Group Health Insurance Plan Infertility Benefits Estimates & Proposed Recommendations

State Employee Benefits Committee

June 10, 2019

Goals for June 10, 2019 Meeting

- Receive update on availability of funding as needed for expanded infertility benefits
- Review and vote on recommendations from the Health Policy & Planning Subcommittee

Health Policy & Planning Subcommittee Recommendations

- Increase current $10,000 medical only infertility benefit to $30,000 and remove 25% co-insurance – adopt standard in and out-of-network benefits
- Partial Adoption of SB 139:
  - Fertility care services including IVF for members who suffer from a disease or condition resulting in medically necessary treatment causing iatrogenic infertility
  - Cryopreservation and thawing of eggs, sperm and embryos (not currently covered – estimated cost per member per year - $2,000)
  - Six completed egg retrievals per lifetime with unlimited embryo transfers using single embryos transfer (SET) when recommended and medically appropriate
  - Limit ovulation induction (OI) or intrauterine insemination (IUI) to no more than 3 before IVF
  - When IVF is medically necessary, no cycles of OI or IUI required
  - Increase IVF transfer maximum age from current 44 to 49
- Embryo biopsy and testing – assesses embryo quality to increase success of a viable transfer (not currently covered or included in SB 139– estimated cost $6,000 per cycle)
- Estimated additional annual FY20 cost: $2.5M

Health Policy & Planning Subcommittee Recommendations

- Monitor and analyze infertility benefit utilization including number of cycles and costs during FY20 plan year compared to historical utilization
- Through competitive bid process, evaluate potential to award contract to a third party infertility benefit administrator and negotiate a bundled per cycle benefit
- Explore opportunities to carve out or recontract infertility prescription coverage
- Apply all infertility diagnostic testing under the standard medical benefit (confirmed with Highmark and Aetna that this can be done)
- Consider further appropriateness and efficacy of infertility benefits for FY21+

Next Steps

- SBO will complete implementation of enhanced coverage changes with Highmark and Aetna for effective date voted on by SEBC
- SBO will establish baseline cost and utilization reporting for FY19 and monitor quarterly moving forward
- SBO will continue to explore opportunities, including a RFP to enhance infertility coverage and cost

Appendix

Cost Estimates Presented at September 24, 2018 SEBC Meeting for full adoption of SB 139

- Based upon 3 years of data – 125 members and plan cost of $1.1M annually
- Assumed no lifetime infertility medical services limit except six completed egg retrievals per lifetime
- Assumed 2/3 IVF cycles for each member being treated for infertility
- Assumed 20% increase in members to be treated for infertility
- Used $20,000 per IVF cycle as basis for cost estimate
  - Most expensive infertility treatment
  - Provides high degree of success for women with favorable prognosis
  - Estimate was conservative – actual IVF treatment costs likely to be less
  - Not necessary treatment for all infertility situations

Cost Estimates Presented at September 24, 2018 SEBC Meeting for full adoption of SB 139 Continued

Assumed no lifetime pharmacy limit for all infertility services

Cryopreservation of eggs, sperms and embryos

Estimates developed by medical and prescription vendors:

