Letter to the editor TWHP's bad math

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Abortion advocates and population planners eagerly promote the idea that preventing births saves money.

Recently, the Texas Women's Health Program ("TWHP") boasted that it "averted 16,837 Medicaid-paid births and saved nearly \$183 million,"¹ or about \$11,000 saved per would-be newborn. The TWHP claim is incorrect on both counts.

In contrast, a recent article² demonstrated that the birth of anyone, poor or not, will yield substantial economic benefit. Specifically, in Texas, an \$11,000 Medicaid-paid birth will on average return \$430,000, or 39 times the original investment, in the form of income, property and sales taxes collected over a 45-year working life. The article explains that "holding all else constant, a five percent addition to the US population would reduce the national debt by almost seven trillion dollars."

Although state-funded population planners find the cost savings claim self-affirming and program-justifying, it is bad math. This short-sighted, expense-only focus costs federal, state, and local governments significant amounts of foregone revenue. Let's now turn from lost revenues to the question of expense savings.

The methodology by which TWHP assesses and reports its cost savings is

prescribed by the Centers for Medicare & Medicaid Services ("CMS"), a federal agency. According to CMS method, in any period the actual birth rate of TWHP enrollees is to be compared to an earlier, base year birth rate for all women with Medicaid-paid births, in order to calculate "births averted" for TWHP enrollees (which averted births are presumably the result of TWHP participation). These theoretically averted births are then multiplied by the average cost of a Medicaid-paid birth to derive "Savings Due to Births Averted." Table 1 presents the disclosure as reported by TWHP for 2008 ("DY2").³

Note the final row shows that the cost of the TWHP program is less than "Savings Due to Births Averted." Therefore, "the program is considered cost neutral because Total WHP Expenditures are less than the Target Expenditure (i.e., Savings due to Births Averted)." This is critical for TWHP because, by Texas law, "Savings Due to Births Averted" must exceed the cost of the program ("Total WHP Expenditures"). We'll revisit that test.

The number of particular interest in Table 1 is 9,101 "Projected Births to DY2 WHP Participants If No WHP." This number is calculated by applying the birth rate experienced in the 2003 base year (by Texas women with Medicaid-paid births)

Table 1 *WHP savings due to births averted*

Projected births to DY2 WHP participants if no WHP (11.5% birthrate)	9,101
Actual births to DY2 WHP participants (4.3% birthrate)	3,375
Births averted	5,726
Average cost of Medicaid birth in DY2	\$10,996
Savings due to births averted	\$6,29,68,035
Total WHP expenditures	\$2,05,85,104

to TWHP's 2008 enrollees. After adjusting for age and race, TWHP estimated the "Base Year Birth Rate Adjusted for DY2 Participant Proportions" to be 11.5 percent. When applied to TWHP's 78,939 enrollees, this 11.5 percent adjusted rate yielded 9,101 projected births. As shown, these projected births greatly exceeded actual enrollee births of 3,375 (a 4.3% birth rate) by 5,726. The rest is simple math, as "averted births" produce \$63 million in hypothetical savings at the assumed cost of \$10,996 per newborn (\$42.4 million savings, net of TWHP expenditures).

But there is a problem with this methodology and, as a result, TWHP's effectiveness and its reported savings are materially overstated. The flaw lies in the comparison used to calculate savings.

In its own words, TWHP describes itself as a program that "covers family planning services for women ages 18 through 44 with incomes at or below 185 percent of the Federal Poverty Level," whose goal is "to reduce expenditures for Medicaid-paid births by increasing access to family planning services."⁴ Consistent with this goal, TWHPs most frequently provided services are family planning visits, oral contraception, depo provera shots, and pregnancy testing.⁵ TWHP clients clearly seek to avoid pregnancy.

Despite this fact, in the comparison TWHP uses to assess its effectiveness, a group comprised only women who intend to prevent pregnancy (TWHP enrollees) is compared to a base year group comprised

both women open to pregnancy and those who seek to avoid it. As a group, women seeking to avoid pregnancy would be expected to experience markedly lower birth rates than a broader group of women, some of whom are open to pregnancy.

