Does contraception coverage pay for itself?
By Daniel Liebman

In what follows, entries marked with an asterisk (*) were included in the review by FactCheck.org.

I. Government-Cited Work

***Bertko et al., 2012 (2012 ASPE Issue Brief)**
- Collection of studies HHS used to justify its belief that the cost of the ACA's contraception mandate is offset by savings it generates
- Empirical Evidence:
  - *1999 expansion of the Federal Employees Health Benefits program mandating coverage of all FDA-approved contraceptive methods did not result in a cost increase or a change in premium levels
    - Change effected 9 million beneficiaries on 300 health plans
  - *A 2001 report from Hawaii's insurance commissioner concluded that there was no effect on health insurance costs following a state mandate that employer group health plans cover all FDA-approved contraceptives
  - *A 1995 AJPH study by Trussell et al. studied economic impact of 15 contraceptive methods, concluding that upfront costs are poor indicators of long-term economic value, and that "contraceptives save health care resources by preventing unwanted pregnancies"
    - Study estimated that all contraceptive methods were more effective and cost less *than no method*, with the most cost-effective saving ~$13,000 while preventing 4.2 pregnancies per person over five years
    - Authors do point out, however, that if insurers are paying for contraceptives that individuals would have otherwise purchased out of pocket, money is not being saved
- Actuarial Studies:
  - Darroch, 1998 (Guttmacher Institute) - data from Buck Consultants estimated an added cost of **$21/year** for employers to provide contraception coverage
  - PriceWaterhouseCoopers used 2003 data and estimated contraceptives + labs and counseling services add $**41/year**
  - Actuarial Research Corporation used 2010 data, found added cost of **$26/year/enrolled female**
  - National Business Group on Health report recommends all employers provide comprehensive contraception coverage for employees and independents, stating that "all methods of contraception are cost-saving from a societal perspective and most are also cost-saving from the private-payer perspective"
    - PriceWaterhouseCooper actuarial analysis estimates cost-neutrality with a deductible/20% coinsurance. Elimination of cost-sharing results in an increased plan cost of $1.19/beneficiary/month (0.4% of plan cost)
    - Further cites **Trussell et al. (1997)** findings that private-sector savings from one year of adolescent contraceptive use range from $308 (implant) to $946 (male condom).

- HHS argues that premiums will remain unchanged after considering savings from unintended pregnancy and indirect costs from lost productivity
  - *Global Health Outcomes model incorporating indirect cost savings from contraception estimated a savings of $97/year/employee (no link available)
  - Independent evaluation of six state Medicaid contraception coverage expansions found savings of $1.3 million in New Mexico to $30 million in Arkansas
  - CBO estimated expansion of Medicaid family planning to all states would save $400 million over 10 years

Federal Register (Vol. 78 No. 127, 7/2/13)
- Supporting the contraceptive mandate, the Departments of Health and Human Services, Labor, and the Treasury, assert that "providing contraceptive coverage is at least cost neutral" due to "improvements in women's health, healthier timing and spacing of pregnancies, and fewer unplanned pregnancies".
- The Departments cites Bertko et al. (above) and the studies therein as evidence for these conclusions, and further states that the "Departments are unaware of any studies to the contrary"
- Supreme Court Hobby Lobby Ruling references these findings at page 10

II. Literature on Cost Neutrality from Societal Perspective

Sonnenberg et al., 2004 (Contraception)
- Cost-utility analysis using a Monte Carlo simulation/Markov model to assess "societal perspective for costs" related to contraceptive methods
- Findings:
  - "contraceptive methods of all types result in substantial cost savings over 2 years"
  - "in a population of patients, even modest increases in the use of the most effective methods [of contraception] result in financial savings and health gains
  - Contraceptive methods prevent **2.2-3.4** pregnancies over five years, and save **$5,907 - $9,936** over two years
  - Also save **0.088-0.147** QALYs

Sawhill, Thomas & Monea, 2010 (Brookings Institute Report)
- Simulation of a theoretical expansion of Medicaid-subsidized contraceptive services
- Simulation used "FamilyScape" – Brookings Institution simulation tool
  - Assumes a 2.5% increase in contraceptive use, concentrated among low-income women
  - Cost-benefit analysis assumes public cost savings of $750 for miscarriage, $19,000 for teen birth, and $24,000 for non-teen birth, no estimate for abortion due to small number of public subsidies. Takes into account medical care for mother and child, as well as government benefits for children
- Findings:
  - An expansion of Medicaid-funded family planning is projected to save **$4.26** for every dollar spent