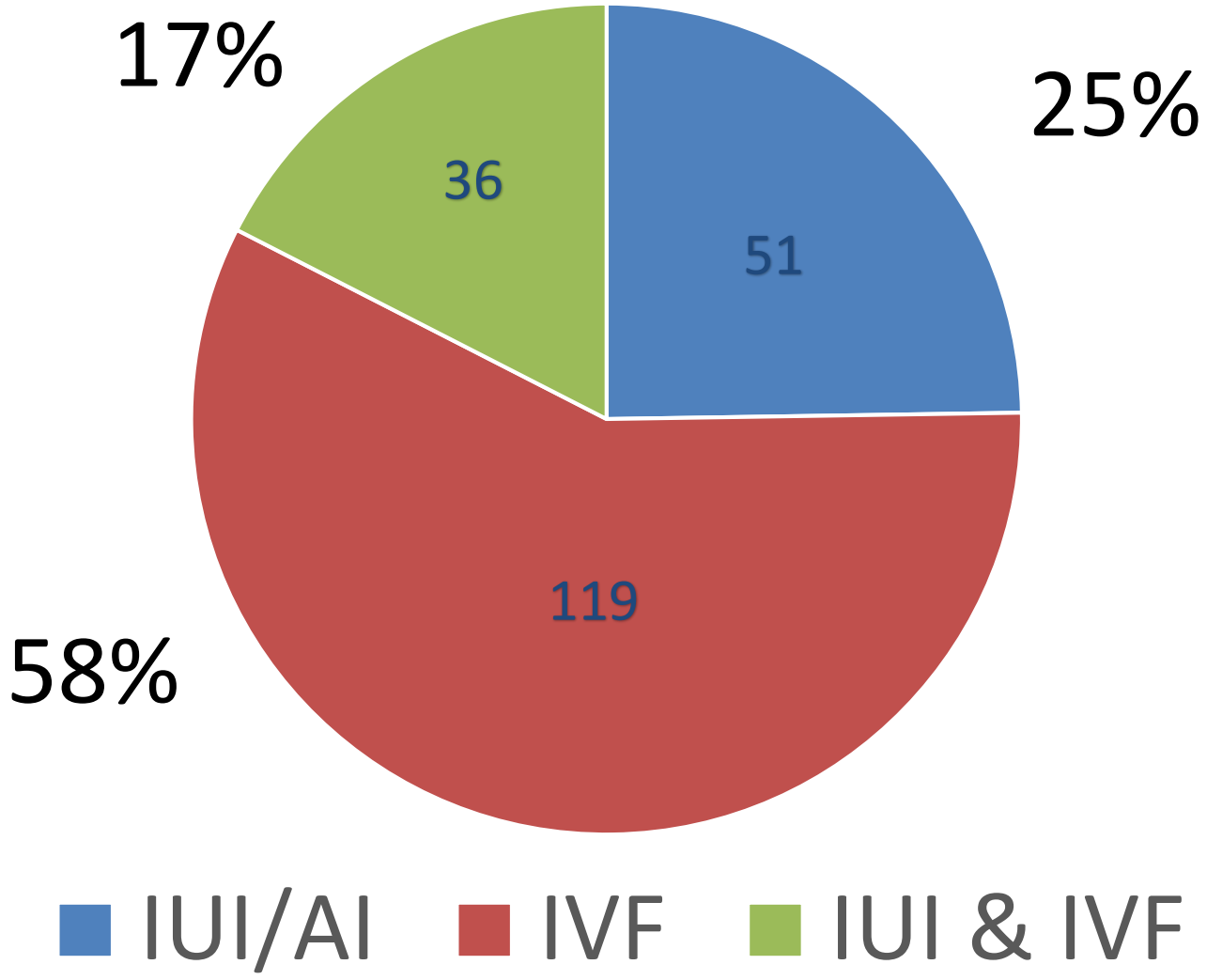
- Medical estimates to cover all changes to current coverage as per prior slides removing limits and changing cost share:
  - $5.25M
- Prescription estimates to cover all changes to current coverage – removing limits and changing cost share:
  - $1.5M

