

IVF Definitions and Benefit Costs

Created 1/30/2025

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Overview

This workbook is provided for discussion and illustration purposes only and should be considered **DRAFT**. The below tables summarize the IVF benefits that are being considered for addition to California's Essential Health Benefit (EHB) Benchmark Plan (BMP). Both definitions and allowed cost estimates are provided. Pricing estimates are not easily broken out by category but are provided broken out for illustrative and discussion purposes. For this reason, Wakely believes results are reasonable but may not be not precise. **This document is being provided in supplementation to the California Stakeholder Presentation from January 28, 2025 and should be reviewed in conjunction with that PowerPoint and its disclosures.** A full report will be provided prior to the May 2025 submission to CMS.

Data and Methodology

Wakely's internal ACA commercial database was used when credible data was available. For certain IVF coverages, there was insufficient data in our ACA database on these benefits. In these cases we used first principle pricing build ups and publicly available data to create our pricing estimates. Where possible, we also priced certain benefits using Large Group Commercial data and other states' analyses as a means of determining our estimates were within reasonable ranges.

The allowed costs below encompass only the benefits described. Unless explicitly stated, other benefits and their costs are **not** included in this analysis. The estimates are based on ongoing costs, and do **not** include the costs of downstream impacts (e.g., maternity costs for infertility) or pent-up demand that may occur in the initial years of coverage. This analysis represents allowed cost impacts, **not** premium impacts. Ultimately, the premium impact of the changes will vary based on plan pricing, cost sharing of the benefits, and changes, if any, to administrative costs due to the changes.

Disclosures and Limitations

Responsible Actuary. Matt Sauter is the actuary responsible for this document. Matt is an Associates of the Society of Actuaries and Member of the American Academy of Actuaries. He meets the Qualification Standards of the American Academy of Actuaries to issue this document.

Intended Users. This information has been prepared for the sole use of the State of California stakeholders. Distribution to parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this document should retain their own actuarial experts in interpreting results.

Risk and Uncertainties. The assumptions and resulting estimates included in this document and produced by the modeling are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that California and/or the issuers will attain the estimated values included in the document. It is the responsibility of those receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis.

Data and Reliance. The current summaries rely on plan documents for CA and other target states available on CMS's website. As such, we have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly.

Subsequent Events. These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws regarding health benefit plans may have a material impact on the results included in this report. Material changes as a result of Federal or state regulations may also have a material impact on the results. There are no specifically known relevant events subsequent to the date of engagement that would impact the results of this document.

Contents of Actuarial Report. This document is not an actuarial report and does not comply with Actuarial Standards of Practice on communication. Once the analysis is complete, a full report will be provided the lists all data and assumptions used in the comparison of benefits for purposes of supporting EHB changes to CMS.

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Component	Definitions and Limitations
Fertility Drugs, Extraction, and Fertilization	The retrieval cycle is priced together. Wakely's understanding is that once a retrieval is begun, the costs for drugs, extraction, pre-implantation, and fertilization of embryo(s) will all happen in tandem. Additional cycles of retrieval are priced according to the likelihood of needing an additional retrieval (i.e., the likelihood of not achieving a successful live birth during the previous retrieval).
Embryo Preservation	The embryo preservation pricing includes both the cost of cryopreservation and the cost of storage for defined time periods of 6 months, 2 years, and unlimited to be consistent with the 3 benefit plans. This assumes the cost of cryopreservation will be incurred once with each retrieval. This bucket counts the cost of cryopreservation and storage of fertilized embryos only. Preservation of eggs and sperm is handled elsewhere in this pricing.
Embryo Transfers	The bucket prices the total cost of embryo transfers depending on the coverage limit entered. The pricing does not require that transfers be completed within a particular cycle of retrieval (i.e., if 5 total transfers are priced, 4 could occur in the first retrieval cycle and 1 in the second, depending on the viability of the eggs retrieved). Additional embryo transfers covered are priced according to the likelihood of needing another transfer (i.e., the likelihood of not achieving a successful live birth during the previous transfer). The cost of transfers assumes the market average mix of frozen embryo transfers and fresh embryo transfers.
Egg and Sperm Preservation	The egg and sperm preservation pricing includes both the cost of cryopreservation and the cost of storage for defined time periods of 6 months, 2 years, and unlimited. This assumes the cost of cryopreservation will be incurred once with each retrieval. This bucket counts the cost of cryopreservation and storage of eggs and sperm only. Preservation of embryos is handled elsewhere in this pricing.
Donors Sperm/Eggs	The cost of donor sperm and eggs are priced separately. The user can input the number of sperm vials covered and the number of donor eggs covered. Public sources recommend 2-3 sperm vials and 8-10 eggs for a successful pregnancy. This pricing only accounts for the cost of achieving the donation, not any costs to compensate the donor.
Surrogacy	IVF medical care (as described above) for surrogate is included, but payment to the surrogate for carrying the baby, prenatal care, and labor and delivery for the surrogate are not covered benefits. Includes cost of health testing to the surrogate for the number of tests rounds input. Tests include a blood screening panel, a medical evaluation, and a psychiatric evaluation. Outside of the testing costs, the unit cost of surrogacy is assumed to be equivalent to coverage for IVF for a non-surrogate according to the coverages selected. Utilization of surrogacy is estimated at 5.4% of all IVF cycles.

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IVF Pricing Table	Benefit Cost for Each Round of Benefits Offered: % of Allowed Dollars							
	Frequency Count							
	1	2	3	4	5	6	7	8
Fertility Drugs, Extraction, and Fertilization								
Drugs, Extractions, Creation of Embryos (Fertilization), Pre-Transfer Testing	0.310%	0.177%	0.115%	0.074%	0.048%	0.031%	0.020%	0.013%
Embryo Preservation	6 months	2 years	Unlimited					
Storage (Time Period Covered)	0.002%	0.003%	0.007%					
Cryopreservation	0.016%	0.016%	0.016%	0.016%	0.016%	0.016%	0.016%	0.016%
Embryo Transfers								
Transfers (# Covered Total)	0.055%	0.030%	0.017%	0.010%	0.006%	0.004%	0.002%	0.001%
Other Misc. Benefits	6 months	2 years	Unlimited					
Storage of Eggs and Sperm (Time Period Covered)	0.001%	0.001%	0.003%					
Cryopreservation of Eggs and Sperm	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%
Donor Sperm (# Vials)	0.009%	0.009%	0.009%	0.009%	0.006%	0.004%	0.002%	0.002%
Donor Eggs (# Eggs)	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
Surrogacy								
Health Testing of Surrogate	0.001%	0.001%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Surrogacy Coverage	Equal to the cost of all above IVF Coverages Selected							

IVF Pricing Table	Pathway A		Pathway B		Pathway C	
Fertility Drugs, Extraction, and Fertilization						
Drugs, Extractions, Creation of Embryos (Fertilization),	2	0.49%	2	0.49%	3	0.60%
Embryo Preservation						
Cryopreservation & Storage (Time Period Covered)	6 months	0.03%	6 months	0.03%	2 years	0.05%
Embryo Transfers						
Transfers (# Covered Total)	2	0.09%	8	0.13%	99	0.13%
Other Misc. Benefits						
Cryopreservation & Storage of Eggs and Sperm (Time			6 months	0.01%	Unlimited	0.01%
Donor Sperm (# Vials)			2	0.02%	2	0.02%
Donor Eggs (# Eggs)			4	0.01%	10	0.02%
Surrogacy						
Health Testing of Surrogate					3	0.00%
Surrogacy Coverage					Y	0.04%
Cost of Pathway		0.61%		0.68%		0.87%