Consider the silliness of a museum curator or wine steward who proudly compares her collection to that of the average household, or the meaningless boast of an oncologist who compares his cancer cure rate to that of general practitioners. TWHP is setting a similarly low bar to trumpet its claims of effectiveness.

To calculate the true savings attributable to TWHP's efforts, an apples-to-apples comparison must be made of (a) the birth rate attributable to TWHP's enrollees in 2008, or 4.3 percent; and (b) the birth rate attributable to comparable women; specifically, Texas women seeking to avoid pregnancy in the base year period. Using national health statistics from 2001, a comparable TWHP base year birth rate may be estimated, as follows:

- (i) *The numerator.* In 2001, the overall US fertility rate was 67 births per 1,000 women aged 15–44 years old (6.7%), or about 4 million births to 60.2 million women.⁶ That year the *unintended* birth rate was 22 births per 1,000 *total* women, or 1.3 million unintended births (33% of the 4 million total).⁷ This 33 percent is historically consistent, as unintended births have remained constant at 30–

37 percent of all births for the last 28 years.⁸ The numerator for a comparable base year birth rate is therefore this 1.3 million *unintended* birth number.

- (ii) *The denominator.* Unlike TWHP enrollees but like its CMS-prescribed base year group, the 60.2 million women mentioned in paragraph (i) included both women who were open to pregnancy and those who sought to avoid it. Therefore, the 60.2 million number must be adjusted to better reflect TWHP enrollees, who by definition are women seeking to avoid pregnancy. Two alternative methods are used: Adjustment Method 1 – Contraception Users, and Adjustment Method 2 – Contraception Users plus Sexually Inactive Women.

- *Adjustment Method 1 – Contraception Users.* In this method, the number of women using contraception is the proxy for women seeking to avoid pregnancy. According to the CDC, 64, 62 and 62 percent of women aged 15–44 years used contraception in 1995, 2002, and 2006–2010, respectively.⁹ Assuming 62 percent is the appropriate percentage for 2001 and thus the correct adjustment for women seeking to avoid pregnancy, 37.3 million women (62% of 60.2 million) sought to avoid pregnancy in 2001. Thus, 37.3 million women seeking to avoid pregnancy is the denominator for this first adjustment method.
- *Adjustment Method 2 – Contraception Users plus Sexually Inactive Women.* In this method, the sum of women using contraception and sexually inactive women is the proxy for women

seeking to avoid pregnancy. Therefore, to the 62 percent calculated in Adjustment Method 1 is added 18.1 percent, the percent of sexually inactive women in the 2002 CDC survey,¹⁰ for a total of 80 percent of women seeking to avoid pregnancy. Assuming 80 percent is the correct adjustment for women seeking to avoid pregnancy; 48.2 million women (80% of 60.2 million) sought to avoid pregnancy in 2001. Thus, 48.2 million women seeking to avoid pregnancy is the denominator for this second adjustment method.

- (iii) *The unintended birth rate.* As predicted, women seeking to avoid pregnancy found some way to lower their birth rate relative to the broader population; whether by abstinence, contraception, or abortion.
- For Adjustment Method 1, the 2001 unintended birth rate equals 1.3 million unintended births divided by 37.3 million women seeking to avoid pregnancy, or 35 births per 1,000 women seeking to avoid pregnancy (3.5%). Note that this 35 birth statistic is only 52 percent of 2001's total fertility rate of 67 births per 1,000 women aged 15–44 years (6.7%).
 - For Adjustment Method 2, the 2001 unintended birth rate equals 1.3 million unintended births divided by 48.2 million women seeking to avoid pregnancy, or 27 births per 1,000 women seeking to avoid pregnancy (2.7%). Note that this 27 birth statistic is only 40 percent of 2001's total fertility rate of 67 births per 1,000 women aged 15–44 years (6.7%).

