BUDGET IMPACT OF FREE CONTRACEPTIVES

Policy brief for the Ministry of Healthcare and Social Development of Kazakhstan

WHAT DOES IT COST, AND WHAT ARE THE BENEFITS?

This policy brief forecasts budget impacts of providing free or subsidised oral contraceptives in Kazakhstan in 2017-2021. The costs and benefits are compared in two scenarios; 1) free oral contraceptives for 15-24-year-old women, and 2) 50% subsidy for 15-34-year-old women.

SUMMARY

This policy brief compares the cost and potential benefits of providing free or subsidised oral contraceptives in Kazakhstan in 2017-2021. In scenario 1 oral contraceptives (OCs) and consultations are provided free of charge to 15-24-year-old women. In scenario 2 OCs and consultations are free for 15-24-year-old women and 25-34-year-old women receive 50% subsidy.

The results suggest that both scenarios create cost-savings for MoHSD. The costs of OCs and consultations are offset by cost savings resulting from averted abortions and fewer deliveries. In the first scenario, 419,000 women use OCs by 2021. The 5-year net budget impact is cost-savings of 1,643 million KZT. In Scenario 2 the number of women using OCs increase to 604,000 by 2021 and saving MoHSD 4,066 million KZT during the 5-year period.

INTRODUCTION

High abortion rates are one of the key challenges of the health system in Kazakhstan. There is a significant unmet need for modern contraceptive methods, especially among youth (15-24-year-old) and vulnerable populations[1]. This health economics policy brief supports policy making by comparing the costs and benefits of inclusion of free or subsidised oral contraceptives in the basic benefit package.

TARGET POPULATIONS

In *Scenario 1: 15-24-year-old women* oral contraceptives (OCs) and consultations are provided free of charge to 15-24-year-old women. In *Scenario 2: 15-34-year-old women,* OCs and consultations are provided free of charge to 15-24-year-old women, and 25-34-year-old women receive 50% subsidy and pay 50% co-payment.

PROCUREMENT

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

The cost-benefit analysis is carried out from a healthcare payer'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[3]. 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* (43%), *Marvelon 28* (43%), and *Microlut 35 (14%).*

RECOMMENDATIONS

1. Provide free oral contraceptives first to the age group 15-24-year-old.

2. Consider including vulnerable groups under the free services.

3. Consider the implementation of the 50% subsidy - 50% co-payment option, if constrained with financing.

4. Procure oral contraceptives through UNFPA Procurement Services.

5. Organise a public tender for the distribution of oral contraceptives through private pharmacies.

Written by
Dr Jari Kempers
Health Economist, PhD
jari.kempers@Qalys.eu

This work is commissioned by United Nations Population Fund (UNFPA) Kazakhstan Country Office.

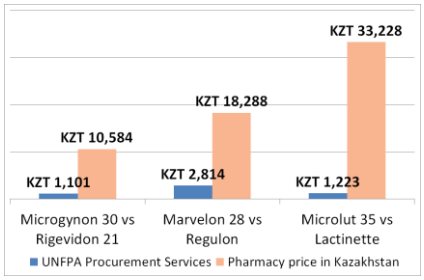

Figure 1: Prices of oral contraceptives, per woman per year.

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.

Cost savings of MoHSD are calculated from *averted surgical or medical abortions* and related complications, and *fewer deliveries and caesarian sections*, and related complications as well. It is assumed that the provision of free OCs reduces abortions by 20% and the number of deliveries by 10% in the target population. 50% OC subsidy is assumed to reduce abortions by 10% and deliveries by 5% in the target population. These are conservative estimations, as higher reductions are reported in studies on impacts of free OCs[4].

CONTRACEPTIVE PREVALENCE

In scenario 1 the usage of OCs is assumed to increase from the current 6.6%[1] to 15.3% and in scenario 2 to 22.1% in 2021. A precondition for the uptake increase is that MoHSD supports the scale-up with a five-year mass media campaign. All currently self-paying OC users are assumed to switch gradually to the free or subsidised OCs.

COSTS

In *Scenario 1* the number of 15-24-year-old women using OCs increase to 419,000 in 2021. Average cost is 2,591 KZT per OC user per year. The annual costs increase to 1,086 million KZT in 2021 (figure 2). The 5-year total costs are 3,259 million KZT.

