Nowhere But Up: Rising Costs for Title X Clinics

In 2001, community-based projects funded through the federal Title X program served nearly five million Americans needing publicly subsidized family planning services and supplies. In a recent small-scale investigation, Title X–funded providers identified three clusters of financial pressures—the increasing cost of contraceptives, rising prices for diagnostic tests and inadequate levels of Medicaid reimbursement—that could jeopardize clinics' ability to continue to provide the high-quality, affordable services that have long been the trademark of the program. To further complicate the picture, these cost pressures are mounting at a time of spiraling federal deficits and a bleak economic outlook for states, making the long-term prospects for comprehensive solutions uncertain at best.

By Rachel Benson Gold

When Title X of the Public Health Service Act was enacted more than 30 years ago, its goal was ambitious: to make "comprehensive voluntary family planning services readily available to all persons desiring such services." Clients of Title X clinics must be offered a broad range of contraceptive methods, as well as screening and testing for sexually transmitted diseases (STDs) and cervical cancer, as appropriate for the individual. Today, clinics receiving funding through the program provide contraceptive services and supplies and related preventive health services to nearly five million low-income and young Americans; over the three decades during which the federal government has subsidized family planning care, long-standing income and racial disparities in contraceptive use have largely disappeared.

This critical progress may now be in jeopardy. A small-scale investigation recently conducted by The Alan Guttmacher Institute (AGI) identified three key financial problems that together could impair the ability of clinics to continue to offer high-quality care to millions of Americans in need. Because this effort is based on the experiences of 12 providers that were selected according to a specific set of criteria (see box), the results cannot be taken as a precise accounting of the service delivery landscape. Nonetheless, their experiences offer a unique glimpse into some of the major financial pressures weighing on publicly funded family planning programs.

Cost of Contraceptives

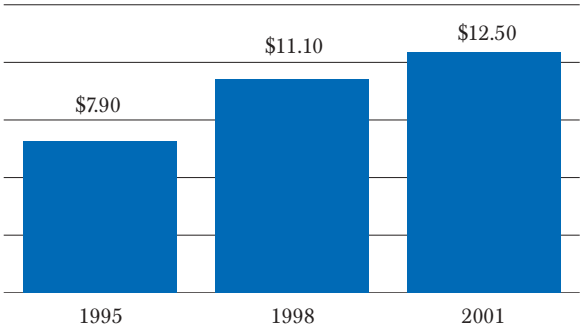
The cost of contraceptives would be at or near the top of almost any list compiled by family planning providers of the factors contributing to the increasing cost of doing business. For the Title X projects participating in AGI's investigation, the per client cost of purchasing contraceptive supplies rose from an average of just under $8 in 1995 to $12.50 in 2001, an increase of 58% (chart).

When asked about the reasons behind this increase, family planning providers most often cite changes in the contraceptive methods requested by clients. For many years, most clinic clients relied on oral contraceptives, which clinics were able to purchase from manufacturers at very deep discounts (although even that price has gone up sharply in recent years). This historical pattern has changed recently with the introduction of new contraceptive methods into the American marketplace. These new, longer-acting methods have extremely low failure rates, but they are significantly more expensive for clinics to provide.

For example, Depo-Provera, which entered the U.S. market in 1993, is an injectable contraceptive that remains effective for three months; it is popular among women who do not want to take a pill every day or use a method at the time of intercourse. But a family planning clinic

Contraceptive Cost

The cost to Title X providers to purchase contraceptive supplies has risen steadily since 1995.



Average cost per client for contraceptive supplies

Note: The data for 1995 are for four Title X projects. (For these projects, the per client cost in 1998 was $11.10 and the per client cost in 2001 was $13.80.) The data for 1998 and 2001 are for seven Title X projects. *Source:* 2002 AGI survey of Title X providers.

How the AGI Investigation Was Conducted

Between May and August 2002, AGI investigated the changes in costs confronting Title X–funded family planning providers based on information from 12 family planning agencies across the country. The agencies that participated in this effort are not representative of all Title X–funded providers nationwide. Instead, all participants were larger agencies that were considered more likely to have sophisticated data systems. The effort was intended to provide some preliminary information on the magnitude of the financial pressures facing providers and help prepare for future large-scale research efforts examining these issues.

