

Fast Facts

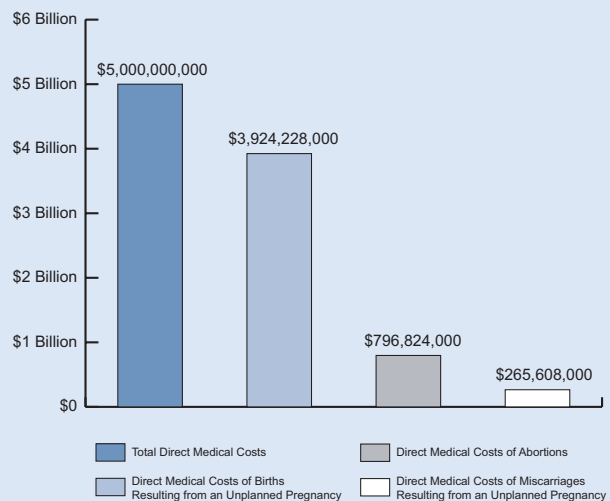
The Direct Medical Costs of Unplanned Pregnancy and Cost Effectiveness of Preventing Unplanned Pregnancy

Approximately half of all pregnancies in the United States are unplanned.¹ These three million unplanned pregnancies include nearly 1.4 million pregnancies that resulted in a live birth, 1.3 million pregnancies that ended in abortion, and over 400,000 pregnancies that resulted in a miscarriage.²

In addition to being associated with serious consequences for parents and their children, unplanned pregnancies also lead to substantial direct medical costs due to the births, abortions, and miscarriages that result from these pregnancies. This fact sheet summarizes available information about these direct medical costs. [Note that the longer term economic costs to parents, children and society associated with unplanned pregnancy have not yet been addressed in the literature. However, more information on the consequences underlying these costs is summarized in [Fast Facts: The Consequences of Unplanned Pregnancy](#), and [The Consequences of Unplanned Pregnancy: A White Paper](#).]

It is also the case that family planning services have been found to be cost effective in reducing unplanned pregnancy in the United States. Although most research has focused on publicly funded family planning programs such as Title X and Medicaid, cost savings extend to the private sector as well when family planning is covered through private or employer based insurance.

FIGURE 1. Direct Medical Costs of Unplanned Pregnancy, 2002



The Direct Medical Costs

- Unplanned pregnancies cost \$5 billion in direct medical costs in 2002, according to one estimate.³ This includes only the costs that are associated with the births (\$3.9 billion), abortions (\$797 million), and miscarriages (\$266 million) that result from nearly 3 million unplanned pregnancies each year.⁴
- Based on these estimates, the average direct medical cost of an unplanned pregnancy is approximately \$1,600.⁵

Preventing Unplanned Pregnancy is Cost Effective

In addition to studies estimating the overall medical costs of unplanned pregnancies, there are also studies that estimate the cost effectiveness of preventing unplanned pregnancies—that is, they compare the cost of an unplanned pregnancy and its associated outcome with the cost of preventing that pregnancy.

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Based on the estimates of the direct medical costs of unplanned pregnancy, researchers found that contraceptive use saves nearly \$19 billion in direct medical costs each year.⁶ The cost of preventing an unplanned pregnancy is typically an estimate of the cost of providing family planning services to the target population divided by the number of pregnancies believed to have been prevented.

