

# The Cost of Children Having Children

## Evidence from Texas, 2014



This project was supported by



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## Introduction

Compared to other states, Texas has a high teen birth rate.<sup>1</sup> In Texas, births to children and young teens make up a significant portion of what is generally considered to be the “teen birth rate,” or births to 10- to 19-year-olds. In 2014 alone, there were 449 births to girls aged 10 to 14. Additionally, 10,178 births were to girls aged 15 to 17. Among all births to girls aged 10 to 19, 46% were to girls 17 years or younger.

This report summarizes the economic implications of child and teen births for Texas. Results suggest policies intended to lower teen pregnancy rates will not only help teens and their families, but they will also have wider positive economic implications for the entire state.

## Methodology

This research project used 2014 hospital discharge data from the Texas Healthcare Information Collection (THCIC), which is a near census of hospital discharges in Texas, to estimate healthcare-related costs of child and teen births in Texas. THCIC data are charge data. Charge costs are higher than final costs, or what is actually paid. To estimate final cost, we adjusted the charge data with the charge ratio method.<sup>2</sup> We obtained the Centers for Medicare & Medicaid report that listed the average covered charges for 2014 Texas hospitals and the amounts paid by Diagnostic Related Group (DRG) for Medicare. From these data, we estimated the ratio of amount paid to the original charge, and then applied the ratio to our charge data.

To estimate 2014 county-level population, we used the U.S. Census.<sup>3</sup> Border and urban/rural county definitions derive from the Texas Department on State Health Services.<sup>4</sup>

