HB 204, INSURANCE COVERAGE FOR IN VITRO FERTILIZATION, (Stoddard, A)

Anticipated Fiscal Impact:

$1,362,043 per year (0.46%; $5.51 PEPM)

Summary:

HB 204 would allow state employees to receive coverage for assisted reproductive technologies (ART).

Infertility treatment is covered at 50/50. In addition, a $4,000 lifetime benefit for assisted reproductive technologies (ART) is currently available under a three-year pilot program enacted by SB 81 in 2018, which will end before the effective date of HB 204.

We interpret HB 204 as including ART and requiring that all infertility- related treatment be paid at 80/20.

Payment for ART procedures would cost an estimated $484,390 per year. Increased births resulting from ART procedures--with higher associated levels of multiple births and premature births—would cost an additional $798,497 per year. Other considerations in costs are: infertility treatments moving to the standard 80/20 benefit - $79,156 per year. Altogether, the total estimated cost would be $1,362,043.

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.

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 benefit matches the Massachusetts benefit of unlimited ART procedures. However, 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 an additional 1.75% ART births for Utah due to the proposed bill for a total of 3.15%.

This assumption and others related to the increase in costs due to the bill are summarized in Table B. From PEHP data we assumed 785 births for State Proper in 2020-2021.

Table B: Cost Contribution by Assumption

Assumption Description	Assumption	Source	Cost Contribution	% of State Proper Budget
ART Births per Year	1.75% increase in ART births	PEHP & Table 3	$174,447	0.06%
Increase in Multiples (i.e. Twins)	52.2% of ART births	Table 4	$576,096	0.19%
Increase in Preterm births	36.0% of ART births	Table 5	$47,954	0.02%
ART with no Delivery	55.2% of first ART procedures	Table 1	$211,416	0.07%
ART with Delivery	44.8% of first ART procedures	Table 1	$272,974	0.09%
Switch to 80/20 Benefit	PEHP Benefit Change	PEHP	$79,156	0.03%
Grand Total			**$1,362,043**	**0.46%**

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

2. **<u>Estimated Cost of Benefit</u>**: The bill proposes an unlimited benefit for infertility treatments. The State currently covers some infertility treatments at a 50% benefit. To align these treatments with the bill, the cost to move these to a standard benefit are provided in Table B. These IVF / ART specific costs are reflected in the ART with no Delivery and ART with Delivery lines of Table B. An estimate for freezing embryos is provided, using the ratio of unsuccessful ART procedures as a proxy for the number of members using freezing services.

   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	$11,142	$6,122	77.8%
Multiple-birth (all babies combined)	$18,366	$100,022	94.6%
Preterm	$11,063	$13,967	83.1%

Data includes stillborn babies

Finally, we reduced all costs by the weighted amount the State contributes toward medical premiums, or 94.6%. The Percent of State Proper Budget values in Table B are based on $298M for the State budget.