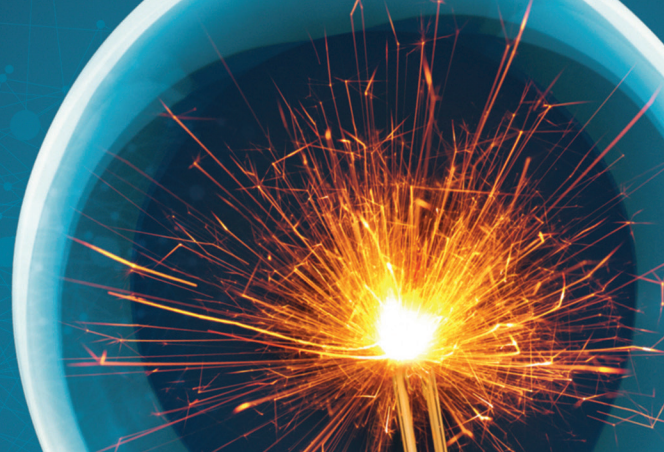


HM Sparks: Congenital Birth Defects & Claim Costs



Awareness May Help with Diagnosis, Care and Costs

One very expensive driver of high claim costs is congenital birth defects, and unfortunately, the cause of a defect is often a mystery. Genetic factors play a role, as well as some outside influencers, but the conditions are not always linked to a particular source. Regardless of the cause, awareness is important, and some preventive actions can be taken to improve the odds that a child may be born healthy or receive appropriate care sooner in an effort to improve long-term outcomes.

According to the National Center on Birth Defects and Developmental Delays (NCBDDD), one in every 33 babies in the United States is born with a birth defect (about 120,000 babies each year). Some of the more significant diagnosis categories for birth defects include congenital heart defects, spina bifida and blood disorders like hemophilia and sickle cell disease. Treatment options for these diagnoses are expensive – total hospital costs for children with birth defects is more than \$2.6 billion annually.

Defects of the Heart, Spine & Blood Lead Diagnosis Categories

Congenital heart defects, the most common type of birth defect, occur in one percent of births per year (about 40,000 births). The most common type of congenital heart defect is a ventricular septal defect. About 25 percent of babies with a congenital heart defect have a critical need for surgery or other treatment during the first year. In 2004, the costs were \$1.4 billion, which grew to an estimated \$1.9 billion in 2011.

Spina bifida has total annual medical and surgical costs of more than \$200 million, with the total lifetime cost of care estimated to be \$792,000. The median hospital cost per infant for the first year of life is \$22,000, and costs can reach \$1.3 million.

The treatment for hemophilia includes use of hemophilia inhibitors, which are known to have exorbitant costs, and those diagnosed with hemophilia have a risk of developing heart disease and kidney disease, which further complicate the person's health and increase costs for treatment.

Research at Core of Prevention and Treatment

Much is being done to research new ways to prevent and treat birth defects. Genes that cause these conditions are being discovered, and work is in progress to develop future cures. Parents can receive genetic counseling to help them understand their risks of having a baby with a birth defect – risks that include family history, ethnic/racial background and age.

There also are recommendations for some actions that can help to prevent some birth defects. For example, women can take 400 mcg of folic acid to reduce the chances of having a baby with brain and spinal defects, and they can get immunizations to protect against certain infections, such as rubella (German measles) that can harm unborn babies. Post-birth newborn screening tests also can provide important information to help babies receive proper care and treatment.

Cost Implications for Self-Funded Employers

As with all catastrophic claim categories, congenital birth defects can greatly impact costs for self-funded employers. And because they are so unpredictable, it is important to have the right Stop Loss coverage in place to protect against financial loss. Keep in mind that many birth defects happen very early in pregnancy – before a woman even knows she's pregnant – so it's important to provide employees with wellness programs and information that addresses pre-pregnancy planning, as well as maternal wellness and pregnancy resources that may help to improve their chances of having healthy babies.

Energize your approach to business with HM Sparks

HM Sparks are designed to give you valuable information about industry trends and empower you with knowledge that ignites conversations with your clients.



Guarding Financial Health
800.328.5433 | hmig.com

Source: Information and statistics gathered from the National Center on Birth Defects and Developmental Delays, <http://www.cdc.gov/ncbddd/index.html>, accessed October 18, 2016.

This is an informational document only and is not intended to provide legal advice, tax advice or advice on your health plan's content and design. This document is not meant to address federal or other applicable laws for health plans. This document only includes HM's suggested best practices for certain provisions in a health plan. You should consult with your legal counsel and/or a qualified plan design professional.