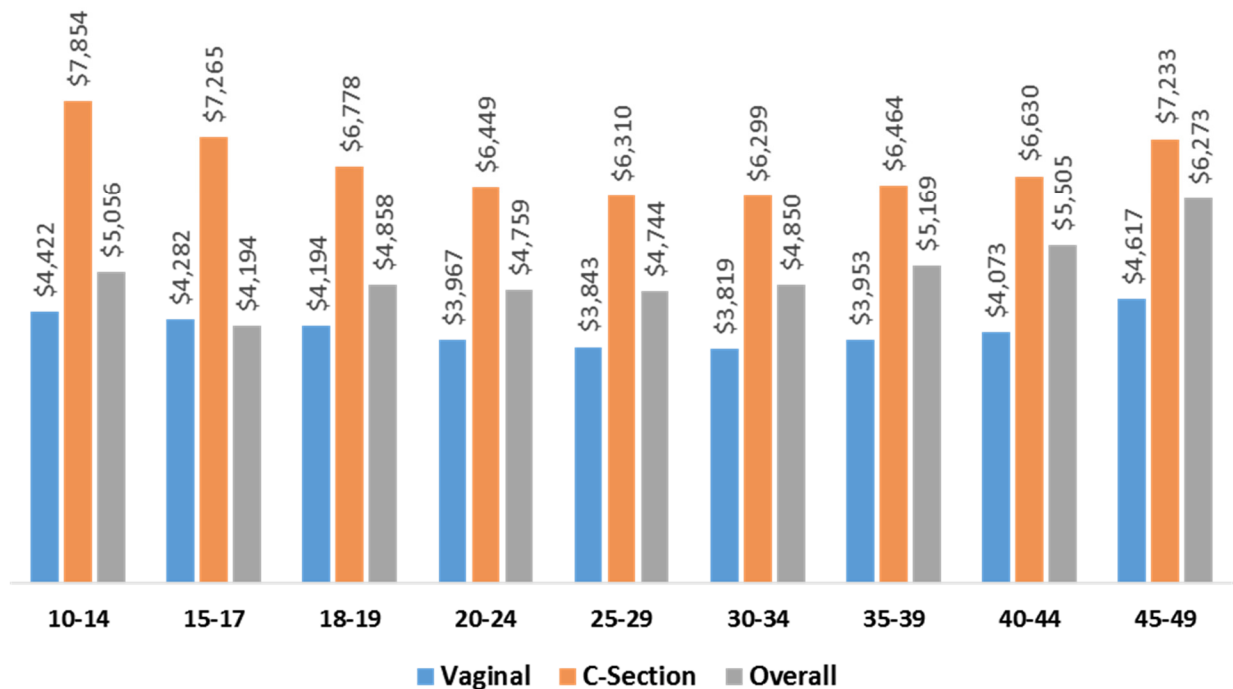
## Results

Sixty percent of all hospital Medicaid dollars (Federal and Texas shares combined) in 2014 were for childbirth. Eligibility for Medicaid in Texas is legendary in its restrictiveness, with pregnant women being the only exception. Overall, 3% of all Medicaid childbirth dollars were spent on girls aged 10 to 17. That equals over \$52 million in 2014 alone.



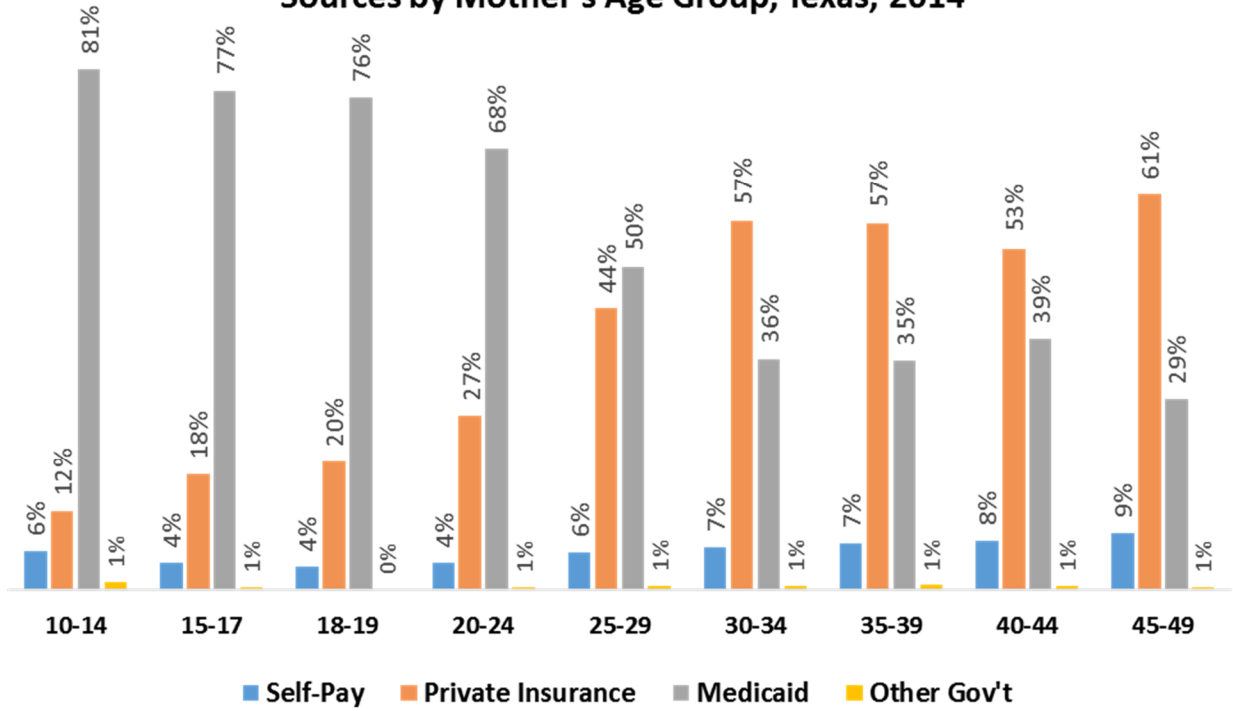
Regardless of type of birth (vaginal or C-section), pre-teens and teens have higher costs per birth than women in their 20s and 30s (**Figure 1**). Women aged 40 to 49 also face higher birth costs relative to women in their 20s and 30s. For example, the average cost of all births to 10- to 14-year-olds was \$5,056; for cesareans in this age group, the average cost was \$7,854. The average cost of all births to 25- to 29-year-olds was \$4,744; for cesareans in this age group, the average cost was \$6,310. The average cost of all births to 35- to 39-year-olds was \$5,169; for cesareans in this age group, the average cost was \$6,464. The average cost of all births to 45- to 49-year-olds was \$6,273; for cesareans in this age group, the average cost was \$7,233.

