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Savings to Society and the Benefits of Birth Control in America

Pregnancy planning in general, and the use of birth control in particular, are directly linked to a wide array of benefits to women, men, children, and society, including fewer unplanned pregnancies and abortions, more educational and economic opportunities for young women, improved maternal and infant health, greater family wellbeing, and reduced public spending.

Given that the large majority of both men and women are sexually active (for example, more than three-quarters of young adults age 18 to 24 have had sex in the past 12 months¹), birth control is central to realizing these benefits. In fact, the Centers for Disease Control and Prevention (CDC) recognizes the development of modern contraception as one of the 10 greatest public health achievements of the 20th century.²

Nonetheless, the United States has long reported high levels of unplanned pregnancy³ and very uneven use of contraception. For example, even though most unmarried women in their 20s say they don't want to get pregnant and despite the availability of many forms of birth control—including some that are highly effective—only half of those who are sexually active report using reliable contraception consistently.³ Unplanned pregnancy is nearly 100 percent preventable, yet...

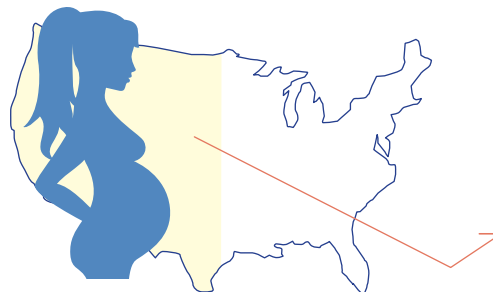
- Roughly half of all pregnancies in the United States are reported by women to be unplanned—that is, a pregnancy that a woman herself said she was not intending or actively trying to achieve.⁴
- Among unmarried young women age 20 to 29, the percentage of pregnancies that they report as being unplanned is nearly 70%. This totaled roughly 1.3 million unplanned pregnancies in 2008 alone, and unplanned pregnancy among young adults has been trending up for the past few years, not down.
- Nearly half (44%) of unplanned pregnancies among unmarried young women result in an abortion, leading to nearly 600,000 abortions each year.
- In addition, unplanned pregnancy is responsible for more than half of all births to unmarried women in their twenties, or more than 500,000 births each year⁵
- Women using birth control carefully and consistently account for only 5% of all unplanned pregnancies.⁶

The Medical Costs of Unplanned Pregnancy

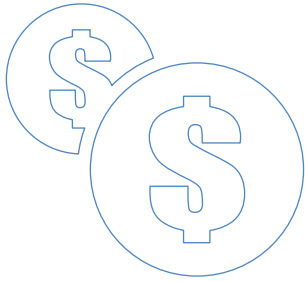
In 2008 (the most recent year for which data are available), the number of unplanned pregnancies for *all* women—including both younger and older women, married and unmarried—totaled 3.4 million.⁷ This included nearly 1.6 million pregnancies that resulted in a live birth, 1.1 million pregnancies that ended in an abortion, and more than 600,000 pregnancies that resulted in a miscarriage.

Unplanned pregnancies are associated with serious consequences for parents and their children, as well as for our economy and workforce.⁸ They are also quite costly—unplanned pregnancies lead to substantial medical costs associated with the births, abortions, and miscarriages that result from these pregnancies. There are several recent studies that estimate these costs and, while each varies somewhat, all find that the medical costs associated with unplanned pregnancy total billions of dollars each year:

- The Brookings Institution estimates that unplanned pregnancy costs federal and state taxpayers between \$9.6 and \$12.6 billion annually in medical costs.⁹
- These costs are primarily attributable to prenatal, labor and delivery, and postpartum care for women as well as one year of infant care, measured among women who have a birth following an unplanned pregnancy and who participate in Medicaid or the Children's Health Insurance Program (CHIP).
- A similar study estimates that the public costs of unplanned pregnancy through the Medicaid and CHIP programs to be \$12.5 billion annually, and that the cost would have been double in the absence of publicly funded family planning services.¹⁰
- This same study found that roughly half (53%) of all births paid for through Medicaid and CHIP are the result of unplanned pregnancy.
- A slightly different estimate includes *all* unplanned pregnancies rather than just those that are publicly funded, but focuses on just the *immediate* medical costs (related to labor and delivery, miscarriage, and abortion). This study estimates \$4.6 billion annually in costs associated with unplanned pregnancy.¹¹



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The average cost for *each* unplanned pregnancy varies depending on what factors are included, but across various studies, there is a consistently high cost to society:

- When looking at the *immediate* medical costs for *all* unplanned pregnancies, costs average \$1,500 for a single pregnancy.¹²
- Studies that include prenatal, postpartum, and infant care but only for unplanned pregnancies that were publicly funded estimate costs ranging between \$7,664 and \$12,613 per pregnancy.¹³

Because modern contraception can help women avoid pregnancies that they themselves say they are not intending, contraceptive supplies and services can substantially reduce the societal costs associated with unplanned pregnancy. To be sure, the evidence is imperfect—we do not have randomized trials of women with and without access to contraception, or even recent examples of large comparison groups who have little or no access, especially in the United States. Even so, the weight of the evidence across numerous studies shows that preventing unplanned pregnancy results in significant cost savings to society, and that making contraception affordable and accessible plays a direct and obvious role in helping women avoid such pregnancies.