We selected the agencies from the 430 Title X–funded respondents of a 1999 AGI survey of family planning agencies nationwide. From this group, only 41 met our four key criteria: had been in existence for at least 10 years; served at least 1,000 contraceptive clients annually; could provide us with budget and funding data going back to the mid-1990s; and had at least one contract with a managed care plan (an arrangement that generally involves a high level of sophistication in the agency's data and financial systems).

We narrowed the 41 agencies meeting the criteria down to a group of 16 that represented all regions of the country and different types of providers—health departments, Planned Parenthood affiliates and other, independent agencies. In a mail survey, we asked these agencies to provide detailed quantitative information about clients, services and costs specific to their Title X–funded projects. The survey also asked providers to indicate major factors contributing to changes in costs over the period. We followed up with respondents via telephone to seek additional details about their responses.

Twelve of the 16 agencies responded to the survey, although not all of them were able to provide all of the detailed cost data requested. Together, the 12 served nearly 200,000 contraceptive clients in 2001.

can provide an annual supply of oral contraceptives to three women for less than the cost of providing Depo-Provera to one ("Challenges Facing Family Planning Clinics and Title X," *TGR,* April 2001, page 8). Among all Title X projects nationwide, the proportion of contraceptive clients who used oral contraceptives fell from 62% in 1995 to 52% in 2001; over the same period, the proportion using Depo-Provera rose from 12% to 20%.

This trend toward higher-cost methods is likely to continue. Several new contraceptive methods—including a one-month injectable, a vaginal ring, a new IUD and a contraceptive skin patch—have recently entered the U.S. market, and each carries a price tag to clinics that is closer to Depo-Provera than to oral contraceptives. They have other costs associated with them as well. Lunelle, the monthly injectable, for example, requires at least 12 clinic visits a year, compared with four for Depo-Provera and only 1–2 for oral contraceptives.

To further complicate matters, the cost to clinics to purchase oral contraceptives is likely to increase in the coming period—ironically, just as patents are set to expire on several name-brand formulations. The worry among providers, according to Judith DeSarno, president and CEO of the National Family Planning and Reproductive Health Association, is that generic manufacturers have been unwilling to offer discounts to providers while the name-brand manufacturers, facing a decrease in market share because of competition with generics, will be unable to continue to do so.

Prices are already starting to rise. In mid-November, Wyeth announced that it was discontinuing the so-called clinic packs of some oral contraceptives that it had offered to Title X clinics at deeply discounted prices. The company, however, tried to soften the blow by offering free packages of a different oral contraceptive, but tied the free distribution to the amount the clinics had previously purchased.

Diagnostic Tests

In 2001, Title X–funded clinics provided 5.1 million STD tests, 600,000 HIV tests and three million Pap tests. Testing and screening, however, is costing clinics more because both the cost of each test and the number of tests provided have increased.

The three Title X projects providing data to AGI for 1998 and 2001 reported that the average purchase price for STD and HIV tests almost doubled, from $3.50 to almost $7 per test (see chart, page 8). For chlamydia specifically, the average cost per test among the four projects supplying data rose from just over $4 in 1998 to nearly $6 in 2001.

Title X providers have also seen an increase in the cost of purchasing Pap tests, the main procedure used to diagnose cervical cancer early, when it is most successfully treated. The five projects reporting data said that the average purchase price for a Pap test increased from just over $6 in 1998 to about $8 in 2001. These cost increases are likely to continue, in part because of advances in technology. The newer liquid-based Pap test, cited in guidelines recently released by the American Cancer Society, is rapidly becoming the standard of care

in American gynecology despite the fact that, according to providers, it is triple the cost of conventional tests.

In addition, calls for routine screening are growing. Family planning clinics are likely to face an increasing need to provide testing for chlamydia because of recent guidelines issued by the U.S. Preventive Services Task Force and the Centers for Disease Control and Prevention (CDC), which are now urging that all sexually active women in their teens and early 20s be screened for chlamydia. In addition, new CDC recommendations specify retesting women treated for chlamydia 3–4 months following treatment.

The combined impact of these increases has sent the total cost borne by the Title X projects shooting upward. The cost per client of STD/HIV tests in four Title X projects rose from $2.70 in 1998 to $3.30 in 2001, an increase of 22%. Similarly, the per client cost of Pap tests rose by a third.