Estimated Additional Annual Costs - $6.75M

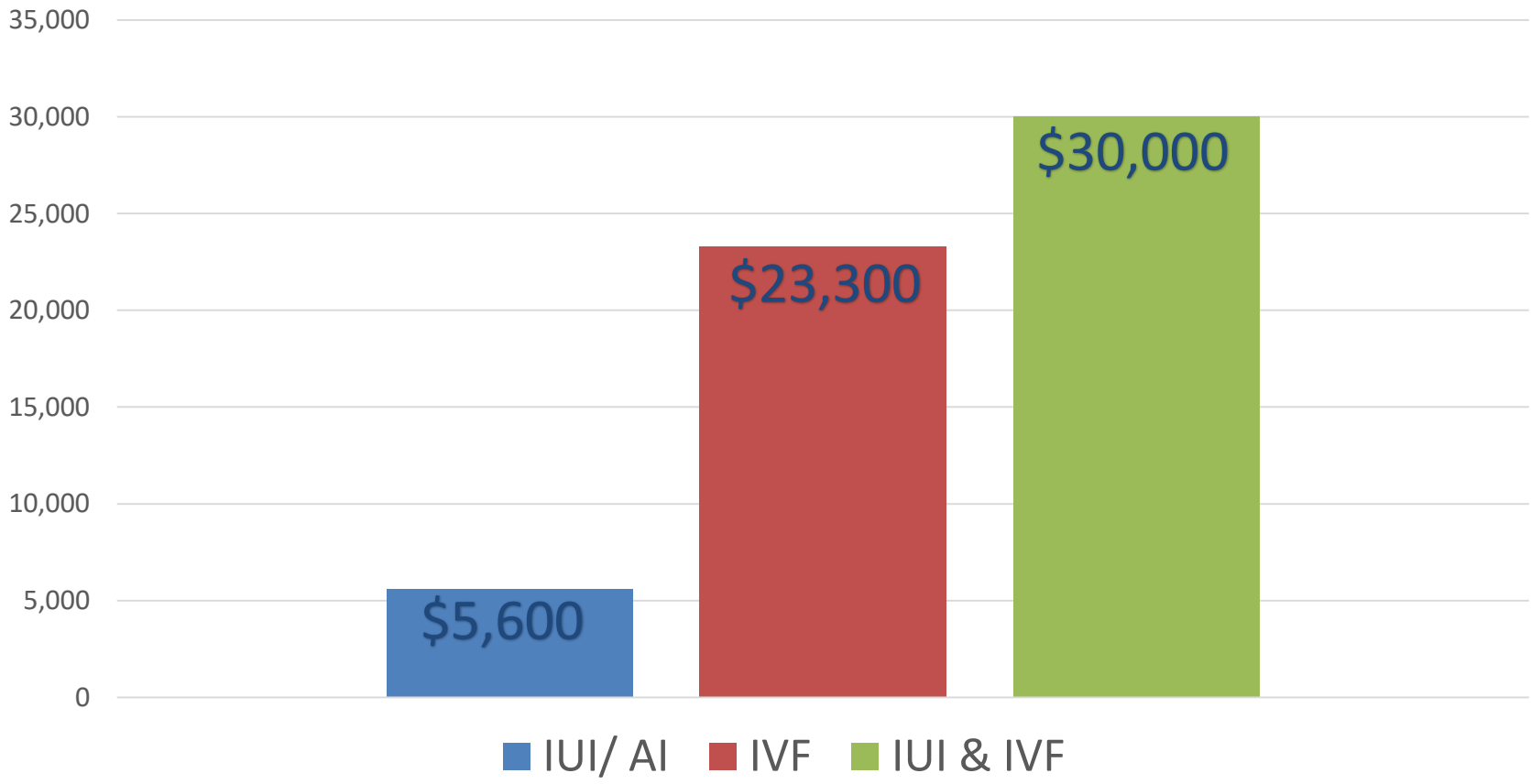
Estimated Cost Breakdown of Additional Covered Services

- Cryopreservation and thawing of eggs, sperm and embryos
  - Aetna
    - Cryopreservation of eggs, sperms and embryos
    - Typically costs about $300 to $1000 per year
    - Medical cost impact is expected to be <0.1%
    - HMO Annual Dollar Value less than $130,005
    - PPO Annual Dollar Value less than $16,772
    - Yields average annual cost of $147,000
  - Highmark
    - Average cost of cryopreservation per service: $2,000 / year
    - Assumed duration of preservation per person: 5 Years
    - Assumed uptake: 40 cases per year
    - Yields average annual cost of $80,000

