Post-Briefing FACT SHEET

Milbank Memorial Fund

STATE LEADERSHIP NETWORK

Innovative State Medicaid Financing Strategies for Perinatal Care: Virtual Convening Recap

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SPEAKERS

Jona Bandyopadhyay, MD, MPH, Deputy Chief Medical Officer, TennCare

Mylynda Drake, MPH, Maternal, Child, and Family Wellness Section Chief, Ohio Department of Medicaid

Franz Fuchs, Deputy Director, Wyoming Department of Health

Karla Silverman, MPA, MS, RN, CNM, Associate Director, Women's Health and Clinical Innovation, Center for Health Care Strategies

Morgan McDonald, MD, National Director for Population Health, Milbank Memorial Fund

Introduction

The Milbank State Leadership Network hosted a virtual session for state legislators and executive branch leaders in partnership with the Center for Health Care Strategies to discuss how states are using value-based payment and alternative financing models that reward care coordination, quality, and whole-person approaches to improve maternal and infant outcomes. Leaders from Ohio, Tennessee, and Wyoming shared innovative Medicaid financing strategies to support rural hospitals and perinatal services.

> "The way we pay for care influences what care is available, where it is available, and which services providers have the resources to deliver." — *Karla Silverman, MPA, MS, RN, CNM, Associate Director, Women's Health and Clinical Innovation, Center for Health Care Strategies*

How Innovative Medicaid Financing Can Drive Better Perinatal Health

Medicaid finances more than 4 in 10 births nationally, making Medicaid payment policy one of the most powerful levers states have to shape maternity care. How maternity and perinatal care is financed determines which services are available and where patients can receive them. Poor maternal outcomes often reflect fragmented care, inadequate access, social needs, or failures during transitions between prenatal, delivery, and postpartum care. Alternative payment models, like value-based payment, bundled or episode-based maternity payments, or managed care contracting with fixed monthly rates provide greater flexibility in providing services in the location and manner that best meets patients' needs.

Ohio Department of Medicaid Maternal Infant Support Program Initiatives

Since 2019, the Ohio Department of Medicaid has implemented a series of maternal health initiatives, including a 12-month postpartum Medicaid coverage extension, perinatal risk assessments, lactation services and supplies, group prenatal care, doula services, nurse home visiting programs, freestanding birth centers, pediatric recovery centers, and the Comprehensive Maternal Care (CMC) program.

The CMC program, codified through Ohio's administrative code and supported through a state plan amendment, is a voluntary, per-member per-month payment model for obstetric providers that ties financial incentives to quality and outcome measures across prenatal, delivery, and postpartum care. The program requires participating practices to meet key performance thresholds such as maternal primary care visits and maternal behavioral health screenings and identifies high-performing practices to share best practices across the program.

CMC uses a population health management framework to integrate all eligible individuals into the system, identify higher risk sub-populations, and provide evidence-based care and enhanced services through community health workers, doulas, group prenatal care, and continuity of care throughout the reproductive life course.

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The Tennessee Maternal Medical Home

Using Rural Health Transformation Program (RHTP) funding, TennCare, Tennessee's Medicaid program, identified key gaps in maternal care, including delayed access to prenatal care, fragmented coordination across providers, inconsistent behavioral health care, and barriers to specialty referrals, particularly in rural communities. Beginning in 2027, TennCare will launch the RHTP-supported Tennessee Maternal Medical Home (TMMH), a rural maternal health pilot. The TMMH pilot will aim to improve access to coordinated, high-quality care across the prenatal and postpartum continuum by integrating physical and behavioral health, social needs screening and referrals, and patient-centered, culturally competent care.

The TMMH model focuses on shifting case management and care coordination practice processes to drive changes in outcomes. The model will initially provide infrastructure support to participating organizations and later transition to activity-based and quality-focused payments.

Wyoming: Labor and Delivery Services as Basic Infrastructure

Wyoming faces distinct challenges in maternity and perinatal health, driven by its rural geography and labor and delivery unit closures. It is also one of the few states that has an almost entirely fee-for-service Medicaid program. The Wyoming Department of Health described their early-stage work as a set of enhanced incentive and infrastructure payments aimed specifically at critical access hospitals, designed to make maintaining, or restarting, labor and delivery units financially viable despite low birth volume.

Wyoming plans to incentivize hospitals with a $750,000 annual payment to establish and maintain a labor and delivery unit, both to discourage hospitals considering closure and to encourage those that have already closed their units to reopen them. The model also plans to shift from diagnosis-based reimbursement to cost-based reimbursement for small critical access hospitals that maintain labor and delivery. As part of their Critical Access Hospital (CAH)-Basic model, they will continue those services as well as other core services such as regional paramedic and stroke/trauma services. Wyoming is also funding expansion of federally qualified health centers that will integrate with perinatal services and provide malpractices benefits. The state is also making significant investments in workforce/GME funding, with a particular focus on family medicine.

Challenges and Opportunities

State leaders emphasized that many maternal health challenges stem not from a lack of services, but from the difficulty of coordinating care across providers, payers, and community organizations that often operate independently. As a result, all three states are exploring financing strategies that incentivize care coordination, strengthen referral pathways, and improve accountability across the maternal care continuum Presenters also emphasized grounding program design in community needs assessments and stakeholder engagement. State leaders described using data, provider input, and feedback from community organizations, patients, local partners, and other Medicaid programs to identify gaps in care, prioritize investments, and ensure that Medicaid financing and delivery system reforms address the needs of the populations they serve.

> "I don't think we have to convince people to invest in perinatal health. The challenge that we face is there are so many opportunities, and as stewards of taxpayer dollars, we have to distribute the funds in a way that is going to be the most impactful." — *Jona Bandyopadhyay, MD, MPH, Deputy Chief Medical Officer, TennCare*

Relevant Resources:

- State Medicaid Coverage of Certified Professional Midwives and Certified Midwives (NASHP)
- How Medicaid Accountable Care Organizations Advance Maternal Health Care Quality: Drivers of Change and Challenges from the Perspective of ACO Leaders, Clinicians, and Care Coordinators (*The Milbank Quarterly*)
- Feasibility Versus Vulnerability in the Geographic Distribution of Obstetric Services (*The Milbank Quarterly*)
- The Emergence of an Integrated Sexual and Reproductive Health System (*The Milbank Quarterly*)
- Policies Are Needed to Support an Essential Health Workforce: Midwives (The Milbank Memorial Fund)