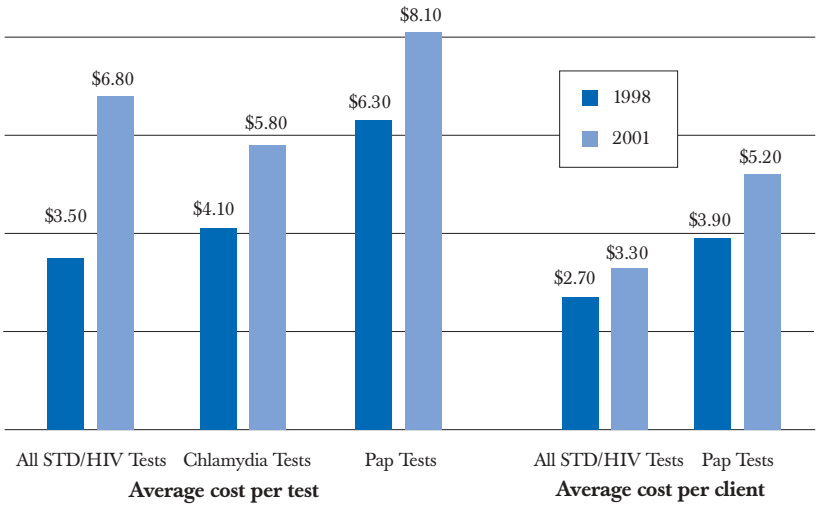
Together, the average per client cost to these Title X–funded projects to purchase contraceptive supplies and STD and Pap tests rose from $18 in 1998 to $21 in 2001, an increase of 19% in a three-year period.

Medicaid Reimbursement

Medicaid, the joint federal-state program that subsidizes health care for the poorest Americans, is a vital source of funding for family planning services and supplies.

Diagnostic Tests

Title X providers are facing rising costs for a wide range of diagnostic tests.



Notes: The data for average cost per test for all STD/HIV tests are for three Title X projects; those for chlamydia tests are for four projects; and those for Pap tests are for five projects. The data for cost per client for all STD/HIV tests are for four projects and those for Pap tests are for five projects. *Source:* 2002 AGI survey of Title X providers.

Historically, Medicaid has supplied up to half of all public dollars used to fund contraceptive services in the United States. But while it is a critical source of support for clinics, the fact remains that Medicaid does not pay the full cost of serving clients in Title X programs. The eight Title X projects providing data on clients' Medicaid status indicated that, on average, 28% of their clients are Medicaid recipients. Nonetheless, only 22% of their revenue comes from Medicaid reimbursements. (Similarly, for all Title X–funded providers nationwide, Medicaid accounts for 20% of clients, but only 16% of revenue.)

This disparity is cast in sharp relief at the individual client level. Seven of the Title X projects indicated that it cost an average of $118 to provide an initial client visit. These same projects reported, however, that they are reimbursed an average of only $62 by Medicaid (see chart). Title X funds, according to clinics, are often used to fill this gap, effectively subsidizing the care of clients enrolled in Medicaid.

Other Cost Pressures

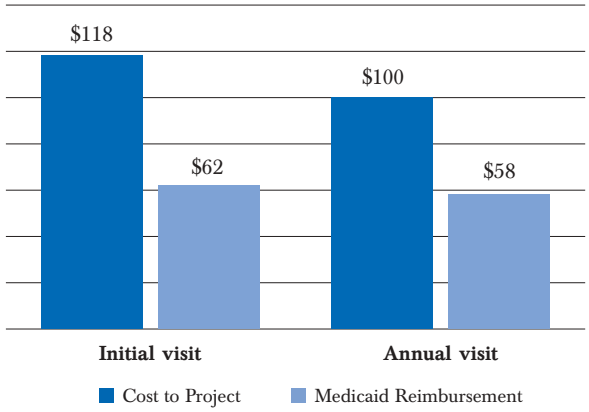
When asked about other factors relating to the increased cost of doing business, the Title X projects in the AGI investigation frequently cited two additional issues. The first is the increasing demand for assistance to clients in a multiplicity of languages, reflecting the growing diversity among America's population. Nowhere is this need epitomized more than by Medical and Health Research Associates (MHRA), a large Title X grantee in New York City, whose clients come from 74 different countries of origin. One MHRA clinic has a staff of eight and clients who come from 55 countries and speak 28 languages. The five clinicians at the site speak English as well as Urdu, Bangali, Spanish and Hindi; the management and support staff speak eight languages, including Russian and two Chinese dialects. In such a case, the need for language assistance is at best costly and at worst seemingly overwhelming. Planned Parenthood of Minnesota/South Dakota, for example, is seeing its budget for interpretation services alone—not including the cost of the additional staff time needed to provide information and counseling to clients with limited English proficiency—triple between 2001 and 2003.

