

TESTIMONY TO HEALTH CARE STABILIZATION FUND OVERSIGHT COMMITTEE  
MIDWIFE ENTREPRENEUR & BIRTH CENTER OWNERS PERSPECTIVE

OCTOBER 15, 2014

MR. CHAIRMAN AND HONORABLE MEMBERS OF THE COMMITTEE:

THANK YOU FOR THE OPPORTUNITY TO PROVIDE THE ENTREPRENEURS' PERSPECTIVE ON THE INCLUSION OF NURSE MIDWIVES INTO THE HEALTHCARE STABILIZATION FUND.

MY NAME IS CATHERINE GORDON AND I AM A CERTIFIED NURSE MIDWIFE AND FAMILY NURSE PRACTITIONER. MY NAME IS KENDRA WYATT AND I AM AN INDUSTRIAL ENGINEER BY TRAINING. TOGETHER WE ARE THE OWNERS OF NEW BIRTH COMPANY, A FREE-STANDING BIRTH CENTER LOCATED IN OVERLAND PARK, KANSAS.

NEW BIRTH COMPANY OPENED IN SEPTEMBER, 2011, ONE OF THREE CENTERS LICENSED BY KDHE, AND IS A NATIONALLY ACCREDITED FACILITY BY THE COMMISSION FOR THE ACCREDITATION OF BIRTH CENTERS. WE EMPLOY FIVE CERTIFIED NURSE MIDWIVES AND HAVE A TOTAL OF 30 EMPLOYEES. OUR MIDWIVES AND FACILITY ARE IN-NETWORK WITH MAJOR INSURANCE COMPANIES INCLUDING BLUE CROSS BLUE SHIELD, UNITED, COVENTRY AND KANCARE'S MEDICAID MANAGED CARE COMPANIES. WE HAVE ALWAYS CARRIED MALPRACTICE INSURANCE COVERAGE FOR OUR MIDWIVES AND FACILITY.

TWO OUT OF THE THREE BIRTH CENTERS HAVE NON-PHYSICIAN OWNERS. WE BELIEVE KANSAS IS IDEAL FOR THE GROWTH OF MIDWIFE OWNED BIRTH CENTERS AND OUR GOAL IS TO EXPAND OUR BUSINESS. OUR MODEL IS HIGHLY DEPENDENT ON A MALPRACTICE INSURANCE MARKET THAT GIVES US COMPETITIVE MALPRACTICE INSURANCE OPTIONS. MALPRACTICE INSURANCE IS OUR 3<sup>RD</sup> HIGHEST EXPENSE AFTER PAYROLL AND FACILITY COSTS.

OUT OF THE 30 PLANS PARTICIPATING IN THE FUND; THERE ARE SIX PLANS CURRENTLY KNOWN TO US TO HAVE INTEREST IN SERVING THE NURSE MIDWIFE MARKET. FOUR OF THESE PLANS REQUIRE THE MIDWIFE TO BE EMPLOYED BY A PHYSICIAN GROUP, LEAVING THE MIDWIFE ENTREPRENEUR OPTIONS TO BE LIMITED TO TWO PLANS AND THE AVAILABILITY FUND. NEW APPLICATIONS ARE JUST BECOMING AVAILABLE TO PROVIDERS. A LARGE UNKNOWN IS THE ACTUAL PREMIUM OUR SMALL BUSINESS WILL BE REQUIRED TO PAY PRIOR TO JANUARY 1, 2015.

WE ENCOURAGE MEMBERS OF THE COMMITTEE TO CONSIDER THE FOLLOWING;

THE HEALTHCARE STABILIZATION FUND AND ITS PLAN PARTICIPANTS HAVE THE ABILITY TO CREATE A MARKET THAT IS CONDUCIVE TO KANSAS ENTREPRENEURS STARTING MIDWIFERY PRACTICES AND BIRTHING CENTERS, ESPECIALLY IN THE UNDERSERVED FRONTIER. HCSF PLAN UNDERWRITERS AND ACTUARIES SHOULD REVIEW KANSAS'S VITAL STATISTICS ON NURSE MIDWIFERY AND BIRTH CENTER MEDICAID BIRTH OUTCOMES. KANSAS IS A NATIONAL LEADER PER CAPITA IN THE GROWTH OF BIRTH CENTER BIRTHS.

DIRECT PLANS TO REPORT THE MARKETS AND PARTICIPATION REQUIREMENTS IN A TRANSPARENT MANNER.

CONSIDER THE IMPACT OF CNM PRACTICE MODERNIZATION LEGISLATION ON INCREASING THE NUMBER OF MALPRACTICE OPTIONS FOR NURSE MIDWIVES. THE CURRENT RESPONSIBLE/SUPERVISING PHYSICIAN LANGUAGE AND 30 MINUTE COMMUNICATION CRITERIA FOUND IN MALPRACTICE APPLICATIONS DOES NOT REFLECT

THE ABILITIES OF KANSAS NURSE MIDWIVES AND THEIR CURRENT SCOPE OF DECISION-  
MAKING.

INCLUSION OF LICENSED BIRTH CENTER FACILITIES AS A COVERED ENTITY IN THE NEXT  
REVISION OF THE HCSF STATUTE.

IN SUMMARY, THE SUCCESS OF OUR BUSINESS IS HIGHLY DEPENDENT ON THE KANSAS  
MALPRACTICE MARKET PRODUCING COMPETITIVE OPTIONS FOR SELF-EMPLOYED NURSE  
MIDWIVES.

WE THANK THE HONORABLE MEMBERS OF THE COMMITTEE FOR LISTENING TO OUR  
TESTIMONY AND THE OPPORTUNITY TO PROVIDE YOU THE PERSPECTIVE OF THE  
ENTREPRENEUR AND SMALL BUSINESS OWNER.

RESPECTFULLY SUBMITTED,

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