



# The Healthcare Costs of Having A Baby

Stella Chang  
Thomson Healthcare  
June 12, 2007

## Background

- Approximately 4 million births occur in the US per year<sup>1</sup>
- Pregnancy and childbirth-related conditions make up almost 25 percent of hospitalizations in the United States<sup>1</sup>
- Little data have been collected or updated to estimate the costs of births in the US
  - Fewer data sources focus on specific populations, particularly the privately-insured
  - 54% of Americans are covered by employer-sponsored insurance
- **The purpose of this study is to estimate the costs of healthcare associated with having a baby among women with employer-sponsored insurance**

<sup>1</sup>Agency for Healthcare Research and Quality, Hospitalizations Related to Childbirth, 2003, HCUP, Statistical Brief #11, [www.ahrq.gov](http://www.ahrq.gov)

<sup>2</sup>Kaiser Family Foundation, State Health Facts 2005, [www.statehealthfacts.kff.org](http://www.statehealthfacts.kff.org)

## Methods

- Data source: MarketScan® Commercial Claims and Encounters
  - National database of over 10 million employees, spouses and dependents
  - Health coverage provided by large, self-insured employers
  - Includes all paid inpatient, outpatient, and prescription drug claims
- Study included all births in 2004
  - Births were identified by hospital claims with a birth-related DRG or procedure code
  - Only live births were included
  - Study focused on fee-for-service insurance coverage (no managed care)

## Analysis

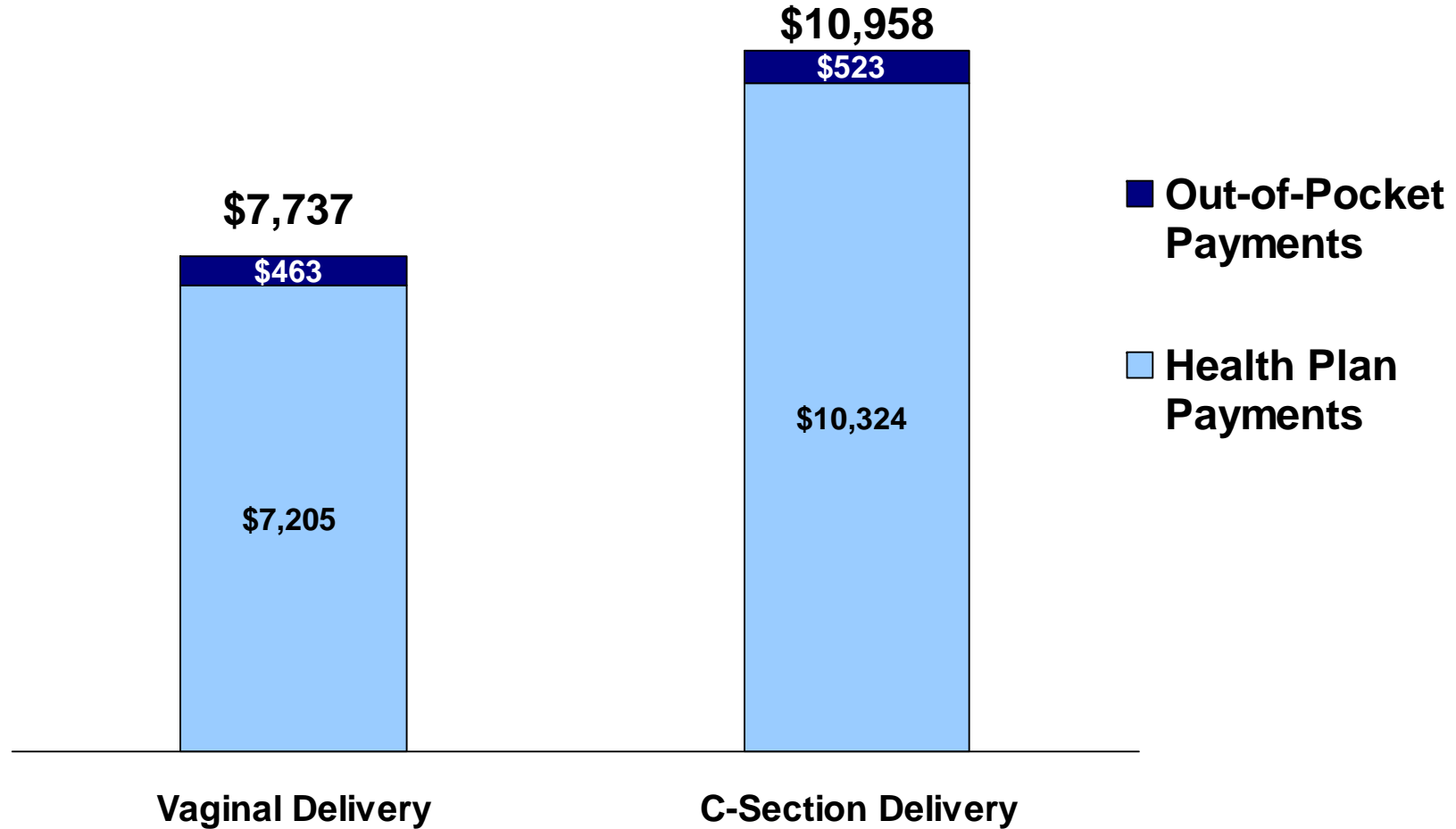
- Costs during delivery, prenatal, and postpartum periods were summarized
  - Prenatal = 9 months prior to delivery
  - Postpartum = 3 months following delivery
  - Total period for capturing costs = 12 months
- Only maternity-related services were included in summary costs
  - Medical, laboratory and radiology claims were required to have a procedure or diagnosis code related to delivery or maternity care
  - All drug costs were included in the analysis
- Costs were reported as total provider charges, total payments, health plan payments, and patient out-of-pocket
- Costs were split out by vaginal and Cesarean-section deliveries

