

# BUDGET IMPACT OF FREE CONTRACEPTIVES

Policy brief for the Ministry of Healthcare of Kazakhstan

## FREE ORAL CONTRACEPTIVES FOR 15-19-YEAR-OLD WHAT DOES IT COST, AND WHAT ARE THE BENEFITS?

This policy brief forecasts budget impact of providing free oral contraceptives in Kazakhstan.

The costs and benefits are compared in two scenarios; 1) free oral contraceptives to 15-19-year-old women, and 2) to 18-19-year-old women in 2018-2022.

### SUMMARY

This policy brief compares the cost and potential benefits of providing free oral contraceptives in Kazakhstan in 2018-2022. In scenario 1 oral contraceptives (OCs) and consultations are provided free of charge to 15-19-year-old women and in scenario 2 to 18-19-year-old women.

The results suggest that both scenarios create substantial cost-savings for the government. The costs are offset by cost savings resulting from averted abortions and fewer unwanted adolescent deliveries, pre- and postnatal care and maternity leave payments. In the first scenario, 23,000 women use OCs by 2022. The 5-year net budget impact is cost-savings of 1,324 million KZT. In Scenario 2 18,000 women use OCs by 2022. The 5-year cost-savings are 1,170 million KZT. Each invested Tenge (KZT) returns the government cost savings of 6-7 KZT.

### INTRODUCTION

High abortion rates are one of the key challenges of the healthcare system in Kazakhstan. There is a significant unmet need for modern contraceptive, especially among youth and vulnerable populations<sup>1</sup>. This policy brief supports policy making by comparing the costs and benefits of inclusion of free OCs in the basic benefit package.

### TARGET POPULATIONS

In *Scenario 1*: Oral contraceptives (OCs) and consultations are provided free of charge to 15-19-year-old women. In *Scenario 2*: OCs and consultations are provided free of charge to 18-19-year-old women. 18 years is chosen because it is the age limit for healthcare services without parental consent.

### PROCUREMENT

UNFPA Procurement Services provides MoHSD access to WHO prequalified OCs at significantly lower prices<sup>2</sup>. In this analysis, all OCs are procured through the UNFPA Procurement Services.

The economic analysis is carried out from the government's perspective and is based on the following OCs prices; *Microgynon 30* at 1,101 KZT, *Marvelon 28* at 2,814 KZT, and *Microlut 35* at 1,223 KZT per woman per year<sup>3</sup>. Comparison of the prices of UNFPA Procurement Services and private pharmacies in Kazakhstan is shown in figure 1. The procurement portions used in the forecast are; *Microgynon 30* (45%), *Marvelon 28* (45%), and *Microlut 35* (10%).

### RECOMMENDATIONS

1. Include free oral contraceptives in the basic benefit package for 15-19-year-old.
2. No co-payments for oral contraceptives for the young age groups.
3. If budget-constrained, provide first free contraceptives to 18-19-year-old.
4. Procure oral contraceptives through UNFPA Procurement Services.
5. Identify most efficient distribution channel for free oral contraceptives.

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#### Written by

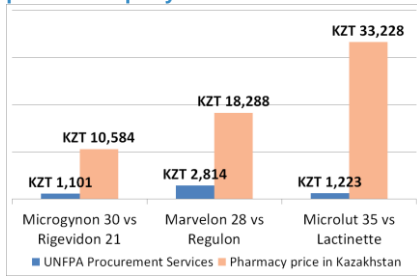
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**Figure 1: Prices of oral contraceptives, per woman per year.**



The first OC consultation is done by an obstetrician-gynaecologist. This is followed by consultations by a gynaecologist at 3 months and then every 12 months. OCs are distributed through polyclinics' pharmacies or private pharmacies. It is assumed that the distribution costs are 10% of the OC prices.

Healthcare cost savings are calculated from; 1) averted surgical or medical abortions and related complications, 2) fewer unwanted adolescent deliveries and caesarian sections and related complications, 3) less pre- and postnatal care, and 4) reduced maternity- and social support payments.

