

Estimated Medicaid Cost Savings From Florida Department of Health Family Planning Program

Florida Department of Health
Bureau of Family and Community Health
Infant, Maternal and Reproductive Health

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Introduction

The Florida Department of Health provides family planning services to citizens of childbearing age through the statewide system of county public health departments. The overall goal of the Florida Department of Health's Family Planning Program is to improve the health of Florida's women and children by reducing unplanned pregnancies and promoting positive pregnancy outcomes. The Family Planning Program also works to lower the incidence of teen pregnancy and reduce rates of sexually transmitted diseases, including HIV. The prevention of unintended pregnancy also works to reduce the incidence of induced abortion.

FDA approved methods of contraception are available at the county public health departments. There is no charge for family planning services to clients with incomes up to 100% of the current federal poverty level. Services to clients with incomes greater than 100% of the current federal poverty level are provided on a sliding scale fee that is based on income. County health departments also offer counseling and referrals for subsidized sterilization services, providing low-income women and, in some counties, men with services for free or on a sliding scale fee basis.

According to the estimates described within this paper, the Family Planning Program in Florida reduces the number of unintended pregnancies by an estimated 42,000 each year. The reduction of these 42,000 unintended pregnancies also reduces the costs that are associated with the pregnancies. Since a large proportion of family planning clients are Medicaid eligible, a large proportion of these pregnancy costs would be incurred by the Florida Medicaid Program. Costs that are incurred by Florida's Medicaid Program are estimated to exceed the current total costs of the Family Planning Program. The purpose of this paper is to quantify the Medicaid cost savings attributable to the reduction of unintended pregnancies from participation in Florida's Family Planning Program.

Methods and Results

The methods used in this analysis are based on the methods used in the publication, "Estimating the Impact of Serving New Clients by Expanding Funding for Title X" by Jennifer J. Frost, Adam Sonfield, Rachel Benson Gold, Fatima H. Ahmed, Occasional Report No. 33, November 2006, published by the Guttmacher Institute. In this reference report, the mid-range estimate of savings per \$1.00 spent on family planning is \$3.80.

Shown in Table 1, the calculations used to arrive at the savings estimate of \$3.80 are applied to Florida data, which results in an estimated savings of \$3.84 per \$1.00 spent in family planning in Florida. Shown in Table 2, alternate baseline assumptions result in a calculated savings estimation of \$4.36. Detailed explanations of the calculations shown in Tables 1 and 2 are in the following text.

Florida Estimated Savings Calculations Based on the Guttmacher-Frost Method (Table 1)

The following is a detailed explanation of method used to calculate the estimated savings per pregnancy avoided by Florida's Family Planning Program as shown in Table 1.

1. The total estimated family planning clients for 2006 was obtained from the 2006 Family Planning Annual Report for Florida (FPAR) -- 210,295 clients.
2. The estimated pregnancies avoided per year per family planning client is 0.2034, which is obtained from the reference Frost report. This is the proportion of pregnancies avoided based on the estimated shift of women from less effective contraceptive methods (including no method) to more effective methods when family planning services become available.
3. The number of family planning clients (Step 1) is multiplied by the proportion of pregnancies avoided per client (Step 2) to obtain the estimated number of 42,774 pregnancies.
4. The estimated number of pregnancies classified into three sub-categories of pregnancies based on proportions obtained from the Frost report. The numbers for the three sub-categories of pregnancies are 20,403 births, 17,238 abortions and 5,133 miscarriages.
5. The Frost report estimates the cost associated with a birth to be \$10,948.
6. This reference cost per birth of \$10,948 (step 5) is multiplied by the 20,403 births (estimated portion of pregnancies that result in births in step 3) to obtain an estimated \$223,374,227 of costs averted by the Family Planning Program.
7. The total cost of the Family Planning Program of \$53,991,904 is from the Family Planning Annual Report for Florida 2006 (FPAR). This includes funding from all sources.
8. The cost averted per \$1.00 of Family Planning Program costs is calculated dividing the cost averted of \$223,374,227 (Step 6) by the family planning cost of \$53,991,904 (Step 7) to obtain \$4.14.
9. According to the Frost report, 92.8% of this cost would be paid by Medicaid. Multiplying the \$4.14 (step 6) by 92.8%, results in the estimated Medicaid savings per \$1.00 family planning expenditure of \$3.84.

