



FERTILITY BENEFITS:

**The Key to Cost Containment for
Employers and Employees**

Employers must always be concerned about the rising cost of doing business. Remaining solvent, let alone prosperous, is becoming more difficult, especially in the current era of inflation and higher employee compensation requests. AON reports that the average U.S. employer cost per employee in the U.S. will rise 6.5 percent through 2023, by more than \$13,800 each. This is almost twice the 3.7 percent increase from 2021, a testament to the strain ongoing pandemic concerns, supply chain issues, worker scarcity, inflation, and geopolitical instability are putting on the economy.



Businesses under financial pressure — as many are now — face difficult choices when trying to grow or remain profitable in a challenging economic environment. Sometimes the easiest option seems to be saving costs on people, slowing hiring, or laying off staff to balance the budget. In the short term, this can create some breathing room for the employer, but perhaps without considering the institutional knowledge businesses lose when employees are laid off or leave for other opportunities.

Downsizing creates problems, as a smaller workforce means fewer people to cover the same amount of necessary work, more time spent training lower-paid replacements, and ill will toward the business — all before considering how devastating it is for the released employees. Instead of saving money on people, perhaps employers would be better off saving money for people, investing in, attracting and retaining the best, most productive employees and executives. Compelling benefits and total compensation packages result in more productive and efficient people and organizations.



Healthcare is one major cost employers have to pay per worker. Total healthcare costs per employee are expected to increase from \$12,501 in 2020 to \$13,360. Employee benefit costs are also set to go up, rising from \$3,269 to \$3,331, an amount that increases the more the policy is used. To deal with this growing overhead, employers are taking more of an interest in cost containment. Cost containment is an important strategy companies use to streamline employee healthcare spending by lowering costs without sacrificing the quality of care.

Common approaches to cost containment include:

- Payment integrity: Ensuring patients receive accurate and honest bills free of errors or upcharges
- Clean claim reviews: Evaluating healthcare bills, documents, reviews, utilization notes, medical records, and past denials to keep employees from paying extra
- Reference-based pricing: Self-funded healthcare reimbursement similar to comparison shopping, using a pricing benchmark to negotiate lower payments for medical care
- Out-of-network wrap: Making care available at additional facilities to lower prices and offer wider access to healthcare
- Stop-loss protection: Self-funding, stop-loss insurance and custom benefit plans designed and sourced with the help of sophisticated group benefits brokers.

Investing in more cost-efficient healthcare benefits that an organization's employees want and value is an excellent strategy for companies looking to save on their workforce without losing their workers. Better benefits attract the best talent, maximizing the value of each hire. Companies that opt for poorly designed, costly plans not valued by employees, or inefficient plans, end up discovering they cannot attract the best, brightest and most productive employees. They lose those employees to competitors who have more attractive benefits and total compensation packages. To compete for the best, most productive talent, employers must find innovative ways to attract, hire and retain the best, brightest and most productive employees with inclusive, diverse, cost-effective and innovative group benefits and total compensation packages employers can afford, and employees desire.

One healthcare issue often goes under the radar of group benefits brokers, insurers and employers, yet is vitally important—the many workers ready to start families and their need for infertility and family-forming benefits. One in eight couples in the United States will experience challenges conceiving or carrying a child to term. Family building is a vital need for most adults, many of whom will seek medical aid in diagnosing and overcoming any issues standing in the way of starting their family.

While previously seen as a personal matter between prospective parents, infertility is now acknowledged as an important factor in the productivity and wellness of workers. As such, a rapidly growing trend is employers providing comprehensive fertility benefits.