- A [2012 Brookings Report](#) from Adam Thomas, also using FamilyScape simulation, calculated a $**5.60-$1** return on public investment from expanded Medicaid family planning

[Frost, Henshaw & Sonfield, 2008](#) (Guttmacher Institute Report, also summarized in a [NEJM Perspective](#))
- Report on estimated savings from public investment in contraceptive services at publicly supported health clinics
- Methodology:
  - Adjust female client population for non-contraceptive users (estimated to be 14%)
  - Multiply by estimated ratio of unintended pregnancy aversion for users (242 unintended pregnancies/1,000 contraceptive users)
  - Classify averted pregnancies by national observed outcomes (44% birth, 42% abortion, 14% miscarriage)
- Findings:
  - Overall estimate that publicly-supported family planning clinics save $**3.74** for every $1 spent
  - Estimated **$1.9 billion** spent, estimated **$7 billion** averted from unplanned birth (savings of $5.1 billion)
    - Per-client cost for contraceptive care was $257 in 2008, while a Medicaid covered birth averaged $12,613
    - Estimated 1.5 million averted pregnancies , including 656,000 births, 616,000 abortions
- [A similar analysis from Frost and Colleagues](#) in the Journal of Health Care for the Poor and Underserved found that public expenditures on family planning saved **$4.02** for every dollar spent

[Crespi, Kerrigan & Sood, 2013](#) (American Journal of Managed Care)
- Model of 8 hormonal contraceptive methods to determine if upfront costs were offset by decreased pregnancy costs over a three year period
- Methodology: theoretical cohort of 1,000 women beginning contraception, using a decision-analytic model
  - Calculations used published typical use failure rates and non-contraceptive fertility rates, as well as certain assumptions on method switches
- Findings:
  - The high upfront cost of long-term contraceptive methods, such as etonogestrel implants and IUDs, is offset by lower pregnancy rates within one year
  - Cost of pregnancies was primary cost driver, eclipsing the cost of product acquisition

[Trussell, 2009 (Contraception)](#)
- Markov model simulating costs for 16 contraceptive methods, compared with no method
- Findings:
  - From a payer's POV, all contraceptive methods were more cost-effective than no method

- - o Long-term contraceptives that don't rely on user compliance are most cost-effective in the long run (e.g. copper IUD, vasectomy)
      - These contraceptives typically have higher up-front costs, which can limit use among non-insured individuals -
  - o Authors say a study strength was considering prevented pregnancies as being "postponed" to an intended time, rather than prevented altogether (since many couples presumably will eventually want children). They caution that studies assuming all prevented births are prevented forever will "seriously overestimate the cost savings from contraceptive use".
- Caveat? Study was funded by Bayer Pharmaceuticals

Colorado's Family Planning Initiative, which helps low-income women obtain long-acting reversible contraceptives like IUDs, coincides with (resulted in?) a 40% drop in the teen birth rate and a 35% drop in teen abortion from 2009-2012.
- Governor claims a savings of $42.5 million in public funds in 2010 alone

III. From an Insurer's Perspective, Long-Term Savings Unclear, Short-Term Costs are Certain

Factcheck.org performed a fairly **in-depth review** of several studies and state reports, and concluded that the evidence is still inconclusive whether "free" contraception has zero net cost.

*A 2012 **Reimbursement Intelligence survey** of 15 pharmacy directors representing 100 million covered lives found that payers were divided on whether the ACA contraception mandate would increase premiums
- 40% anticipated costs would increase due to pharmacy expenditures
- 20% anticipated it would be cost neutral
- ~7% thought it would increase pharmacy costs but decrease medical costs
- 35% would not speculate.
- No respondent anticipated net savings.