This resulting estimate of \$3.84 is very close to the Frost report estimate of \$3.80. The difference of \$0.04 is most likely due to the use of Florida specific data in portions of the calculations.

Florida Estimated Savings based on Guttmacher-Florida Method (Table 2)

The primary difference between the cost estimates based on Guttmacher-Florida method (Table 2) and the Guttmacher-Frost estimate method (Table 1) are the different percentages that are used to allocate the estimated 42,774 pregnancies averted into births, abortions and miscarriages. The percentages used in the Guttmacher-Florida method are from the Alan Guttmacher publication, "Contraception Counts", available at: www.guttmacher.org. These percentages are specific to Florida and, therefore may be more appropriate for this analysis than the nationwide percentages that are used in the Frost method (Table 1).

In addition, a cost per birth averted of \$10,234 used in the Guttmacher-Florida method is the Florida specific average cost instead of the US average cost of the \$10,948 used in the Guttmacher-Frost method. As a result of the different estimates used in Table 2, the Medicaid cost savings per \$1.00 family planning cost is an estimated \$4.36.

References for Tables 1 and 2

- 1 Family Planning Annual Report for Florida 2006 (FPAR)
- 2 Frost JJ et al., Estimating the impact of serving new clients by expanding funding for Title X, Occasional Report, New York: Guttmacher institute, 2006, No. 33.
- 3 Percentages are from Guttmacher Institute: Contraception Counts

Estimated Cost Savings Attributable to the Florida Family Planning Program

Table 1 Guttmacher Institute - Frost Estimate 2006

			<u>Reference</u>
	210295	Total FP clients 2006	1
X	0.2034	Pregnancies avoided per FP client	2 - pages 19, 20 and table 2.4 on page 25
	42,774	Pregnancies averted by FP	Calculated
	20,403	Births (47.7%)	2 - page 20
	17,238	Abortions (40.3%)	2 - page 20
	5,133	Miscarriages (12.0%)	2 - page 20
	42,774	Total	
	10,948	U.S. Avg Medicaid cost per birth (prenatal, delivery, postpartum care, and 1 year of infant care)	2 - page 21 and table 2.7 on page 28
X	20,403	Births averted by FP	2
	223,374,227	Cost averted by FP	Calculated
	53,991,904	Total FP cost 2006	1
	4.14	prenatal care, delivery, postpartum care, and 1 year of infant care cost averted per \$1.00 FP expend	Calculated
X	0.928	Medicaid eligible proportion	2 - page 20 and table 2.5 on page 26
	3.84	Medicaid cost averted per \$1.00 FP expend	Calculated

Table 2 Florida Estimate Based on Guttmacher Institute - Frost Estimate 2006

	210,295	Total FP clients 2006	1
X	0.2034	Pregnancies avoided per FP client	2 - pages 19, 20 and table 2.4 on page 25
	42,774	Pregnancies averted by FP	Calculated
	24,809	Births (58%)	3
	11,549	Abortions (27%)	3
	<u>6,416</u>	Miscarriages (15%)	3
	42,774	Total	calculated above
	10,234	FL Avg Medicaid cost per birth (prenatal, delivery, postpartum care, and 1 year of infant care)	2 - table 2.7 on page 28
X	24,809	Births averted by FP	
	253,894,505	Cost averted by FP	Calculated
	53,991,904	Total FP cost 2006	1
	4.70	prenatal care, delivery, postpartum care, and 1 year of infant care cost averted per \$1.00 FP expenditure	Calculated
X	0.928	Medicaid eligible proportion	2 - page 20 and table 2.5 on page 26
	4.36	Medicaid cost averted per \$1.00 FP expend	Calculated