A Title X–funded effort in federal health Region IX, an area comprising several western states, recently identified the 12 highest-priority languages for family planning providers: Arabic, Armenian, Cambodian, Chinese, Hindi, Hmong, Korean, Laotian, Punjabi, Russian, Tagalog and Vietnamese. The program is now sponsoring the development of fact sheets and consent forms for seven different contraceptive methods in each of these 12 languages.

But the need, according to Shelley Marks of the California Family Health Council, who was involved in

Medicaid Reimbursement

Family planning providers must use other sources of funding to make up the gap between what it costs to serve clients and the amount paid by Medicaid.



Note: The data are for seven Title X projects. *Source:* 2002 AGI survey of Title X providers.

the needs assessment project, runs even deeper. It includes everything from intake forms to clinic signage to staff at all levels—from the front desk and intake staff to the clinicians themselves.

The other issue raised over and over by providers is the increased cost of staffing. The problem seems to vary greatly depending on the medical marketplace in each area. In some locations, the biggest competition for quality staff, and thus the biggest cost pressure, is for medical personnel, especially nurses. Title X projects frequently indicated that hospitals and other medical providers are able to lure nurses with higher salaries than can be afforded by public-sector clinics. One large Title X project in the northeast recently increased nurses' salaries by 20% because of competition from hospitals.

Other Title X projects reported that their biggest staff dilemma is keeping more entry-level positions, particularly front desk staff. Because these people often come with little experience, and are relied upon to perform a variety of critical functions such as scheduling and initial client intake, they receive significant training, which costs the agency dearly—up to $30,000 according to the CEO of one large Title X project. However, the training makes them very attractive to other providers, such as private physicians.

Any Relief in Sight?

Even as the cost of doing business for Title X projects has risen steadily over the past period, increases in appropriations in the late 1990s have done little more than keep up with inflation. Moreover, the Bush administration sought no funding increase for FY 2003, and Congress, unable to pass an actual appropriations bill, has thus far provided only level funding for the program through a continuing resolution. As program supporters look to the future, looming federal deficits, as well as what appears to be growing political support for abstinence promotion in lieu of family planning, provide little hope that much in the way of federal funding increases can likely be expected in the near future.

Neither can program supporters take much heart in looking to the states, which also make significant financial contributions to subsidize family planning services for low-income residents. Because they are often required to have balanced budgets, the states, if anything, are in even deeper financial disarray than the federal government ("New Medicaid Initiative, State Budget Woes Collide," *TGR,* October 2002, page 7).

All of which may combine to leave family planning providers without significant new resources in the near term. Yet the mandate to offer a broad range of contraceptive choices, as well as high-quality diagnostic services, remains as urgent as ever. Having a choice of contraceptive methods is critical because individual women are more likely to use some methods more consistently than others. And a recent analysis by Child Trends of data from the 1995 National Survey of Family Growth suggests that use of highly effective contraceptive methods does not compensate for inconsistent use among sexually active teens. As a result, it is vital that clinics are able to offer a broad range of choices to clients, including the newer methods that are more expensive to provide, so that an individual client can choose the method that she and her partner are most likely to use consistently and successfully to prevent unintended pregnancy.

Family planning clinics see clients when they are young and unmarried, and at the point in their lives when they are particularly likely to need screening and testing for STDs. As a result, family planning clinics must be able to continue to be in the forefront of the effort to provide early diagnosis and treatment for STDs, the importance of which is stressed in Healthy People 2010, key public health goals set by the Office of the U.S. Surgeon General. Each year, one in three women of reproductive age who obtains testing or treatment for STDs does so at a family planning clinic, as does one in seven who obtain a Pap test ("Family Planning Clinics and STD Services," *TGR,* August 2002, page 8). To continue this critical role, family planning clinics must be able to keep pace with ongoing technological developments in this arena as well, but this, too, has associated costs.

This article and the research on which it is based were supported in part by the U.S. Department of Health and Human Services under grant FPR00072. The conclusions and opinions expressed in this article, however, are those of the author and AGI. The author thanks Jennifer Frost, senior research associate at AGI, for her assistance.