Several studies have specifically explored the cost effectiveness of publicly funded family planning services. A recent analysis of public-sector cost savings that resulted from publicly funded family planning services in the United States determined that 1.4 million unplanned pregnancies were prevented nationwide among women eligible to receive publicly funded family planning services.^a The prevention of these unplanned pregnancies led to a total public sector savings of \$4.3 billion. Therefore, **for every \$1 spent on publicly provided family planning services, \$4.02 are saved.**⁷

Other studies have specifically focused on the cost effectiveness of Medicaid Family Planning Waivers. Currently, 26 states have waivers which expand Medicaid coverage of family planning services to women who would be otherwise ineligible to receive them.⁸ As part of the waiver application, states must demonstrate that the family planning waiver will not increase federal spending (that is, they must be budget “neutral”). As a result many states have explored the cost effectiveness of providing publicly funded family planning services and have determined that there are significant cost savings associated with provision of these services. In fact, a 2003 evaluation by the Centers for Medicare and Medicaid Services determined that estimated net Medicaid savings (federal and state funds) over a two-year period ranged from \$1.3 million in New Mexico to \$76.2 million in California.⁹ A Congressional Budget Office analysis that reviewed the cost implications for the expansion of Medicaid family planning eligibility in all fifty states to match Medicaid eligibility for pregnancy-related services showed a cost savings of at least \$700 million over 10 years.¹⁰

Another study explored the cost-effectiveness of specific contraceptive methods provided through a publicly funded program. The study determined that the implant and the intra-

uterine device (IUD) were the most cost effective methods. In fact, the cost savings associated with these methods over two years were more than \$7 per \$1 spent in services and supplies. Injectable contraceptives were the next most cost effective method (\$5.60 in savings per \$1 spent) followed by oral contraceptives (\$4.07 in savings per \$1 spent), the patch (\$2.99 in savings per \$1 spent), the vaginal ring (\$2.55 in savings per \$1), barrier methods (\$1.34 in savings per \$1 spent), and emergency contraceptives (\$1.43 in savings per \$1 spent).¹¹ The cost savings were based on the number of unintended pregnancies averted through the provision of each publicly funded contraceptive method.¹²

In addition to public sector savings, increased coverage of family planning is also associated with private sector savings. In fact, one analysis of employer-provided coverage of family planning services found 2 year cost-savings per person—compared to no contraception—of \$9,815 for Depo-Provera (“the shot”), \$9,763 for hormonal IUD, \$8,996 for the vaginal ring, and \$8,827 for oral contraceptives.¹³ Another study determined that in addition to cost savings for direct costs (such as maternity cases and infant care), cost savings for employer-based family planning coverage include indirect costs such as decreased absenteeism, increased productivity, and increased morale.¹⁴ Furthermore, the cost of offering family planning coverage to employees is minimal, accounting for less than 1% of total employee coverage costs. These costs are easily offset by savings to the employer due to averted unplanned births.¹⁵ In fact, as part of its best practice recommendations for Maternal and Child Health, the National Business Group on Health recommends that employers offer unintended pregnancy prevention services including coverage of all FDA-approved prescription methods at no cost to employees based on evidence that they result in cost savings to companies.¹⁶

In addition, research focusing on the individual payer perspective, regardless of the type of insurance (public, private, or none), found that using any method of contraception is more cost effective than using no method and longer acting methods, such as the IUD, were least expensive over five years compared to other methods due to their high level of effectiveness.¹⁷

Conclusion

In sum, unplanned pregnancies total \$5 billion a year in direct medical costs alone. Overall, several studies have determined that either the provision or coverage of family planning services is a cost effective way to reduce unplanned pregnancy and is

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associated with both public and private sector savings.

In considering these studies, it is important to note that estimating how many pregnancies are prevented is complicated. To the extent fewer pregnancies are observed, it is difficult to assess whether this reflects an absolute reduction in pregnancies (that is, women will have fewer pregnancies overall) or merely a postponement of pregnancies (that is, women will have fewer pregnancies in the near term but may simply experience those pregnancies at a later time). Some of the studies mentioned above account for the fact that some reduction in pregnancy will merely be reflected in a future year. However, other studies assume that any observed reduction in pregnancy is a prevented pregnancy and these studies do not account for any of those pregnancies occurring at a later time. Nonetheless, even the more cautious of the studies find the provision of family planning services to be cost effective.

About the Author

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NOTES

- a. Publicly funded family planning services included both Medicaid and Title X services.

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