Infertility treatments are not expensive relative to the cost of other medical services, but they are unaffordable when there is no or limited coverage. And no single round of treatment is guaranteed to work. People trying to start a family over multiple cycles and types of treatment not aligned with evidence-based best practices often spend a significant amount of money, but much of it can be wasted on inappropriate care. Here are just a few examples of what one infertility treatment cycle can cost:

- **Fertility drugs:** \$2,000 - \$5,000
- **Donor sperm:** \$1,000 - \$1,500
- **Donor eggs:** \$2,500 - \$3,000 per egg
- **In vitro fertilization (IVF):** \$15,000 - \$30,000
- **Egg freezing:** \$10,000 - \$20,000
- **Surrogacy:** \$135,000 - \$230,000

Without infertility coverage through an employer, most individuals cannot afford the family they want without going into debt—sometimes debt that can be personally and emotionally devastating. People living under that burden experience more stress, distraction and lost productivity. Putting aside humane and ethical concerns, many individuals facing fertility challenges are more likely to underperform and be distracted on the job. This is especially true if these workers continue to struggle to become a parent. Ultimately, people will either leave to find a position with fertility coverage benefits, better pay to deal with debt, or just to work somewhere they feel more respected.





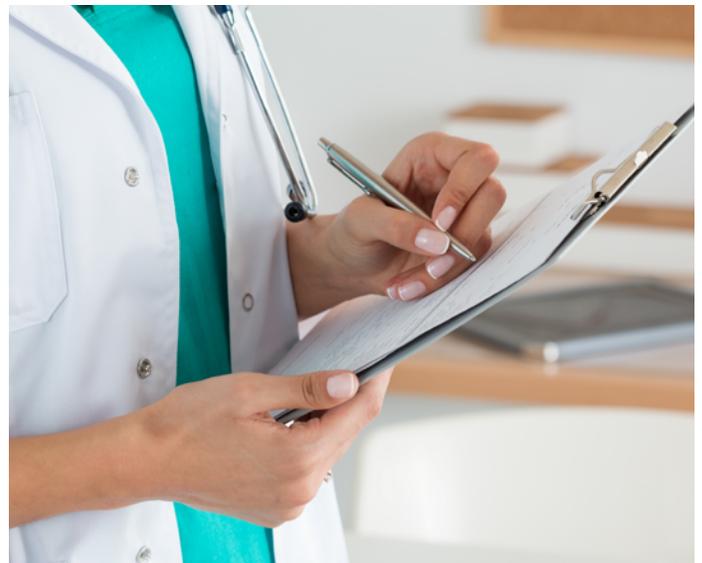
any given employer, mitigating risks and sharing benefit costs between employees and employers. Sophisticated risk mitigation, benefit design and cost containment strategies are required. Group health insurance, benefits packages, funding and claims are also prone to errors and fees, which can stress workers and HR departments. Issues often requiring significant time and attention from HR professionals, brokers and employees include claim reviews and reinsurance to manage benefits and costs properly. Insurance or self-funding and reinsurance are the best choices in the US for employer-sponsored healthcare and group benefits. However, fertility care has its unique requirements and considerations.

Some insurers limit fertility benefits to married heterosexual (cis) women, even though 30% of infertility cases originate with the male intended parent.

In many ways, infertility is no different for employers than any other medical or group benefit-related issue: it robs workers of their wellness and peace-of-mind, and employers of the focus, well-being and productivity of their best workers. Business leaders looking to build and maintain the best teams should thus offer infertility care as part of benefits and total compensation packages when possible. The hard cost to employers of fertility benefits is lower than many realize, while the value for employees is very high and life-changing. Costs for not doing so and not attracting and retaining the best, most productive employees are high in turnover, especially in today's competitive market for talented workers. Fertility care has become an expected and desirable part of innovative employers' benefits and total compensation packages. Failing to provide fertility and family-forming benefits is effectively falling behind in the competition for the best, most productive employees.

While fertility coverage is necessary for the modern workplace, there may be better ways to deliver those benefits than standard health insurance models and benefit plan designs. Fully insured and self-funded employer-sponsored medical benefit plans are the typical way we design and deliver a wide array of group benefits, including healthcare benefits, for employees. Everyone pays into the same plan for

One major concern with health insurance is who insurers consider qualified for fertility coverage. Even today, many insurance plans restrict eligibility and coverage to specific types of prospective parents: heterosexual couples. At the same time, married gay women are eligible under certain plans, but gay male couples, trans or nonbinary people, and single parents usually are not. Some insurers limit fertility benefits to married heterosexual (cis) women, even though 30% of infertility cases originate with the male intended parent.