Members by Cycle Type

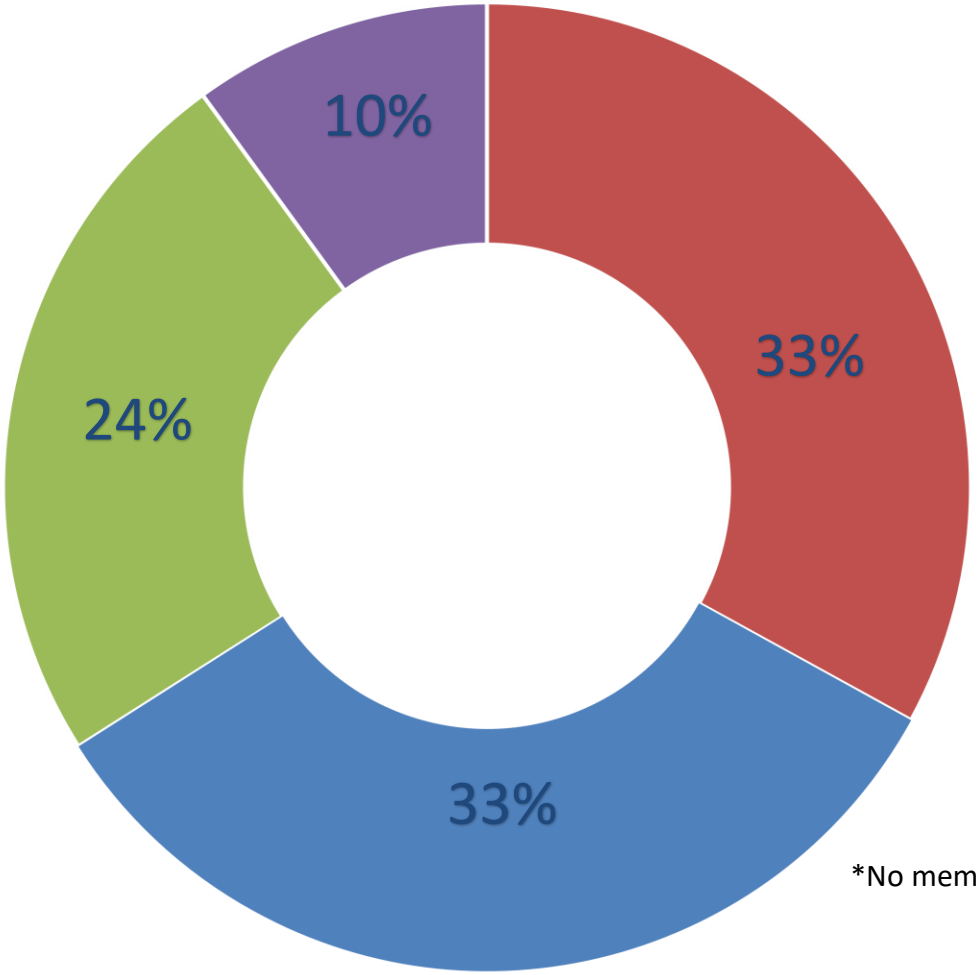


Per Member Total Cost by Cycle Type*



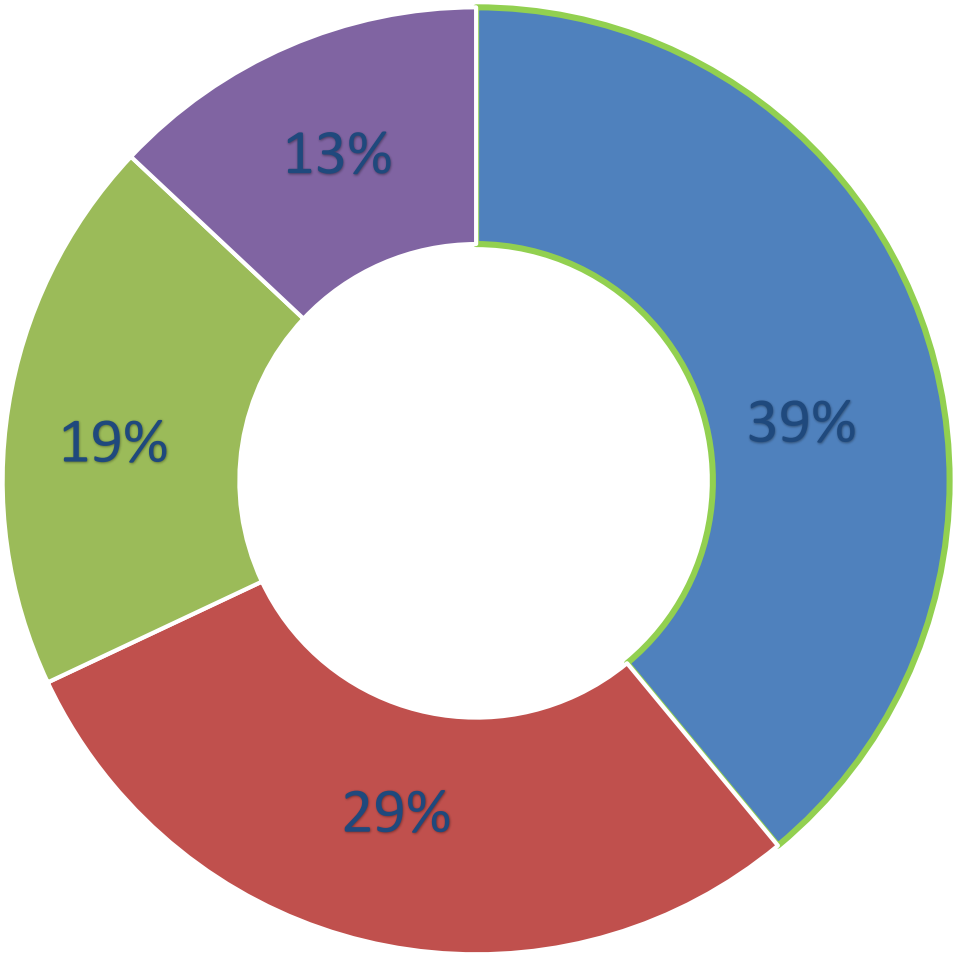
*Median costs derived from actual medical and prescription plan/member costs - Range of actual costs and number of cycles varies significantly