The provision of free OCs is assumed to reduce abortions by 5% and deliveries by 5% in the age group 15-19 years. These are conservative estimations, as much higher reductions are reported on the impact of free OCs in other countries<sup>4,5,6</sup>.

## CONTRACEPTIVE PREVALENCE

In both scenarios, the provision of free OCs was assumed to increase the uptake to 50% of potential users of OCs. The potential OC users are sexually active women, who are not using modern contraceptives and are not pregnant or intending to get pregnant. A precondition for the uptake increase is that MoHSD supports the scale-up with a five-year mass media campaign. All current OC users are assumed to switch to the free OCs. In scenario 1, the OC uptake among 15-19-year-old increases from the current 1.9%<sup>1</sup> to 3.1% in 2022, and in scenario 2 among 18-19-year-old from the current 3.8%<sup>1,4</sup> to 6.2% in 2022.

## COSTS

In Scenario 1 the number of 15-19-year-old women using OCs reaches 23,000 in 2022. The annual costs are 60 million KZT in 2022 (figure 2). The 5-year total costs are 242 million KZT.

In Scenario 2 the number of 18-19-year-old women using OCs is 18,000 by 2022. The annual costs are 48 million KZT in 2022 (figure 3). The 5-year total costs are 191 million KZT.

In both scenarios, the average cost per OC user is 2,624 KZT per year.

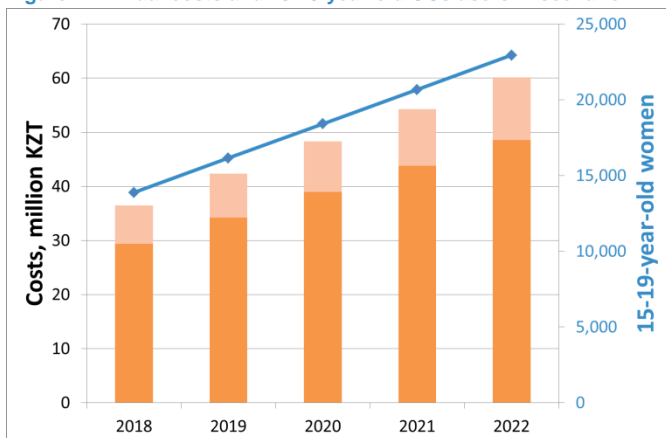
## COST SAVINGS

In **Scenario 1** the increased OC uptake results in 1,400 averted abortions and 1,000 fewer unwanted deliveries among 15-19-year-old in 2022<sup>7,8,9</sup>. Consequently, 522 million KZT are saved in abortions, deliveries, pre- and postnatal care and maternity leave payments in 2022 (figure 4). **The 5-year net budget impact for the government is cost-savings of 1,324 million KZT.**

In **Scenario 2** the increased OC uptake results in 1,100 averted abortions and 800 fewer unwanted deliveries among 18-19-year-old in 2022. Consequently, 454 million KZT are saved in abortions, deliveries, pre- and postnatal care and maternity payments in 2022 (figure 5). **The 5-year net budget impact for the government is cost-savings of 1,170 million KZT.**

The results indicate that providing free contraceptives to 15-19-year-old is cost-effective in Kazakhstan and that each invested Tenge (KTZ) returns the government cost savings of 6-7 KTZ.

