

1st Sub SB 181, INFERTILITY INSURANCE COVERAGE

PILOT PROGRAM, (Escamilla, L)

Anticipated Fiscal Impact:

Average drawdown of \$342,413 per year from the State Health Insurance reserves

Summary:

1st Sub SB 181 would create a 3-year pilot program allowing state employees to choose a \$4,000 health plan benefit for infertility treatment instead of an adoption.

PEHP currently covers infertility treatment at 50/50 coinsurance but excludes coverage for assisted reproductive technologies (ART). 1st Sub SB 181 requires coverage for ART procedures with a \$4,000 lifetime maximum.

Payment for ART procedures would cost an estimated \$113,608 per year. Increased births resulting from ART procedures--with higher associated levels of multiple births and premature births—would cost an additional \$228,805 per year. Together, the total estimated cost would be \$342,413.

PEHP would incur modest administrative costs of about \$18,000 in establishing clinical policies, setting up a payment methodology, contracting with providers, educating state employees, and reporting results to the Legislature. These activities would be done within existing budgets.

Under the terms of the bill, costs would be paid for from State Health Insurance Pool reserves above the minimum required level of 50 days. State reserves are currently at about 75 days, which translates into about \$20.8M in reserves above the minimum required level.

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%. We reduced our assumed number of ART procedures due to the lifetime restriction introduced in 1st Sub SB 181 by 24% from 0.58% to 0.44% for a total of 1.84%.

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	0.44% increase in ART births over current 1.4% for Utah	PEHP & Table 3	\$49,756	0.02%
Increase in Multiples (i.e. Twins)	52.2% of ART births	Table 4	\$158,151	0.06%
Increase in Preterm births	36.0% of ART births	Table 5	\$20,898	0.01%
ART with no Delivery	55.2% of first ART procedures	Table 1	\$62,665	0.02%
ART with Delivery	44.8% of first ART procedures	Table 1	\$50,944	0.02%
No Switch to 80/20 Benefit	PEHP Benefit Change	PEHP	\$0	0.00%
Grand Total			\$342,413	0.12%

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

- 2. Estimated Cost of Benefit:** The bill proposes a lifetime \$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 separate benefits and not contribute to the \$4,000 limit. Because ART procedures are substantially more expensive than the allowed amount required to reach the \$4,000 limit, we used the full \$4,000 amount as our estimate of costs per member assumed to have an ART procedure. We reduced our estimate for covered first ART procedures by 24% to reflect the imposed lifetime benefit. These costs are reflected in the ART with no Delivery and ART with Delivery lines of Table B.

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.