

PEHP Update

Retirement & Independent Entity Report

September 11, 2023

Version 1: Lifetime Cap of \$4000

- IVF Cost Not a Barrier to Parents who want Kids
- State Already Paying for IVF-related Births (\$1.37M)
- High Costs Due to High Complications
- Complications Tied to Implanting Multiple Embryos

Initial Costs

- 24 Births Over Two Years—2019 & 2020
 - 14 Single Births at Average of \$36,700
 - 10 Multiple Births at Average of \$165,500
- Average Annual Cost of \$705,000
 - \$71,000 for IVF
 - \$634,000 for Births

Version 2: Reduce Complications

- Incentivize Implantation of Single Embryo
- Removed Cap & Tied Payment to Single Implant

Version 2 Outcomes

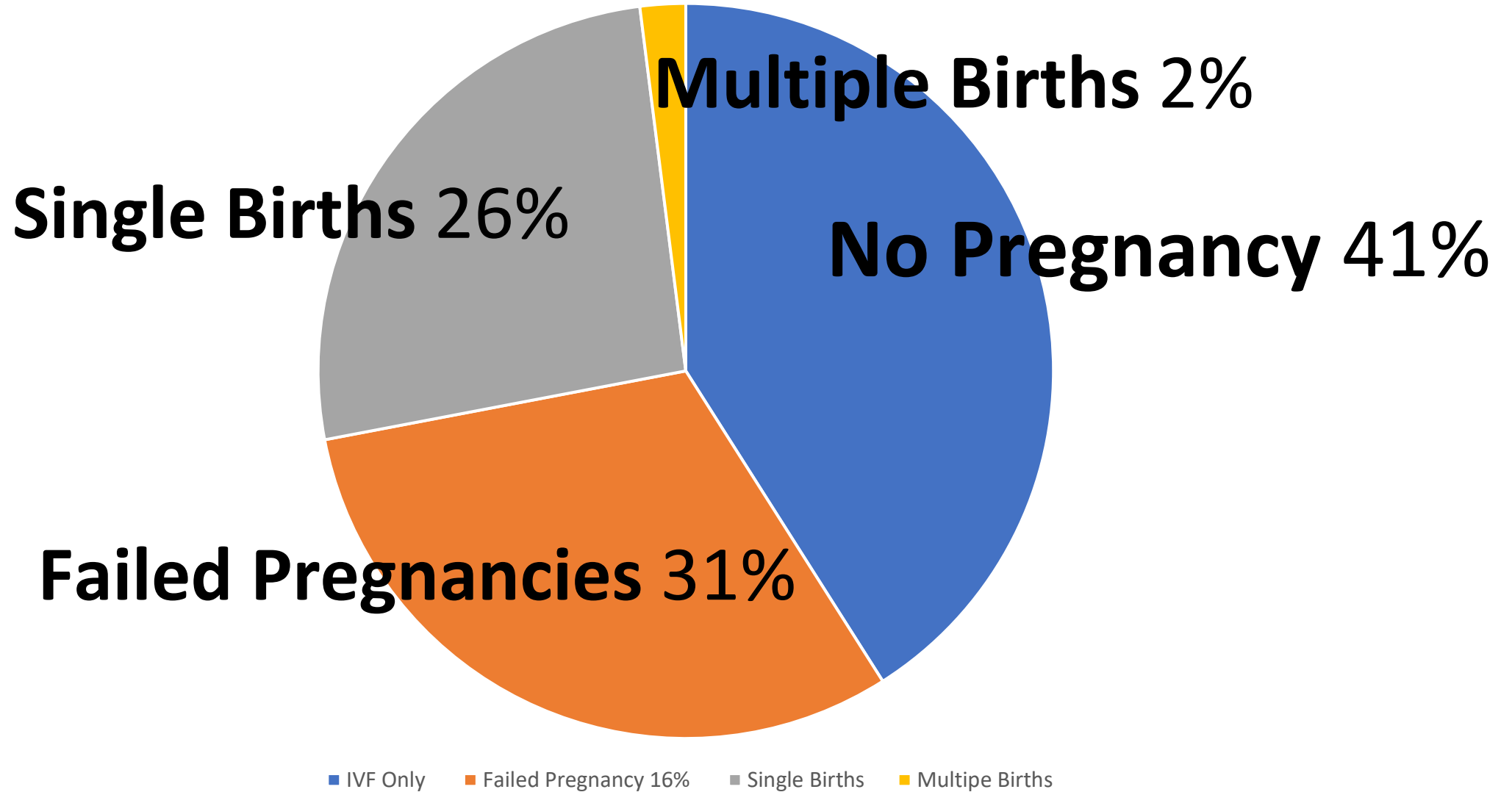
Modest Increase from Removal of Cap

- 76 Moms → 107 IVF Benefits → 1.4 Per

Significant Reduction in Multiple Births

- 2 out of 30 or 7%
- All single embryo implants
- 1 of 2 had high complications

IVF Outcomes



IVF Costs Over 3 Years

- No Pregnancy: \$3,300
- Failed Pregnancy: \$9,671
- Average of Births without Highest: \$25,177
- Average of 3 Highest: \$291,253

One Data Point on Potential Savings



- Rest of PEHP's Block of Business in 2020
 - 4 sets of Twins & 1 set of Triplets
 - Per child \$175,800; \$386,760 Per Pregnancy
 - State: 1 twin set with complications in 3 years

Total Costs

- Estimated \$1.37M in 2019
- Average of \$774,700 for last two years
- Average of \$104,900 for IVF

Takeaways

1. IVF is Well Established
2. Good Results from Single Embryo Implant & Eliminating Cap
3. Risk of Complications Remain Due in Part to Maternal Age and Health Factors
4. Reduced Costs and Improved Health

State Insurance Update

- **Replacing 40-Year Old Legacy System**
 - Significant Challenges – Backlog due to Provider Data
 - State Transition next July
- **Renewal**
 - Taken Conservative Approach Through COVID
 - Increased Trend to 7.2% due to Inflationary Pressures
- **Member Premium Differential**
 - Historically the Same
 - Base Solely on Price Differences
- **Working Through Value-Based Arrangements**
 - COVID reveals flaws in calculating
 - Reward better health and lower costs

State Insurance Update

- **Better Framework for Percent of Bill Charges**
 - Maintain Integrity of Fixed Payments
 - Increase Fixed Payments or Medicare Benchmark
- **Concentrated Risk for Gene Therapy Drugs**
 - Life-saving Drugs that can cost over \$2M
 - Larger Pooling Mechanism
 - Larger Policy Issue of High On-going Drug Costs
- **Patients with High Ongoing Drug Costs**
 - Drug Assistance Takes Care of Drug Costs
 - Individual Embedded for Medical -- \$4,500 Max

Questions

R. Chet Loftis

(801) 694-0404

chet.loftis@pehp.org