

Briefly...

Policy Brief: Restoring Affordable Birth Control

One of the best ways to help young people get the education they need to succeed in our economy and avoid poverty, is to help them avoid teen pregnancy and too-early parenthood. Simply put, teen and unplanned pregnancy often defers or derails young women and men from their educational and professional pursuits. Less than half of teen moms finish high school and only two percent finish college by age 30.¹ For students who have a child after enrolling in community college, fully 61%² do not finish their education.

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Promoting both personal responsibility and responsible policies in the public and private sector that make contraception affordable and easily accessible for those who are not planning a pregnancy is essential to reducing the high levels of teen and unplanned pregnancy in the United States. Unfortunately, an unintended consequence of the Deficit Reduction Act of 2005 (DRA) has been the dramatic increase in the price of contraceptives for non-Title X clinics, which has left many college students and low-income women unable to access low-cost, effective methods of contraception. Left uncorrected, more young adults will be unable to get the services that help them avoid unplanned pregnancy.

Recommendation

Policymakers are encouraged to restore the ability of college clinics and other health safety net providers to purchase birth control from pharmaceutical companies at significantly discounted rates by restoring nominal pricing incentives that were eliminated in the DRA.

Key Facts

- Thirty-five percent of college students reported that they or their partners used birth-control pills when they last had sex.³
- Approximately 400 family planning and community health centers—serving more than three million college students and 500,000 low-income women—no longer have access to deeply discounted contraceptives from pharmaceutical manufacturers as a result of the DRA.⁴
- Before the DRA, brand name prescription prices for campus clinics cost \$3-\$10 per month. After the DRA, monthly costs are now in the \$30 to \$50 range.⁵
- The adverse impact of the DRA has limited both college student access to contraceptives and the services provided by college and university health centers, according to the American College Health Association. In some cases, college health centers have stopped providing contraceptive services altogether because of the prohibitive cost.⁶
- A technical fix to restore the nominal pricing program would have no cost implications for the federal government or state Medicaid agencies.

Legislative Background

In the early 1990s, as a condition of participating in Medicaid, Congress created the 340B drug pricing program that required drug manufacturers to provide outpatient drugs at a ceiling discounted price to certain eligible “covered entities,” including Title X clinics, community health centers, disproportionate share hospitals, and certain STD clinics. Manufacturers were also provided with an incentive to continue their charitable work providing “nominally priced” discount drugs to non-covered charitable organizations and clinics by exempting them from the Medicaid rebate program to states. This program was created to ensure that Medicaid always received the best price on prescriptions.

An unintended consequence of the DRA has been the elimination of the nominal pricing program exemption. This has caused a disincentive for manufacturers to provide extremely reduced prescription prices to non-covered entities such as university-based clinics and other college health centers. Within the legislation, however, the Centers for Medicare and Medicaid Services (CMS) was given the authority to define additional charitable clinics that would be allowed to continue participating in the nominal pricing program along with the standard covered entities. There was speculation that CMS would administratively fix the language that accidentally eliminated certain program participants—through either a directive or one of several regulations issued in 2007—but the issue of drug pricing has not been addressed by the agency to date.

Congress now has the opportunity to restore safety-net and college clinics’ ability to access low-cost contraceptives at no additional cost to the government. In November 2007, Rep. Joseph Crowley and Sen. Barack Obama introduced The Prevention Through Affordable Access Act (H.R. 4054/S.2347) to make the technical correction to the DRA so that college health centers and other safety-net clinics could again participate in the program.

Sources

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