

SB 181 (Escamilla, L) Anticipated Fiscal Impact:

Average annual increase of \$405,000 per year to the State of Utah medical premium (0.14% increase).

Summary:

SB 181 would give state employees the choice of a \$4,000 annual health plan benefit for either adoption or infertility.

PEHP currently covers infertility treatment at 50/50 coinsurance but excludes coverage for assisted reproductive technologies (ART). PEHP reads SB 181 as requiring coverage for ART procedures within the \$4,000 annual benefit.

Changing the infertility benefit from 50/50 coinsurance to 80/20 coinsurance with a \$4,000 limit has a \$5,964 cost. The inclusion of payment for ART procedures would increase plan costs by \$97,462 per year.

The more substantial increase in costs would be for births resulting from ART procedures with higher associated levels of multiple births and premature births. PEHP estimates that the costs associated with these increased births would be \$301,151 given the effect of mandated coverage in other states, but with an adjustment for the more limited scope here. As such, we would expect ART-related births to increase from 1.4% to 1.98%.

Assumptions & Analysis:

1. **Prevalence:** we used a CDC study on assisted reproductive technologies (ART) for prevalence values not in PEHP medical claims data: <https://www.cdc.gov/mmwr/volumes/66/ss/ss6606a1.htm>. We assumed that the State pays for ART deliveries at the same level reported in this study (1.4% for Utah). At the time of the study four states had ART mandates. The percent of ART births for these states, and their ART benefits, are listed in Table A.

Table A: CDC Reported ART Births for States with ART Mandates

State	ART Births per Year as % of Total (2014)	Benefit Description 2014
Illinois	2.6%	4 ART procedures
Massachusetts	4.7%	Unlimited
New Jersey	3.7%	4 ART procedures
Rhode Island	2.1%	\$100,000 infertility lifetime

The proposed \$4,000 limit is not as rich as the benefits for the states in Table A. For that reason, we adjusted the anticipated increase in ART births down. We assumed that the lower amount covered would reduce the likelihood of members pursuing an ART procedure to one-third. We took the difference between the average ART births per year for Illinois and New Jersey (dropped the extremes). The result was an assumption of a 0.58% increase in ART births for Utah due to the proposed bill for a total of 1.98%.

This assumption and others related to the increase in costs due to the bill are summarized in Table B. From PEHP data we assumed 900 births for State Proper in 2018-2019.

Table B: Cost Contribution by Assumption

Assumption Description	Assumption	Source	Cost Contribution	% of State Proper Budget
ART Births per Year	0.58% increase in ART births for a total of 1.98%	Table 3	\$65,488	0.02%
Increase in Multiples (i.e. Twins)	52.2% of ART births	Table 4	\$208,157	0.07%
Increase in Preterm births	36.0% of ART births	Table 5	\$27,506	0.01%
ART with no Delivery	55.2% of ARTs	Table 1	\$53,758	0.02%
ART with Delivery	44.8% of ARTs	Table 1	\$43,703	0.02%
Switch to 80/20 Benefit	PEHP Benefit Change	PEHP	\$5,964	0.00%
Grand Total			\$404,576	0.14%

Source: <https://www.cdc.gov/mmwr/volumes/66/ss/ss6606a1.htm>

2. **Estimated Cost of Benefit:** The bill proposes a \$4,000 benefit for infertility treatments. The State currently covers some infertility treatments at a 50% benefit. Under the proposal, these benefits would be treated as standard 80% benefits. Because members already accumulate qualifying expenses toward the \$4,000 cap, we used the average paid amount of members who spent the most on infertility treatments to reduce the \$4,000 an ART procedure such as IVF (in vitro fertilization) would contribute. The resulting cost per ART assumed was \$2,607. These costs are reflected in the ART with no Delivery and ART with Delivery lines of Table B.

The cost to increase the benefit to 80% from 50% for members who don't pursue an ART procedure is included in Table B under Switch to 80/20 Benefit.

The remaining cost increase comes from additional births due to the success of the ART procedures. Table C includes other cost assumptions used to develop the cost contribution values for births in Table B. Delivery costs were used for the mothers while first year's costs were used for the babies. The baby costs were weighted to average per delivery (PEHP does not pay the baby costs for all deliveries). Allowed amounts were then reduced by the average paid to allowed ratio for each type of birth.

Table C: Supplemental Cost Assumptions

Birth Type	Mother Average Delivery Allowed Costs	Baby Weighted per Delivery Average First Year Allowed Costs	Paid / Allowed Ratio
Normal	\$11,051	\$6,107	77.4%
Multiple-birth (all babies combined)	\$20,233	\$89,782	93.6%
Preterm	\$11,662	\$19,072	85.6%

Data includes stillborn babies

Finally, we reduced all costs by the weighted amount the State contributes toward medical premiums, or 93.9%. The Percent of State Proper Budget values in Table B are based on \$284M for the State budget.