## Overall Costs

- 43,450 live birth deliveries were analyzed in 2004
  - Approximately 1/3 were Cesarean-section deliveries
- Average cost of having a baby in 2004 was \$8,802
  - Health plans covered \$8,236
  - Out-of-pocket expenses averaged \$483

# Average Expenditures (Total Allowed Costs)\* for Maternity Care by Source of Payment, 2004

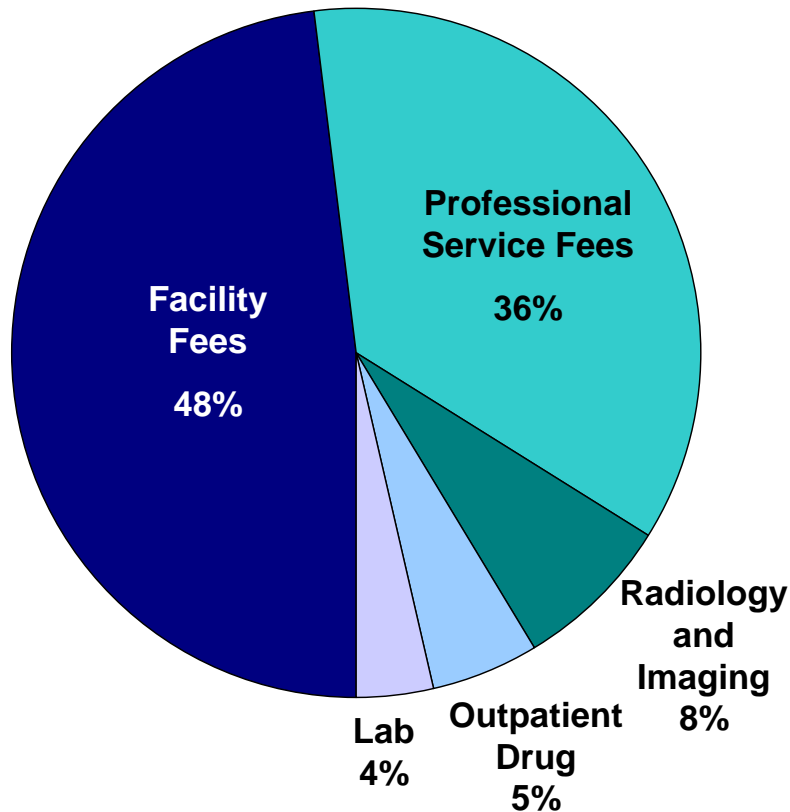
Total Allowed Costs:



