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The High Cost of Childbirth and Postpartum Care Causes Biggest Financial Hardship for Lower-Income Families with Commercial Insurance, Survey Finds

Medicaid offers greater financial protection than commercial insurance for lower-income families

November 5, 2024 —The cost of childbirth and postpartum health care results in significant, ongoing financial hardship, particularly for lower-income families with commercial insurance, according to a new *Milbank Quarterly* study. About half of people who give birth in the United States are covered by commercial health insurance, which typically requires cost-sharing in the form of deductibles, copayments, and coinsurance.

Researchers Heidi L. Allen, PhD, of the Columbia University School of Social Work, Jamie Daw, PhD, of the Columbia University Mailman School of Public Health, and colleagues surveyed a representative sample of more than 4,400 people with Medicaid or commercial insurance in six states—Kansas, Michigan, New Jersey, Pennsylvania, Utah, and Virginia—and New York City 12 to 14 months after they gave birth. The researchers found:

- Over half of respondents with commercially insured births spent more than \$1,000 out of pocket on childbirth and nearly 40% reported being somewhat or very worried about paying health care bills
- Lower income people (with annual incomes of less than about \$60,000) with commercially insured births reported particularly high financial strain:
 - nearly half still owed money for childbirth costs,
 - 16% had not made any payments yet, and
 - 1 in 5 had medical debt in collections.

Overall, Medicaid was financially protective for birthing families relative to commercial insurance. The vast majority of people with a Medicaid-covered birth did not have any out-of-pocket spending on childbirth or health care in the postpartum year (80%). However, even small amounts of cost-sharing were associated with outstanding medical debt. Among Medicaid enrollees with any OOP spending for childbirth, 1 in 3 still owed money and over 1 in 4 had not made any payments 12 to 14 months after birth.

“Out-of-pocket costs related to childbirth or postpartum care come at a time of financial vulnerability for families,” Allen said. “There are significant costs associated with a new baby, including diapers and childcare. Additionally, many people take unpaid family leave and some reduce their hours at work. Making childbirth more affordable should be a public policy priority.”

To ease the financial burden for people with Medicaid, Allen and her coauthors propose that the Centers for Medicare and Medicaid Services or states eliminate all cost-sharing for pregnant and postpartum people in Medicaid and the Children’s Health Insurance Program, which covers pregnancy for women with incomes above the Medicaid threshold in some states. Commercial insurance solutions might include allowing lower-income birthing people to apply for supplemental Medicaid coverage; exempting certain pregnancy and postpartum services from cost-sharing; and state actions to relieve the burden of medical debt.

Policies to improve the affordability of childbirth can also be viewed as investments in early child health and development. “It is important to think about the trade-offs families may be forced to make between paying off medical debts related to childbirth and providing their children with resources—like healthy food, adequate housing and quality childcare—that are important for them to thrive,” Daw said. “This is an often-overlooked consequence of the high medical costs of childbirth in the United States.”

Methodology

The Postpartum Assessment of Health Survey (PAHS) followed up with respondents to the CDC Pregnancy Risk Assessment Monitoring System (PRAMS) after a 2020 birth in six states and New York City. The survey included questions on health care costs and financial well-being. Our analytic sample consisted of 4,453 postpartum people, 1,544 with a Medicaid-insured birth and 2,909 with a commercially insured birth.

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