The Effectiveness of Family Planning Programs in Preventing Unplanned Pregnancy

Women who have difficulty affording effective methods of contraception are, not surprisingly, less likely to use them,¹⁴ which in turn leaves them at greater risk of unplanned pregnancy. The benefits of publicly funded family planning services can be seen historically, when contraception remained

The costs associated with increasing access to affordable contraception are more than offset by the savings that result from reducing unplanned pregnancies.

cost prohibitive for many women during the 1960s and early 1970s, even as it was becoming more widely available from a legal standpoint. This was a hardship for low income women in particular, who were more likely to report that the birth of their child followed a pregnancy they did not intend.¹⁵ According to one study, the limited number of counties who benefitted from early family planning grants during this time saw pill use increase by 16% to 20% among low income women, enabling them to use birth control on par with higher income women.¹⁶ Today, numerous studies document the direct role that publicly funded family planning programs play in making contraception more affordable and in preventing unplanned pregnancy and abortion:

- In 2010, nine million women—47% of all women in need of publicly subsidized care—received publicly funded contraceptive services,¹⁷ which in turn prevented 2.2 million unplanned pregnancies and 760,000 abortions.
- Researchers estimate that the rate of unplanned pregnancy would be 66% higher for adult women and 73% higher for teens had it not been for the provision of these services.¹⁸
- A recent study published by the National Bureau of Economic Research that focused just on the state-level expansions of eligibility for Medicaid family planning found (after controlling for other factors) that these policies significantly improved women’s use of contraception, resulting in a 9% decline in the number of births among women affected by the Medicaid expansions.¹⁹
- The Iowa Initiative to Reduce Unintended Pregnancy also highlights the important role of publicly funded family planning. Started in 2007, this initiative helped Title X clinics in the state provide greater access to contraception and to long-acting methods such as the IUD in particular. Between 2007 and 2009, the percent of women using a long-acting method increased from roughly 5% to nearly 14%.²⁰ Furthermore, between 2006 and 2012, the percent of pregnancies in Iowa that were unplanned fell by 15% and the percent ending in abortion fell by 26%. While it is too early to assess how much of this reduction in unplanned pregnancy and abortion resulted directly from the initiative, because we lack comparable data from most other states and the national overall beyond 2008, the results are encouraging.

The Cost Savings Resulting from Publicly Funded Family Planning

Even though increasing access to affordable contraception obviously entails upfront costs, the evidence overwhelmingly suggests that these costs are more than offset by the savings that result from reducing unplanned pregnancies.²¹ This is not surprising given that Medicaid finances 48%²² of all births in the

Effective contraception can help reduce unplanned pregnancy and substantially reduce the societal costs associated with unplanned pregnancy.

United States, at a cost approaching \$13,000 per birth (depending on the estimate), whereas the annual cost of providing publicly funded contraception for a woman was \$239.²³ Nationally, these savings total billions of dollars. For example:

- A study published in 2012 by the Brookings Institution estimated a return of \$5.62 for every dollar spent on expansion of Medicaid-financed family planning services.²⁴
- These results are nearly identical to estimates released in 2013 by the Guttmacher Institute, which found that the nation saves \$5.68 for every \$1 spent on publicly funded family planning services.²⁵
- This same study estimated that the total net savings resulting from public spending on family planning services was \$10.5 billion annually. Roughly half of the savings, and roughly half of the reduction in unplanned pregnancies, births, and abortions occurred among women receiving services specifically through clinics receiving Title X funding.

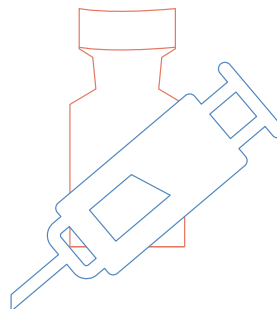
State-implemented Medicaid family planning waivers are required to be budget neutral in terms of federal spending. As a result, there are numerous state-level studies demonstrating that funding to expand family planning services under Medicaid reduces federal spending, as well as state costs.²⁶

- One study done for the state of Iowa in 2009 estimated a savings of \$3.78 for every \$1 spent on expanding family planning services through Medicaid.²⁷
- When this same analysis expanded its estimates to include not only the short term medical costs of unplanned pregnancy and infant care but also the costs associated with five years of services needed for children born following unplanned pregnancies, it estimated a savings of \$15.12 for every \$1 spent on family planning services.
- A 2007 study of California's Family PACT publicly funded family planning services program estimated public-sector savings of \$4.30 for every \$1 spent when counting costs of unplanned pregnancy from conception through age two of the child, and \$9.25 in savings when counting costs of unplanned pregnancy from conception through age five.²⁸ Family PACT provided family planning services to nearly one million women in 2007, and averted an estimated 296,000 unplanned pregnancies in that one year alone.