IUI/ AI
Number of Cycles

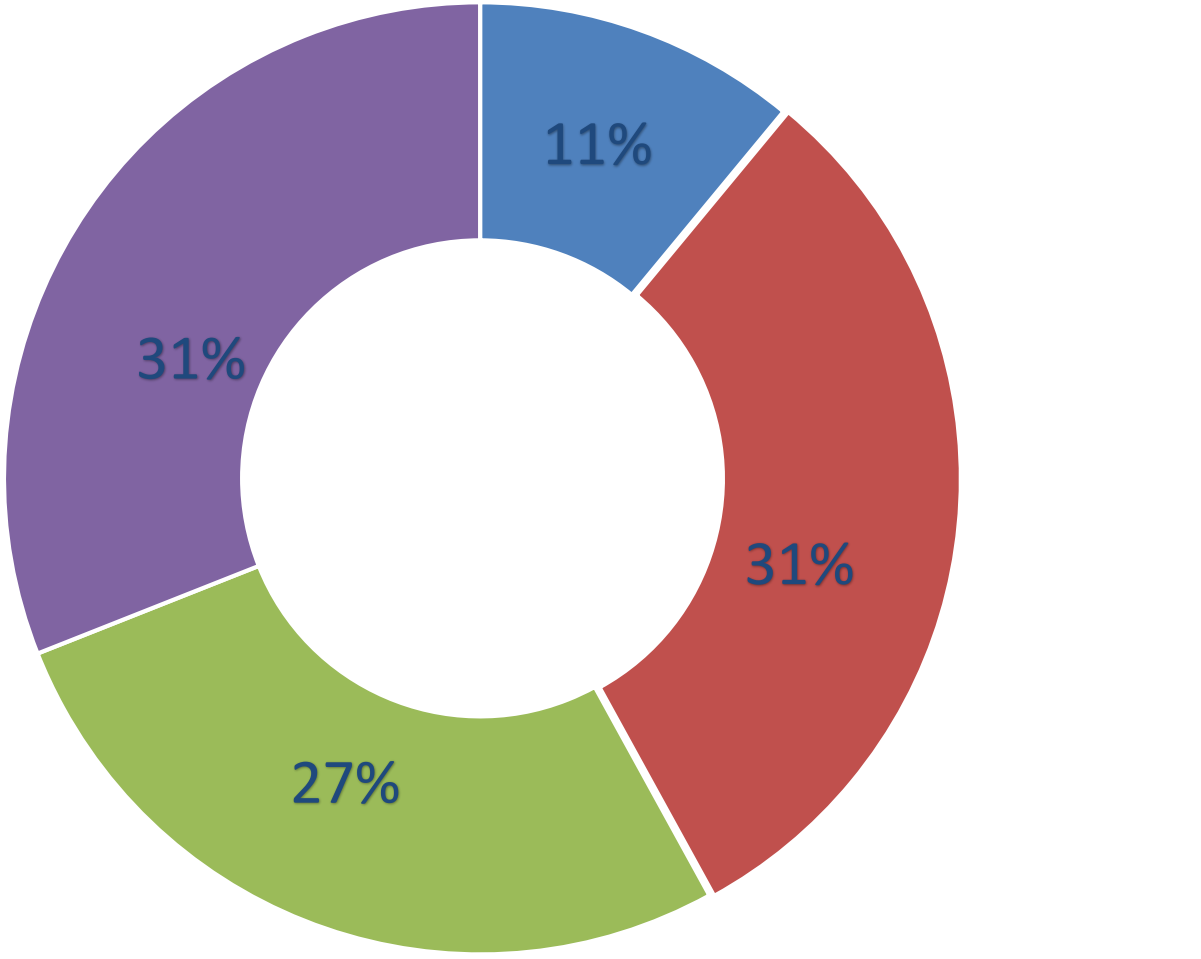


*No members with 5 cycles

IVF
Number of Cycles



IUI & IVF
Number of Cycles



Estimated Costs – Health Policy & Planning Subcommittee Recommendations

Current Annual Medical & Prescription Infertility Costs Current benefit: $10,000 medical/$15,000 prescription Approximately 50% of costs attributed to prescription	$1.3M	
Current annual prescription only infertility costs	$650,000	A
Increase $10,000 lifetime medical benefit to $30,000	$1.95M	B
Addition of estimated cryopreservation costs:	$227,000	C
Estimated 35% increase in utilization of benefits		
Estimated FY20 total medical & prescription infertility costs:	$3.8M	(A+B+C)*1.35
Less current annual infertility costs:	$1.3M	
Estimated Additional FY20 Costs:	**$2.5M**	