



Mandating Insurance is Bad for Business

<p>An average metro midwife serves 16 families a year.¹ @\$3200/family</p> <p>Minus</p> <ul style="list-style-type: none"> Business expenses (average of 30%) Annual registration fee to DORA A \$500,000/\$1,500,000 policy in the first year² 	<p>Estimated Gross Income: \$51,200³</p> <ul style="list-style-type: none"> - \$15,360 - \$1200 - \$4350 <p>Income after expenses: \$30,290⁴ In year 2: \$28,550 In year 3: \$27,332</p>
<p>An average rural midwife in Colorado serves 12 families a year. @\$2000/family</p> <p>Minus</p> <ul style="list-style-type: none"> Business expenses (average of 30%) Annual registration fee to DORA A \$500,000/\$1,500,000 policy in the first year 	<p>Estimated Gross Income: \$24,000</p> <ul style="list-style-type: none"> - \$7,200 - \$1200 - \$4350 <p>Income after expenses: \$11,250⁵ In year 2: \$9,510 In year 3: \$8,292</p>
<p>A new midwife sees only 6-10 clients per year. <i>This creates a big barrier to entry for new midwives.</i></p>	<p>It would be hard to make more than \$10,000 in the first three years depending on geography and other factor.</p>

Comparing the business model of these midwives to other maternity care providers in the state is like comparing apples to oranges.⁶

¹ This could go up a bit for some midwives but the demands of seeing two clients for 9 months prenatally and 6 weeks postpartum, in addition to being on-call for births 24/7/365 means that there is a firm limit to how many clients any one provider can take in this model of care, and how much additional income they can expect to make.

² With a small risk pool (there are less than 2000 of these midwives nationwide) less products are available, the existing products are more likely to leave the market, and they cost more. A policy for \$100,000/\$300,000 coverage would cost \$2500 the first year, \$3500 the second year and \$4200 in the third year. *This policy is not advised because the coverage is much too low.* A policy for \$500,000/\$1,500,000 coverage would cost \$4350 the first year, \$6090 the second year and \$7308 the third year. The coverage provided by this policy is better than the first, but will only cover the costs of a single event.

³ It is uncommon for all of a midwife's clients to pay the full fee. Most clients pay out-of-pocket.

⁴ This is right around 250% of Federal Poverty Guidelines level for a single individual.

⁵ A single individual is considered to be living in poverty if they make less than \$11,890.

⁶ There are between 100 and 200 CNMs in the state of Colorado at any given time. All but 3 of them are covered by policies paid for by their practice (birth center or hospital). The three home birth CNMs in Colorado are subject to the same insurance costs detailed above, but can be reimbursed by private insurance and therefore typically charge higher rates.