Table 2 *WHP savings due to births averted*

	TWHP	Adjustment Method 1	Adjustment Method 2
Projected births to DY2 WHP participants if no WHP (11.5%/6.0%/4.6%)	9,101	4,732	3,668
Actual births to DY2 WHP participants (4.3%)	3,375	3,375	3,375
Births averted	5,726	1,357	293
Average cost of Medicaid birth in DY2	\$10,996	\$10,996	\$10,996
Savings due to births averted	\$62,968,035	\$14,921,572	\$3,221,828
Total WHP expenditures	\$20,585,104	\$20,585,104	\$20,585,104

(iv) *Income, race, and age adjustments.* TWHP adjusted for income, race and age differences in its methodology. These adjustments were left unchanged and flow through.

All that remains is to apply the 52 and 40 percent unintended birth rate adjustment factors (from paragraph (iii) above) to TWHP's 11.5 percent "Base Year Birth Rate Adjusted for DY2 Participant Proportions." These apples-to-apples adjustments reduce TWHP's 11.5 percent adjusted base year birth rate to 6.0 percent for Adjustment Method 1 and 4.6 percent for Adjustment Method 2. These are the "Base Year Birth Rates Adjusted for DY2 Participant Proportions" and *For Women Seeking to Avoid Pregnancy*. Modifying Table 1 to reflect these new and more comparable base year birth rates reduces calculated "Projected Births to DY2 WHP Participants," producing very different results, shown in Table 2.

With the adjustments, TWHP is no longer cost neutral because program expenditures exceed savings by multi-million dollar margins. Additionally, Adjustment Method 2 suggests that the birth rate for TWHP enrollees is very similar to that of women who sought to avoid pregnancy without state assistance (4.3% versus 4.6%) and, as a result, calls into question the reason for TWHP's existence.

These results are relevant beyond Texas. A total of 31 states¹¹ offer Medicaid expansion programs for family planning

services. Like Texas, most of those programs are offered through the CMS waiver process, making it likely that many states are reporting inflated results in a manner similar to Texas. If Texas' 2008 miscalculation is any indication (\$3.2–\$14.9 million in real "savings," before program expenses versus \$63.0 million in reported savings), CMS women's health programs are overstating budgetary effectiveness by 322–1,868 percent. Those are big and costly mistakes given the costs of running the programs.

In summary, we now know two things. From the first article,¹² we know subsidizing new lives is a revenue-positive proposition; and, from this article, we know preventing new lives is a money-losing venture. Perhaps taxpayers should take a closer look at the revenues lost and expenditures wasted on these programs.

Combined, the two articles strongly suggest that, instead of wasting and losing money by attempting to prevent births through contraception and abortion, states should dedicate more resources to real health care for growing families. Pre- and post-natal care, adoption outreach programs and tax credits for in-wedlock newborns are just a few ideas worthy of consideration.

ENDNOTES

1. <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/>

- Waivers/1115/downloads/tx/tx-womens-health-waiver-pa.pdf, page 4 of 26.
2. <http://www.firstthings.com/onthesquare/2013/03/population-planning-wonrsquot-balance-budgets>.
 3. <http://www.hhsc.state.tx.us/reports/2011/WHP-Implementation0111.pdf>.
 4. <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/tx/tx-womens-health-waiver-pa.pdf>, page 3 of 26.
 5. http://www.hhsc.state.tx.us/reports/WHP_1208.pdf, page A-1.
 6. http://www.cdc.gov/nchs/data/nvsr/nvsr51/nvsr51_02.pdf, page 3.
 7. <http://www.guttmacher.org/pubs/journals/3809006.pdf>, Table 1, page 93.
 8. <http://www.cdc.gov/nchs/data/nhsr/nhsr055.pdf>, Table 1, page 17.
 9. <http://www.cdc.gov/nchs/data/ad/ad350.pdf>, Table 4, page 17.
 10. <http://www.cdc.gov/nchs/data/ad/ad350.pdf>, Table 4, page 17.
 11. http://www.guttmacher.org/statecenter/spibs/spib_SMFPE.pdf.
 12. <http://www.firstthings.com/onthesquare/2013/03/population-planning-wonrsquot-balance-budgets>.

Biographical Note

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