\*Third party payments (COB) are not represented

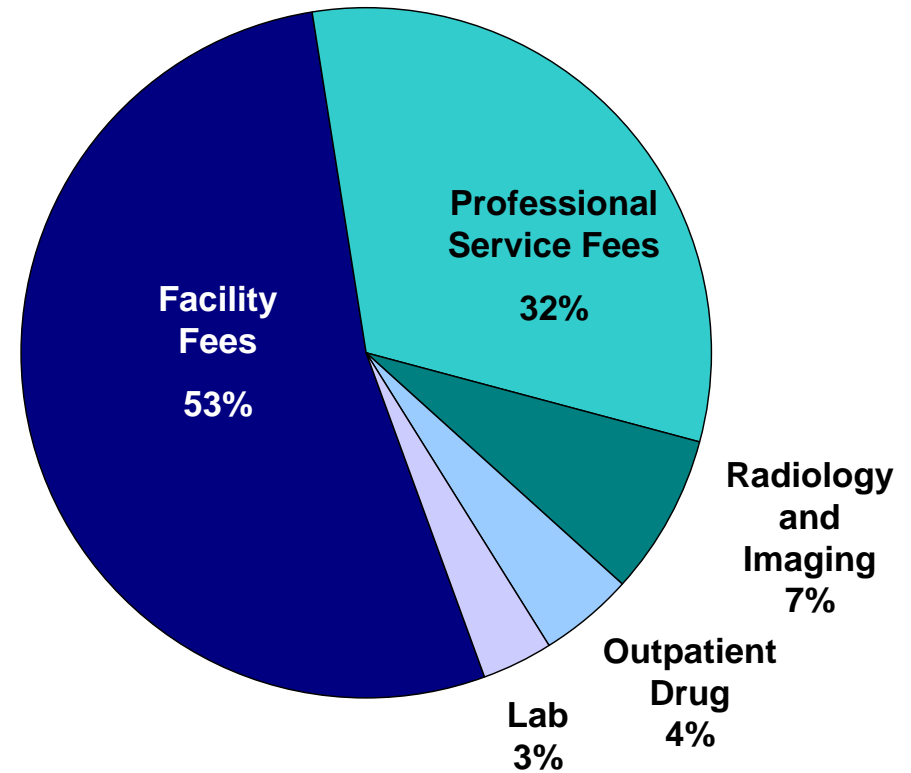
# Distribution of Average Expenditures (Total Allowed Costs) for Maternity Care by Type of Service, 2004

