

February 18, 2020

To: Mayor and Members of City Council
From: Patrick A. Duhaney, City Manager
Subject: Fertility, Surrogacy, and Adoption Coverage Benefit Options

REFERENCE DOCUMENT #202000081

The Budget & Finance Committee, at its meeting on February 4, 2020, referred the following item for report:

MOTION, submitted by Councilmember Jeff Pastor. WE MOVE that the City Administration determine the cost of providing fertility, surrogacy, and adoption coverage as part of the City’s preferred provider option plan and its benefits offerings for City employees.

Fifteen states, including Ohio, currently have mandates addressing infertility coverage. Ohio’s mandate requires coverage to diagnose infertility, as well as preventive care services related to infertility. Ohio’s mandate does not require coverage of infertility treatment such as Intrauterine Insemination (IUI), In Vitro Fertilization (IVF), or prescription medications related to such treatments.

Because the City of Cincinnati is self-insured, it is not required to cover any infertility services under the Ohio mandate. Regardless, the City of Cincinnati voluntarily complies with the State of Ohio’s mandate to cover medically necessary diagnostic and preventive services related to infertility. No state currently has requirements for surrogacy coverage for an individual who is not enrolled as a member on the plan.

The below chart provides the estimated annual cost to the City of Cincinnati for the most common plan designs for comparable cities that do offer coverage:

| Infertility & Stipend Coverage Options and Estimated Annual Cost | | | | |
|--|---|---|--|---|
| Coverage Options | Cover IUI and Prescriptions ² : \$5,000 Annual Max | Cover Infertility Prescriptions Only ³ : \$10,000 Annual Max | Allowance to Cover <u>Any</u> Infertility Treatment: \$10,000 Lifetime Max | Stipend for Adoption and/or Surrogacy ⁴ : \$3,500 Per Family Max |
| Estimated Annual Cost ¹ | \$ 250,000 | \$ 500,000 | \$ 500,000 | \$ 350,000 |

1. Cost assumptions are based on 50 plan members with infertility diagnosis enrolled in the City of Cincinnati medical plan annually.
2. Option includes IUI and medication only, does not include coverage for IVF.
3. Option includes all infertility treatments, including IVF.
4. Assumption based on 2% of full-time employees utilizing the stipend annually for either adoption or surrogacy. This benefit would be outside of the City’s health care plan.

Some considerations to keep in mind when considering the addition of fertility coverage to the City’s medical plans:

1. Additional cost to the City by adding infertility coverage (approximately \$250k - \$500k annually) benefits less than ½ of 1% of the health plan participants (approximately 50 individuals of the 12,900 enrolled).

2. The average cost nationally per round of infertility treatment ranges between \$4,500 - \$20,000 (including both medical and prescription costs), depending on the course of treatment.
3. Individual insurance policies specific to surrogacy are available.
4. There are cost savings programs in place to assist those individuals in need of fertility treatment who do not have access to insurance coverage for such treatment, including:
 - a. Multiple state and national foundation-based infertility grant programs and scholarships;
 - b. Manufacturer programs to offset or cover the total cost of prescription medications; and
 - c. Individual, low cost financing options through organizations that provide treatment.

The following chart summarizes benefits provided for (1) coverage for diagnosed infertility; (2) stipends provided outside the health plan for adoption and/or surrogacy expenses; and (3) parental leave (or adoption leave) policies for the City of Cincinnati, as well as comparable regional municipalities, New York, San Francisco, and the states of Ohio and Indiana:

| Public Employer | Med/Rx Benefit Covers Infertility Treatment ¹ | Surrogacy and/or Adoption Stipend Outside the Health Plan ² | Parental Leave Benefit ³ |
|-----------------------|---|--|--|
| City of Cincinnati | No | No | 6 weeks Parental Leave @ 70% of pay; concurrent with FMLA |
| City of Columbus | No | \$3,500 reimbursement for adoption only | 6 weeks Parental Leave @ 70% of pay; concurrent with FMLA |
| City of Dayton | No | No | 6 weeks Parental Leave @ 70% of pay; concurrent with FMLA |
| City of Cleveland | Medication Only via Prescription Drug Plan | No | FMLA Only |
| City of Indianapolis | No | No | Parental Leave: 150 hours paid; concurrent with FMLA |
| City of Louisville | Yes; \$10,000 lifetime max Medical precertification required | No | FMLA Only |
| City of Lexington | No | No | Adoption: 6 weeks unpaid; concurrent with FMLA |
| City of Milwaukee | No | No | FMLA Only |
| City of Chicago | Yes; 60% - 90% coinsurance Medical precertification required | No | Parental leave: Paid 2 weeks (adoption/spouse or equal partner) or 4-6 weeks for delivering mother; concurrent with FMLA |
| City of St. Louis | No | No | FMLA Only |
| City of Minneapolis | AI and prescription coverage only (No IVF) \$5,000 annual max per member | No | Parental leave: 3 weeks paid; concurrent with FMLA |
| City of San Francisco | 50% covered; limitations apply | \$15,000 lifetime reimbursement for adoption and/or surrogacy | 6 weeks Parental Leave @ 60%-70% of pay; concurrent with FMLA |
| City of New York | State policy: up to three cycles of IUI/IVF Medical precertification required | No | 6 weeks Parental Leave @ 100% of pay; concurrent with FMLA |
| State of IN | No | No | Parental Leave: 150 hours; concurrent with FMLA |
| State of OH | No | In lieu of parental leave; can receive up to \$2,000 reimbursement for | 6 weeks Parental Leave @ 70% of pay; concurrent with FMLA |

1. Infertility treatment coverage for purposes of chart above refers to coverage of medications and medical procedures utilized by the member with an intended outcome of a successful pregnancy.
2. Between 2-4% of all US families have adopted; less than 3% of all US children under 18 are adopted. Surrogacy data is not well tracked, but in general 9 children are born via surrogacy in each state annually.
3. Parental leave policies include coverage for the birth of a new-born child and/or for adoption of a minor child. The City does not track Parental Leave costs according to the biological/adoptive status of the child. For 2019, CHRIS data shows that 122 employees used a total of 12,019.45 hours of paid Parental Leave (average of 98.52 hours per employee), at a total cost to the City of \$398,038.12 (an average \$3,262.61 per utilizing employee).

The Administration recommends no changes to the City's policies related to fertility, surrogacy, or adoption coverage at this time. The City's health plans and HR policies remain consistent with other Ohio and regional peer cities.

Should City Council decide to implement some level of fertility coverage within the City's health plans, such coverage could be effective within 6 weeks from the date requested. Should Council decide to implement an adoption/surrogacy stipend, this would need to be accomplished outside of the City's health plan. The Administration would need time to develop and implement a policy in-line with standard practices.

For additional information, please contact Risk Management at 352-3337.

c: Karen Alder, Finance Director
William Maurice Brown, HR Director