**Figure 2: Annual costs and 15-19-year-old OCs users in scenario 1.**



**Figure 3: Annual costs and 18-19-year-old OCs users in scenario 2.**

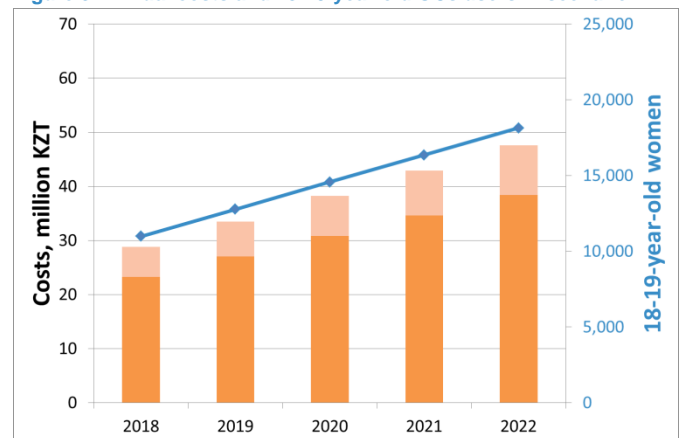


Figure 4: Costs, cost-savings and net budget impact in scenario 1

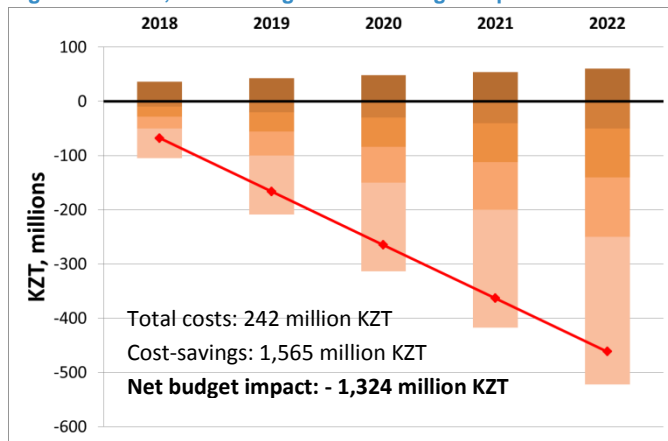
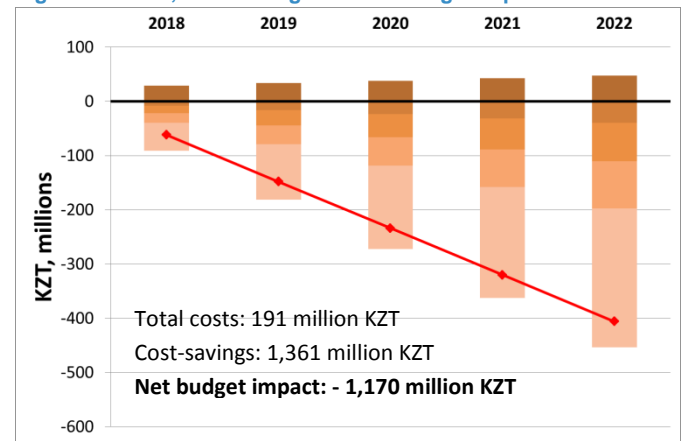


Figure 5: Costs, cost-savings and net budget impact in scenario 2



OCs and consultations Abortions Deliveries Pre- and postnatal care Maternity payments Net budget impact

## LIMITATIONS

The forecast has some limitations. How much the free OCs increase the uptake in Kazakhstan, is not known. This also depends on the effectiveness of the recommended mass media campaign. The impact on abortions and deliveries is estimated. These estimations are lower than reported in other countries. Hence, the results should be interpreted as conservative.

## CONCLUSION

The results suggest that investment in free oral contraceptives for 15-19-year-old is **cost-effective** and creates **substantial cost-saving** for the government. The investment returns **6-7 fold cost savings**.

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## RECOMMENDATIONS

- 1. Include free oral contraceptives in the basic benefit package for 15-19-year-old.** In addition to the improved sexual and reproductive health outcomes, the investment is likely to return the government 6-7 fold cost savings.
- 2. No co-payments for oral contraceptives for the young age groups.** OCs and consultations should remain free for all 15-19-year-old, as this group is likely to have financial access barriers to OCs.
- 3. If budget-constrained, provide first free contraceptives to 18-19-year-old,** as there are more abortions and unintended pregnancies in this age group than among 15-17-year-old.
- 4. Procure oral contraceptives through UNFPA Procurement Services.** Through the service, MoHSD can access WHO prequalified OCs at significantly lower prices.
- 5. Identify most efficient distribution channel for free oral contraceptives.**

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