In *Scenario 2* the number of 15-34-year-old women using OCs increase to 604,000 by 2021. Average cost is 2,223 KZT per OC user per year. The annual costs increase to 1,344 million KZT in 2021 (figure 3). The 5-year total costs are 4,031 million KZT. The cost increase from scenario 1 is relatively small because the subsidy for 25-34-year-old is limited to 50%.

COST SAVINGS

In **Scenario 1** the increased OC uptake results in 11,100 averted abortions and 14,200 fewer deliveries among 15-24-year-old in 2021, than there currently are[1,5,6,7]. Consequently, annual costs of abortion and delivery services are reduced by 1,634 million KZT in 2021 (figure 4), and during the 5-year period by 4,902 million KZT in total. The net budget impact is calculated by deducting these cost reductions from the cost of providing OCs. **The 5-year net budget impact for MoHSD is cost-savings of 1,643 million KZT.**

In **Scenario 2** the increased OC uptake results in 15,700 averted abortions and 24,600 fewer deliveries among 15-34-year-old in 2021 than there currently are. Consequently, annual costs of abortion and maternity services are reduced by 2,699 million KZT in 2021 (figure 5), and during the 5-year period in total by 8,097 million KZT. **The 5-year net budget impact for MoHSD is cost-savings of 4,066 million KZT.**

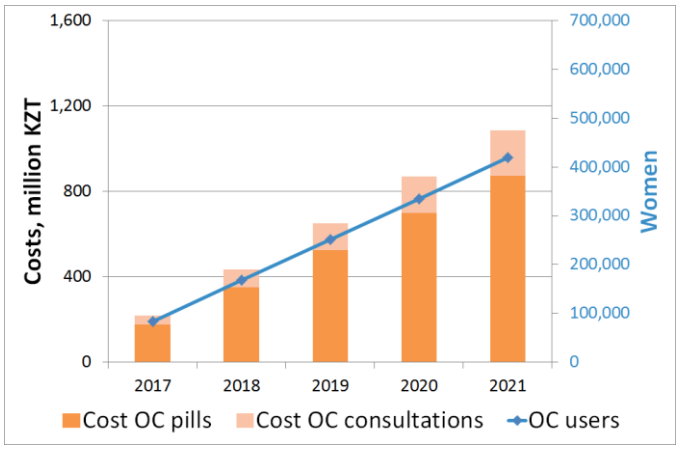

Figure 2: Annual costs and OCs users in scenario 1.

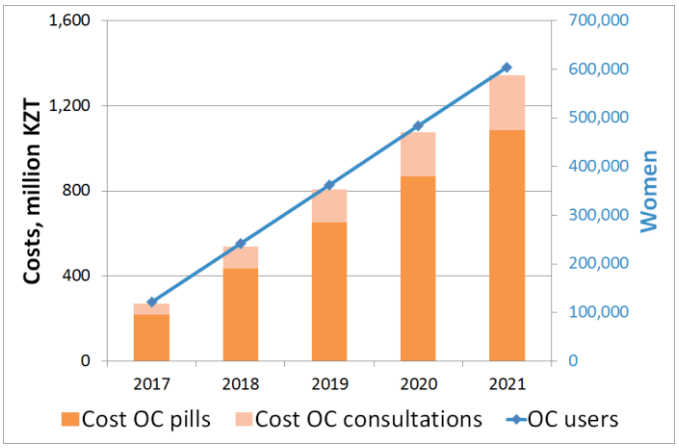

Figure 3: Annual costs and OCs users in scenario 2.