**Vaginal Delivery**



**Total Allowed Costs =  
\$7,737**

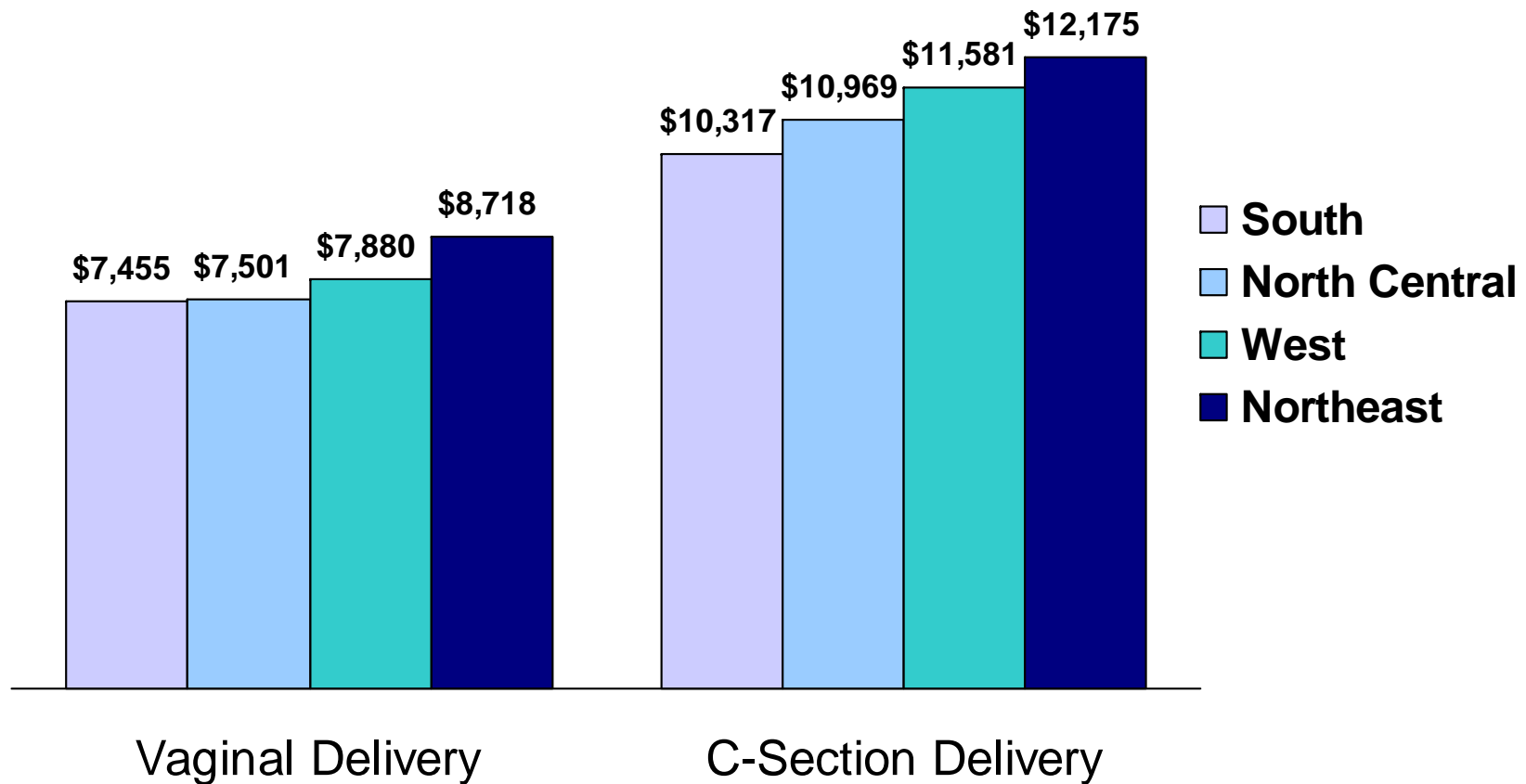
**C-Section Delivery**



**Total Allowed Costs =  
\$10,958**

# Average Expenditures (Total Allowed Costs) for Maternity Care by Geographic Region, 2004

Total Allowed Costs:



## Conclusions

- The healthcare services related to having a baby represent a substantial cost for health plans, employers and families
- Maternity costs also extend beyond the hospitalization
  - Professional, ancillary, and outpatient drugs costs accounted for nearly half of total costs
- Among women with employer-sponsored insurance, health plans covered the majority of costs
- As medical technology evolves and healthcare coverage changes, additional analysis will be required to understand their effect on maternity costs