- This same California study determined that the contraceptive implant and the IUD were the most cost effective methods—saving more than \$7 for every \$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), the patch (\$2.99 in savings), the vaginal ring (\$2.55 in savings), barrier methods (\$1.34 in savings), and emergency contraception (\$1.43 in savings).²⁹
- In its review of the Texas Medicaid family planning waiver, the Texas Health and Human Services Commission found that for every \$1 the state put into the program, it saved roughly \$10 in expenditures associated with prenatal care, delivery, postpartum care, and one year of infant care. In 2008, the program helped to prevent 5,726 unplanned pregnancies.³⁰
- Another study focused on the 19 states that, as of 2011, had not expanded eligibility for Medicaid family planning through an income-based waiver or state plan amendment. It found that by expanding Medicaid eligibility under the new state plan amendment option, each state could have served at least 10,000 individuals, averted at least 1,500 unintended pregnancies, and saved at least \$2.3 million in state funds in a single year.³¹

The Cost Effectiveness of Contraception More Broadly

The benefits of contraception in preventing unplanned pregnancy and the associated cost savings are not limited to publicly funded programs and taxpayers. Under the Affordable Care Act (ACA), most women seeking contraception through private health plans will have those services covered with no copays, co-insurance, or deductibles as part of the broad women's preventive care benefit. Although implementation of the ACA is still unfolding and it is not yet feasible to measure the savings that result specifically from this provision, several studies in the past few years have looked at the coverage of contraceptive services through the private sector more generally and found that it is highly cost effective for insurers, employers, and individuals.



**Publicly funded
contraception saves
nearly \$6 in medical costs
for every \$1 spent on
contraceptive services.**



Roughly half of all births paid for through Medicaid and CHIP are the result of unplanned pregnancy.

- One analysis, based on medical claims data, simulated the health care costs associated with using various methods of contraception, compared to the costs associated with using no method. The study found that using Depo-Provera (the shot) was associated with a two-year net reduction in health care costs of \$9,815. Similarly, the estimated reduction in health care costs would be \$9,763 for use of the hormonal IUD, \$8,996 for the vaginal ring, and \$8,827 for oral contraceptives.³²
- Another study determined that, in addition to medical cost savings, employer-based family planning coverage also yields savings due to decreased absenteeism, increased productivity, and improved employee morale.³³
- Research finds that the IUD is among the most cost effective methods of contraception, due to that the fact that it is nearly 100 percent effective and that it is less expensive to use over a five year period than many other methods, including the pill.³⁴
- In fact, researchers estimate that switching from methods such as the condom, pill, or patch to long-acting, low maintenance, reversible methods (either the IUD or the implant) would lead to millions of dollars in *additional* cost savings. For example, if just 10% of women age 20–29 switched to

the IUD or implant, an additional savings of \$375 million annually would be realized.³⁵

Furthermore, the cost of offering family planning coverage to employees is minimal, accounting for less than one percent of total employee health insurance coverage costs.³⁶ These costs are easily offset by savings to the employer due to averted unplanned pregnancies. In fact, even before passage of the ACA, the National Business Group on Health recommended that employers offer services that help to reduce unplanned pregnancies (including coverage of all FDA-approved prescription methods) at no cost to employees based on evidence that such coverage results in cost savings to companies.³⁷

What It All Means

Bottom line: The capacity to plan and space pregnancies—which is typically achieved through the use of birth control—has significant and meaningful benefits for our society. This includes reductions in spending on the health care costs associated with unplanned pregnancy (as summarized here), as well as improvements in the educational status of women and communities, stronger labor markets, advancements in the health and wellbeing of children and families, reductions in child poverty and fewer abortions (as summarized elsewhere in this volume).³⁸ As such, birth control deserves widespread support, expressed in a number of ways including minimal cost and access barriers, a prominent place in public health priorities and health care services, and broad political support.

But it is also true that for the most disadvantaged women and communities, the widespread use of birth control alone is not a panacea. For these women and communities, realizing the full benefit of pregnancy planning, spacing, and prevention also requires additional efforts to promote educational attainment, better schools, stronger

families, economic opportunities, job readiness, and more. Put another way, birth control alone cannot solve crushing poverty, but it can open the door to increased opportunity.

Notes

^a Unplanned pregnancy (also known as unintended pregnancy) refers to a pregnancy that a woman herself reports was not intended at the time of conception. Unplanned pregnancy includes both mistimed pregnancies (that is, the woman reported she did not want to become pregnant at the time the pregnancy occurred but did want to become pregnant at some point in the future) as well as unwanted pregnancies (that is, the woman reported at time of conception that she did not want to become pregnant then or at any time in the future). Many studies summarized here report the effects of unplanned pregnancy overall, while some focus specifically on either unwanted or mistimed pregnancies, as noted previously.

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