

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: May 28, 2009

SUBJECT: Fiscal Impact Statement – “Newborn Safe Haven Act of 2009”

REFERENCE: Bill Number 18-180, As Introduced

Conclusion

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation.

Background

The proposed legislation would allow a parent, who is not guilty or suspected of abuse, to surrender his or her newborn child¹ to a hospital, police station, fire station or emergency medical facility without being charged with abuse, neglect or abandonment of said newborn. It would also require that personnel at these designated locations transport the newborn to the nearest hospital and if, within 72 hours, the parent decides to reclaim the newborn, provide the location of the hospital to the parent. In addition, the legislation provides that the hospital has consent to provide care for the newborn² and arrange placement with the Child and Family Services Agency (CFSA). Lastly, it requires the Mayor to promulgate rules to implement this act and submit them to the Council for approval.

An emergency (Bill Number 18-218) and a temporary (Bill Number 18-219) version of this bill were enacted in April 2009 and May 2009, respectively. In addition, all 50 states have some sort

¹ A newborn is considered an infant seven days old or less.

² This care is assumed to be a check-up to make sure the newborn is healthy and could entail one or two nights in the hospital.

of Safe Haven law, which allows parents to surrender their child to certain locations without facing penalty for doing so.³ The language and intent of this law is consistent with such laws.

Financial Plan Impact

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed legislation.

While there are some costs associated with this bill, it is not possible to reliably estimate them at this time. This is because it is not possible to determine the number of newborns that would be surrendered under this Act. Nevertheless, data from other states provide some insight. Depending on the state, approximately two to fifteen newborns have been abandoned per year under Safe Haven Laws.⁴ To put this in perspective, this is roughly one newborn out of every million people per year in Alabama, one out of every 1.25 million in Florida and Minnesota, and one out of every 2 million in Iowa and New Jersey. In D.C., the Children's National Medical Center reported seeing only one to two cases of child abandonment per year,⁵ which equates to a slightly higher one out every 300,000 to 600,000 people.

Given these low numbers of abandonment both before and with Safe Haven Laws, it is unlikely that the costs associated with this Act would be substantial. Moreover, a portion of these costs would be covered by federal funds, and CFSA's fiscal officer verified that those that would not could be absorbed within CFSA's current budget.

The two major costs associated with child abandonment are hospital care and foster care. The average cost of providing one day of hospital care to a newborn is approximately \$1,000.⁶ This would be covered by Medicaid and as a result, between 70 and 79.29 percent (or \$700 and \$790.29) would be paid for by federal funds.^{7,8} D.C.'s foster care payments for an infant are

³ States began enacting these laws in 1999. In early 2008, Nebraska and Alaska were the last two states to pass Safe Haven provisions.

⁴ For example: 23 newborns were surrendered in Alabama from 2000 to 2006 (<http://www.governorpress.state.al.us/pr/pr-2006-09-20-01-safe-haven-photo.asp>; 6 in Connecticut from 2000 to 2007 (<http://www.ct.gov/governorrell/cwp/view.asp?A=2791&Q=3310380>); 117 in Florida from 2000 to 2008 (<http://www.northcountrygazette.org/2008/10/29/safe-haven-for-newborns-law-expanded/>); 13 in Iowa from 2001 to 2009 (<http://www.ketv.com/newsarchive/19178759/detail.html>); 22 in Illinois from 2001 to 2004; (<http://www.il.gov/pressreleases/ShowPressRelease.cfm?RecNum=3235&SubjectID=17>); 12 in Minnesota from 2001 to 2004 (<http://www.startribune.com/local/stpaul/15293861.html>); and 33 in New Jersey from 2000 to 2007 (<http://www.njsafehaven.org/faq.html>).

⁵ A spokesman for the Children's National Medical Center said the hospital sees one or two cases a year of child abandonment (<http://www.washingtonexaminer.com/local/Last-US-holdout-DC-ponders-safe-haven-law-41443962.html>).

⁶ In Maryland, the average statewide cost of care was \$737/day between July 1, 2006 and June 30, 2007 (Maryland Hospital Pricing Guide, Prepared by Maryland Health Services Cost Review Commission, May 2008.) In Virginia, the average statewide per day cost for a normal newborn was \$923 from January 2007 through September 2007. For Northern Virginia, the average cost was \$1,162. (Source: Virginia Hospital & Healthcare Association PricePoint System <http://www.vapricepoint.org/>).

⁷ The child would be Medicaid eligible because he or she would have no income and would be a ward of the state.

⁸ The American Recovery and Reinvestment Act of 2009 increased D.C.'s FMAP to 79.29 percent from October 1, 2008 through December 31, 2010. DC's usual FMAP is 70 percent.

\$30.66 per day.⁹ The District would have to cover all of these costs, as it could not use federal Title IV-E funding in these cases.¹⁰ Thus, an estimated total cost to the District for a surrendered newborn who was in the hospital for one day and foster care for six months would be approximately \$5,281 (if the hospital costs were incurred before 2011) or \$5,911 (if they were incurred afterwards). Given this, a large number of newborns would have to be surrendered in order for this to become a significant spending pressure.

Furthermore, any associated administrative costs are also expected to be minimal and could be covered using existing resources.

⁹ Effective January 1, 2009. These are the rates for children under ages 11 and under that do not need any special care.

¹⁰ Title IV-E is the part of the federal Social Security Act that authorized the Federal Foster Care. 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. Title IV-E benefits are an individual entitlement for qualified children who have been removed from their homes. For DC, there is generally a 70/30 match for IV-E maintenance; under the stimulus DC is able to claim 76 percent. However, these funds could not be used towards newborns that have been surrendered because they are not victims of abuse or neglect.