These limitations are not just unfair and exclusionary, they also make it difficult for companies to meet their own environmental, social, and governance (ESG) goals. Building an inclusive and diverse team with many unique voices becomes more challenging when people with diverse perspectives and voices have to look elsewhere for employment and benefits packages that allow and encourage them to start families without judgment.

Fees and success are other significant factors in cost containment when it comes to fertility care. Everyone who wants successful family-forming assistance should be entitled to affordable and effective care. But while every employee will one day need general healthcare, only some employees will need or even want fertility treatment. Adding fertility care to a company's group health insurance package is complex and should be done thoughtfully, informed by scientific data and successful outcomes, and designed by subject matter experts. These include fertility and family-forming benefits companies, fertility clinics that follow best practices, sophisticated group insurance brokers, Human Resource executives, and other subject matter experts.

Despite its many limitations, traditional out-of-the-box health insurance coverage is better than nothing when it comes to infertility care. Insurance plans typically offer many employees a chance to build the families they want affordably. When it comes to cost containment, however, "better than nothing" ends up being less inclusive, less than ideal and less effective than going the extra mile with an inclusive and comprehensive plan, especially in terms of a company's culture, recruiting and team building.

Ultimately, a solution that is less inclusive costs more, delivers less, burdens those not eligible with higher out-of-pocket payments, and alienates important contributors in a diverse workforce.

The corporate goals of diversity, equity and inclusion and the economics of infertility dictate a more flexible benefits plan design than that provided by traditional health insurance.

The corporate goals of diversity, equity and inclusion and the economics of infertility dictate a more flexible benefits plan design that allows more diverse workers who want and need fertility care to easily access it and use it without spreading the costs to other employees or unduly burdening the company. A well-designed, customized and inclusive modular fertility plan allows companies to cover and fund specific treatments only when employees use them, a customized a la carte package of fertility benefits to meet every need that is available when needed and that does not require up-front payment for family forming benefits and services not yet requested or provided. Only a minority of workers will need family-forming care, but those who do will find it indispensable for their happiness, legacy and work-life balance. With a modular fertility care plan, employers can ensure this benefit is always available to workers who can't go without it.



This solution is also ideal for meeting a company's diversity goals. Any prospective parent is offered the same treatment, regardless of gender, orientation, or marital status. Forward-looking and accepting workplaces offering such benefits will find attracting workers from many different walks of life easier, making their businesses more diverse, dynamic, and adaptable while hitting important ESG milestones.

Likewise, employees will be much less eager to leave a job where their needs are cared for with a robust fertility benefits package. Employee turnover is a significant source of lost revenue, while long-term dedicated employees are always an excellent investment. Better benefits lead to a more robust corporate culture and better employee retention, as team members appreciate an employer who values and supports their vital family-building goals and those of their colleagues.

Infertility can significantly drain a worker's wellness, health, and professional performance. Employees unable to find financial support for their family-building goals will look for employment elsewhere where the coverage they want and need is provided. Cost containment means managing healthcare to reduce and minimize excess costs. The costs associated with not having a quality fertility program are unseen but substantial for both hard and soft costs. By providing the most innovative, effective, flexible and best fertility benefits, employers can attract, retain and help employees in profound ways while balancing the need to provide world-class benefits, attract the best, most diverse employees, drive productivity and maintain profitability in a challenging economic environment.



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About ARC Fertility

For over 25 years, ARC® Fertility has provided affordable, comprehensive, evidence-based fertility treatment and family-forming benefits. ARC Fertility offers financing options to people living with infertility, both directly to consumers and through its employer family-forming benefits program. Founded by world-renowned, Stanford-trained, board-certified reproductive endocrinologist Dr. David Adamson, ARC offers the largest network of board-certified fertility specialists in the United States. Please visit www.arcfertility.com and follow the company on Twitter @ARCFertility.



For more information about ARC Fertility's Family-Forming Benefits, please contact April Lee at alee@arcfertility.com.