The National Campaign
to Prevent Teen and Unplanned Pregnancy

Briefly...

Policy Brief: The Benefits of Expanding Medicaid Family Planning

In 2008, 17.4 million women were in need of publicly funded contraceptive services, an increase of six percent, or one million women, since 2000.[1] However, only 40 percent of this need was met by publicly funded clinics in 2008.[2] The need continued to grow during the recession. Between 2008 and 2009, the number of women of reproductive age (15-44) without any insurance at all increased by 1.3 million, to a total of 13.7 million.[3] The result is a strain on women and their families and huge costs to states.

It is estimated that for every dollar invested in contraception, the nation saves $3.74 in Medicaid expenditures that otherwise would have been spent for pregnancy-related care.

Half of all pregnancies in the United States are unplanned as reported by women themselves.[4] In addition to being associated with serious consequences for parents and their children, unplanned pregnancies also lead to substantial direct medical costs. Medicaid, the federal government's health program for low-income individuals and families, finances a significant proportion of pregnancy-related services nationwide. In fact, Medicaid finances 41 percent of all births in the United States. In some states Medicaid covers the costs of at least half of all births (AK, AZ, AR, DE, LA, NC, OK, PR, SC, and WV).[5]

In 2008, the average national cost for one Medicaid-covered birth (including prenatal care, delivery, postpartum care, and infant care for one year) was $12,613. In comparison, the annual per-client cost for contraceptive care was an estimated $257.[6] It is estimated that for every dollar invested in contraception, the nation saves $3.74 in Medicaid expenditures that otherwise would have been spent for pregnancy-related care.[7]

In addition to the direct medical cost savings, there are also broader gains to be made by preventing unplanned pregnancy. A recent report from *The New England Journal of Medicine* notes that "unintended pregnancy imposes potentially serious burdens on individuals and families, as well as considerable economic costs on society."[8]

Some of the most effective methods of contraception are long-acting reversible contraceptives (LARCs) such as intrauterine devices (IUDs) and hormonal implants. These methods do not require daily attention (taking a pill every day, for example) and are more than 99 percent effective when used correctly. Although there are more up-front costs involved, LARCs are more cost-effective over time than some other methods. As noted in a recent article in *The New England Journal of Medicine*, the cost to individuals can be a substantial barrier to the use of highly effective methods.[9] Expanding low-income women's access to family planning through Medicaid provides access to contraceptive methods that are highly effective and, over time, more cost effective than less expensive options.

Recommendation

Expanding access to Medicaid family planning services reduces unplanned pregnancy and produces substantial cost savings for state and federal budgets, according to a growing number of studies.[10] Medicaid-funded family planning saves millions of dollars for states and the federal government. A recent study from The Brookings Institution concludes that expanding Medicaid-subsidized family planning services helps prevent unintended pregnancy and childbearing *and* is cost effective.[11] Especially in such fiscally challenging times, it is important

that states use the tools available to them to save money. States should expand Medicaid family planning through either a waiver or state plan amendment (see Background). Both options yield significant cost savings and ensure that Medicaid family planning services are more widely available to the women and men who need them.

Key Facts

- Nineteen states who have not yet expanded eligibility for Medicaid family planning through an income-based waiver or state plan amendment could each serve at least 10,000 individuals, avert at least 1,500 unintended pregnancies, and save at least $2.3 million in state funds in a single year, by expanding Medicaid eligibility under the new state plan amendment option. Nine of these 19 states could each serve at least 50,000 individuals, avert at least 7,500 unintended pregnancies and save at least $17.4 million in state funds in a single year.[12]
- A Congressional Budget Office analysis that reviewed the cost implications for the expansion of Medicaid family planning eligibility in all 50 states to match Medicaid eligibility for pregnancy-related services showed a cost savings of at least $700 million over 10 years.[13]
- A review of the Texas Medicaid family planning waiver, The Women's Health Program, showed that for every $1 the state put into the program, it saved $10. In 2008, the program helped to prevent 5,726 unplanned pregnancies.[14]
- A 2003 evaluation funded by the U.S. Department of Health and Human Services found that six states that expanded access to Medicaid-funded family planning services saved money—a total of $56 million over three years in South Carolina and nearly $30 million in a single year in Arkansas. In addition, these programs expanded the geographic availability of family planning services, served more clients, and resulted in a measurable reduction in unintended pregnancy among Medicaid-eligible women.[15]
- As of May 1, 2011, 28 states have obtained federal approval to extend Medicaid eligibility for family planning services to individuals who would otherwise not be eligible for Medicaid and unable to access contraception. Most of these expansions are through waivers (24 states) but four states operate their programs through a new option called a state plan amendment (California, New Mexico, South Carolina, and Wisconsin).[16]
- The majority of states with waivers expand access on the basis of income—typically covering individuals up to 185 or 200 percent of the federal poverty level—and most others offer services to women who lose Medicaid coverage after giving birth.[17]

Background

Since 1976, Medicaid has required family planning as a core component of all state programs. The federal government assumes 90 percent of costs; states cover 10 percent. It has also exempted family planning services and supplies from cost-sharing requirements. Medicaid plays a key role in providing access to family planning services, especially for low-income individuals. It is the largest public funding source for family planning, accounting for $1.3 billion, or 71 percent, of all state and federal dollars spent on these services in 2006.[18] In April 2010, the Obama Administration issued a regulation that benchmark and benchmark-equivalent plans under Medicaid must include "family planning services and supplies and other appropriate preventive services." Benchmark benefits were created in Medicaid through the 2005 Deficit Reduction Act as an optional alternative to the standard state Medicaid benefits package. Only a few states have used the Benchmark authority to create Benchmark benefits packages.[19] Benchmark benefits packages can generally be pegged to any one of several standards (the "benchmarks") including The Federal Employees Health Benefits Program (FEHBP), the state's own state employee health benefits plan, the HMO with the largest non-Medicaid enrollment in the state, the actuarial equivalent of any of these plans, or coverage approved by The Secretary of Health and Human Services. While many of these "benchmarks" already cover family planning, the requirement that benchmark or benchmark equivalent plans must include coverage for family planning is an indication of how vital contraceptive services and supplies are to the health of women and their families.

States have long been able to apply to expand eligibility for Medicaid family planning using the Section 1115 demonstration waiver process. In such cases, the state submits an application for a research and demonstration "waiver" from the Centers for Medicare and Medicaid Services (CMS), the federal agency that administers the Medicaid program. Most of state family planning waivers grant coverage for family planning solely on the basis of income to individuals not otherwise covered under Medicaid. These individuals are then eligible for family planning services under Medicaid, but not for other coverage/benefits that Medicaid provides. A few waivers are limited to coverage for

family planning for individuals who would be losing their full Medicaid benefits. Waivers have certain limitations including time, scope, and a burdensome application and renewal process. The Affordable Care Act included a provision that allows states to use an optional state plan amendment to expand eligibility for family planning services under Medicaid up to the same level as eligibility for pregnancy-related care without going through the onerous waiver process. Unlike a waiver, which is time-limited, a state plan amendment is a permanent change to the state's Medicaid program.[20]

SOURCES

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