (1.3-1.4 percent), the number of NICU beds in Texas have increased 74 percent from 1447 beds to 2520 beds over the 10 year period from 2000 to 2010.

**Summary:**

The purpose of the amendment is to implement House Bill 15, 83<sup>rd</sup> Legislature, Regular Session, 2013, which amended Health and Safety Code, Chapter 241, Hospital Licensing, by adding Subchapter H, Hospital Level of Care Designations for Neonatal and Maternal Levels of Care.

The intent for the new requirement is to ensure that high-risk mothers and babies, covered by Medicaid, get to the appropriate hospital to meet the maternal and neonatal care needs. Beginning September 1, 2017, for hospitals to be eligible to receive reimbursement for neonatal care provided to Medicaid beneficiaries, the hospital neonatal services must be designated. Beginning September 1, 2019, for hospitals to be eligible to receive reimbursement for maternal care provided to Medicaid beneficiaries, the hospital maternal services must be designated.

The bill created the 17 member Perinatal Advisory Council (PAC), whose members were appointed by the Executive Commissioner. DSHS, with recommendations from the PAC, is required to create separate rules for neonatal and maternal levels of care designations.

This rule change focuses on the neonatal designation process. Utilizing the recommendations for neonatal levels of care developed by the PAC, the national standards for neonatal levels of care created by the American Academy of Pediatrics (AAP), and instructions in House Bill 15, and feedback from stakeholders, DSHS developed minimum requirements to qualify for each level of neonatal designation.

Key components of this amendment include:

- an application process;
- requirements for four levels of neonatal care designation - Level I (Well Born Nursery), Level II (Special Care Nursery), Level III (Neonatal ICU), Level IV (Advanced Neonatal ICU); and
- geographical division of the state into perinatal regions to create a perinatal system for care.

### **Key Health Measures:**

Over the 10-year period from 2000 to 2010, the Texas premature delivery rate consistently exceeded the national average (12.6% versus 11.6% in 2000; 13.2% versus 11.99% in 2010). In Texas, the rate of low birth weight (LBW) births, defined as less than 2500g, increased from 7.4% (2000) to 8.4% (2010), whereas the VLBW births remained fairly constant at 1.3% (2000) and 1.4% (2010). The VLBW birthrate in black women is nearly twice that of other ethnicities (2.9% in 2010).

In 2010, only 48.9% of VLBW Texas infants were born in level III NICU facilities, resulting in Texas' ranking of this key quality measure in the bottom 5% of the country (national average 74.7%).

Measurement of the outcomes to the rule changes may include tracking of VLBW Texas infants that are born in level III NICU facilities.

### **Summary of Input from Stakeholder Groups:**

The PAC began holding open meetings in January 2014 and meet monthly. At least 30 to 50 stakeholders representing individuals, hospital and hospital systems, Texas Hospital Association, The Joint Commission, the AAP, and other interested parties attended each meeting. The meetings included public comments from the stakeholder attendees. Following the July 22, 2014 meeting, the PAC provided its recommendation for neonatal designation requirements to DSHS for consideration of inclusion into the rule.

A general stakeholder meeting was held September 23, 2014, and stakeholder feedback from this meeting was recorded and considered in editing of the draft proposed rule. The PAC met October 7, 2014, to provide a final review and comments of the draft neonatal designation rule.

**Approved by Assistant Commissioner/Director:** Kathryn C. Perkins, R.N., M.B.A **Date:** 10/9/2014

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**Approved by CCEA:** Carolyn Bivens **Date:** 10/07/2014