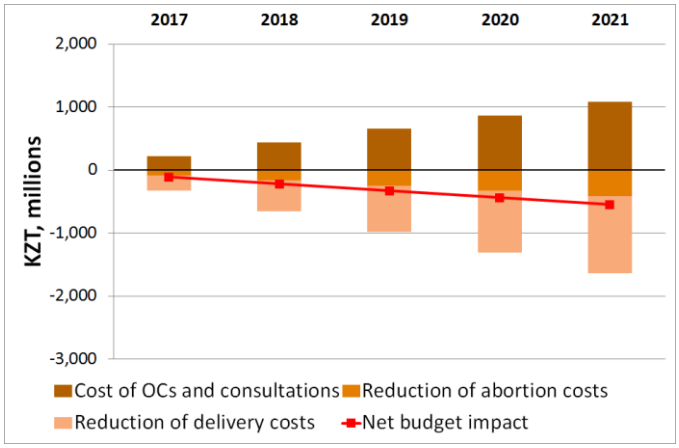

Figure 4: Costs, cost-savings and net budget impact in scenario 1

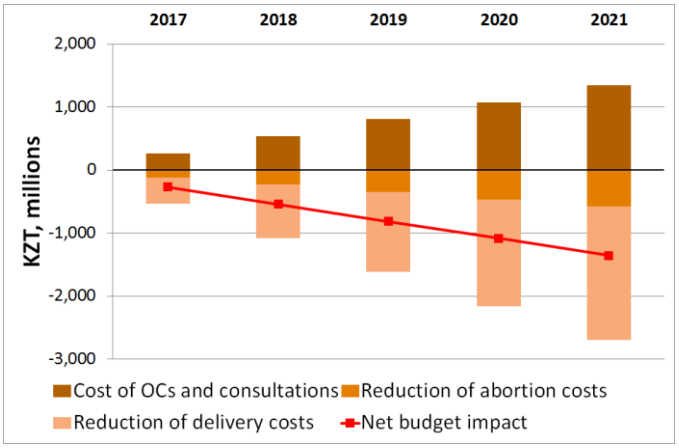

Figure 5: Costs, cost-savings and net budget impact in scenario 2

LIMITATIONS

The forecast has some limitations. How much the free or subsidised 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 what is reported in other countries. Potential cost savings in prenatal care are not included. Hence the analysis can be interpreted as conservative.

CONCLUSION

The results suggest that **investment in both, free or subsidised, oral contraceptives create cost-saving for MoHSD**. The costs of oral contraceptives and consultations are offset by cost savings resulting from averted abortions and fewer deliveries.

ACKNOWLEDGEMENTS

The author would like to thank Mr Baurzhan Zhussupov, Dr Gaukhar Abouva, Mr Raimbek Sissemaliyev, Dr Galina Grebennikova, Dr Hazhina Bektasheva, Dr Elmira Akhmetova, Dr Mihai Horga and persons who participated in workshops for their support with this study.

RECOMMENDATIONS

1. Provide free oral contraceptives first to the age group 15-24-year-old, which has the highest unmet need for contraception.

2. Consider including vulnerable groups under the free services, as these women are more likely to have financial barriers to accessing contraceptives.

3. Consider the implementation of the 50% subsidy - 50% co-payment option, if constrained with financing. The co-payment reduces budget impact of MoHSD, while the subsidy still provides positive incentives to increase the uptake. OCs and consultations should remain free for 15-24-year-old and vulnerable groups.

4. Procure oral contraceptives through UNFPA Procurement Services. Through the service, MoHSD can access WHO prequalified OCs at significantly lower prices.

5. Organise a public tender for the distribution of oral contraceptives through private pharmacies, if this distribution channel is used.

REFERENCES

[1] Multiple Indicator Cluster Survey (MICS) in the Republic of Kazakhstan, 2010-2011. Final Report. Astana, Kazakhstan: the Agency of Statistics, RK and the Republican State Enterprise Information Computing Center.

[2] *UNFPA Procurement Services*. (2016). Retrieved from http://www.unfpa.org/procurement-services

[3] UNFPA Product Catalog. (2016). Retrieved from https://www.unfpaprocurement.org/products. These products are currently not registered in Kazakhstan.

[4] Secura, G. et al. (2014). Provision of No-Cost, Long-Acting Contraception and Teenage Pregnancy. *New England Journal Of Medicine*, *371*(14), 1316-1323. http://dx.doi.org/10.1056/nejmoa1400506

[5] Ministry of Healthcare and Social Development of Kazakhstan (2015), Register data on abortions and deliveries

[6] Sedgh, G. et al. (2016). Abortion incidence between 1990 and 2014: global, regional, and subregional levels and trends. The Lancet, 388(10041), 258-267. http://dx.doi.org/10.1016/s0140-6736(16)30380-4

[7] Adolescent fertility rate (births per 1,000 women ages 15-19) in Kazakhstan. (2014). The World Bank. Retrieved from http://data.worldbank.org/indicator/SP.ADO.TFRT