

FACT SHEET #3 THE COSTS OF PRETERM BIRTH

Everyone is affected by preterm birth in some way—families, businesses, schools, health professionals, and the nation as a whole. The *emotional costs* for families can be devastating and life changing. The *financial costs* affect us all. Employers and other private health plans are responsible for half of the total hospital costs for preterm birth. The federal/state Medicaid program (funded by all taxpayers) also bears a large share of the cost. *Preterm birth accounts for almost half* of all hospital charges for infants. The costs of preterm birth often do not end when babies leave the hospital. About 25% of the earliest and smallest babies who “graduate” from the NICU (neonatal intensive care unit) live with long-term health problems, including cerebral palsy, blindness, and other chronic conditions. Nationally, the Institute of Medicine has calculated \$26 billion of annual costs due to prematurity.

PREMATURITY HOSPITAL COSTS IN KENTUCKY

- Total NICU charges related to preterm birth in Kentucky in 2005 were \$204 million (Kentucky Hospital Discharge Database, 2005).
- Late preterm births (34-36 weeks) are extremely costly for the state of Kentucky. Kentucky Medicaid paid millions of dollars for care of preterm infants, but the costs were more than 4 times as much for the group of babies born at 35-36 weeks (late preterm) as for the group of babies born at less than 26 weeks gestation (“micropremies”).

IMPACT ON BUSINESS AND COMMUNITY

- 11% of newborns covered by employer health plans in the United States are born prematurely.
- Direct health care costs to employers for a premature baby average \$41,610, which is 15 times higher than the \$2830 for a healthy, full-term infant.
- On average, premature babies spend 14.5 days longer in the hospital during the 12 months following birth than term babies, and mothers of premature babies spend 10.2 days more on short-term disability over 6 months following delivery than mothers of full-term babies. Annually, this additional costs to employers in lost productivity averages \$2766.
- A study of educational costs in Florida for premature infants when they attended kindergarten found that if only 9% of babies born weighing less than 3½ pounds could have made it to 5½ pounds, the savings would have been over a million dollars in kindergarten costs.
- A California study reviewed discharge records of singleton newborns for 1 year and concluded that \$49,906,000 could have been saved if deliveries between 34 and 37 weeks with no medical indication could be avoided.

- A Massachusetts study of costs for Early Intervention services determined costs per child for babies born at 24 to 31 weeks were 7 times the cost of services to term infants; even in babies born 32 to 36 weeks, the cost per child was twice as high as for term infants. The costs to the Early Intervention system were twice as high for the group of late preterm as they were for the extremely premature infants.

THE EMOTIONAL TOLL

- Many preterm infants face life-threatening complications. This can be in the NICU, or even after the baby goes home.
- Day-to-day life is completely disrupted for many families of premature infants. Parents spend hours providing special care for their premature infant, and may need extra time away from their jobs. Families face financial stress as they struggle to pay the high hospital costs as well as travel and housing and time off work.
- Even long after the NICU stay, premature babies often require more medical care and experience more frequent behavior problems and more difficulties in school.
- Dealing with a premature baby often creates stress within families and puts a strain on marriages.
- See Section 8 for personal stories from families who have experienced preterm birth.

Preventing prematurity saves lives and improves the future for children, families, and communities. *Healthy Babies are Worth the Wait!*

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