*A **Milliman Study in 2000** assessed Texas' contraceptive mandate
- The authors hypothesized that there would be a lower usage rate of oral contraceptives if they were not covered by insurance, with a subsequent slightly higher rate of unwanted pregnancies. The authors also hypothesize, however, that most health plans would still cover contraceptives due to popular demand.
- Based on a model, the report asserts that savings from the mandate "do not fully offset the costs"
  - o Authors assumed that many would still bear the costs of contraception themselves, even if they weren't covered by the mandate

Collins & Hershbein, 2011 (UMich Population Studies Center Preliminary Report)
- Authors assessed the effect of a dramatic increase in the price of birth control pills among college women by took advantage of a national experiment created by the Deficit Reduction Act of 2005

- o The Act effectively increased Pill prices at college health centers from $5-10/mo to $30-$50/mo
- Methodology: quasi-difference-in-difference and fixed effects methodologies, ITT design, data from National College Health Assessment and National Survey of Family Growth
- Findings:
  - o The price increase reduced pill usage **2-4%** on average
    - ▪ Decline was most pronounced (2-3X greater) among those without insurance or with large credit card balances
  - o Some noted substitutions with other birth control methods, and with emergency contraception
  - o No noted increase in rates of unintended pregnancy or STIs
- Covered in detail by Forbes

*A 2000 report from the **Pennsylvania Health Care Cost Containment Council**, considering a contraception mandate, "did not find sufficient evidence to recommend the bill" at the time
- The council noted that proponents and opponents of the measure could not agree on the amount of the expected increase in expenditures, nor could they agree on the amount of possible savings. Neither side provided sufficient actuarial analysis to effectively sway the council.

*A 2010 **Connecticut State Review** estimated that its contraception mandate increased group health insurance premiums by **$17.28/year/person**, and individual premiums by **$14.64**/**year/person**.
- The report states that the "mandate and similar services covered under public funded programs have reduced the overall cost of health care in the state".
- However, the report acknowledges that it is "not able to find a good source of the savings caused directly by [the mandate]." It backs its claim of savings up by stating that "the available data from public programs provides an indication of the mandate's effectiveness".
  - o The "available data" finds that the annual cost of such public funding in CT was $21 million in 2008, preventing 16,000 pregnancies, 7,400 births, and 6,900 abortions at a cost of $91 million. Estimated savings to the state = $71 million

A **2012 report** from the Maryland State Health Commission found that the state's contraceptive mandate contributed to **0.6%** of group insurance premiums and **0.7%** of individual premiums

A **2001 report from Hawaii's insurance commissioner** concluded that there was no effect on health insurance costs following a state mandate that employer group health plans cover all FDA-approved contraceptives

A **2008 report from Massachusetts** estimated the cost of its contraception mandate to be **0.44%** of premiums. Total estimated claims PMPM were $1.33 after administrative loading. The report discusses the potential for contraceptives to lower unintended pregnancy rates, but does not speculate on the amount saved by the state.

A **2006 report from the Texas Department of Insurance** on its mandate found that "Oral Contraceptives" constituted **0.18%** of total claims paid in 2006 for group policies, and "Prescription Contraceptive Drugs, Devices, and Related Services" constituted **0.07%** of claims.

- The report noted that oral contraceptives were the "most frequently used [mandated] benefit", likely due to the monthly refills each counting as an independent utilization.
- The average annual premium cost added from oral contraceptives was **$4.09** for single coverage and $**9.33** for family coverage
- The average annual premium cost added from "prescription contraceptive drugs, devices, and services" was $**2.95** for single coverage and **$7.06** for family coverage

IV. Related Information

Trussell, 2007 (Contraception)
- Estimated total economic health burden of unintended pregnancy in the US
- Used data on from National Survey of Family Growth and the Guttmacher Institute
- Findings:
  - Direct medical costs for unintended pregnancies in 2002 = $**5 billion**
  - Direct medical cost savings from contraceptive use = **$19.3 billion**

Women with unintended pregnancies are less likely to have prenatal care and more likely to engage in unhealthy activities, leading to unhealthy babies with higher than average delivery and post-delivery care costs (238)

Trussell, 2011 (Contraception)
- 85% of sexually active women will experience an unintended pregnancy within one year if she doesn't use contraception
- With typical contraceptive use, a sexually active woman has an 85% chance of experiencing an unintended pregnancy within one year
- With typical-use contraception, the risk drops to 9% (the "Pill"), 0.8% (copper IUD), and even 0.05% (implant).