**Fig. 1. Average Childbirth Costs by Age Group, Texas, 2014**



**Figure 2** shows the percentage of childbirth costs covered by specific payer sources for each age group. The younger the mother, the greater the likelihood of costs being paid by Medicaid. The older the mother, the greater the likelihood of costs being paid by private insurance. The figure shows that Medicaid covered 81% of childbirth costs among girls aged 10 to 14, 77% of costs among teens aged 15 to 17, and 76% of costs among teens aged 18 to 19. On the other hand, Medicaid covered only 36% of childbirth costs among women aged 30 to 34 and 35% of costs among women aged 35 to 39. Private insurance covered the majority of childbirth costs among women aged 30 to 49.

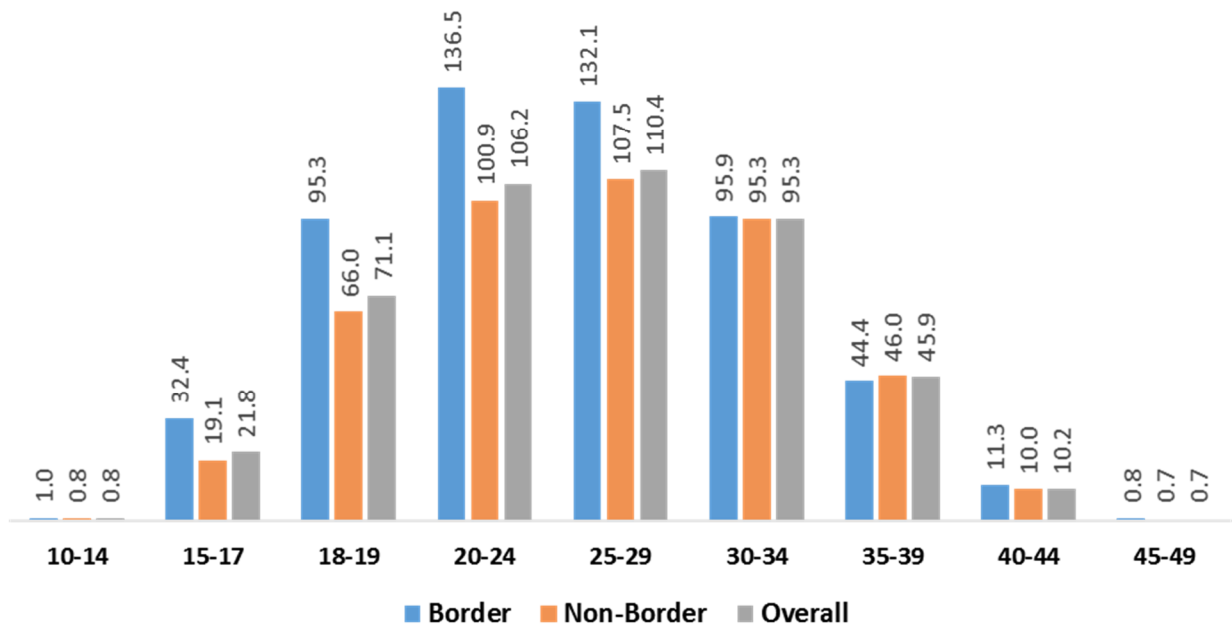
**Fig. 2. Percentage of Childbirth Costs Covered by Specific Payer Sources by Mother's Age Group, Texas, 2014**





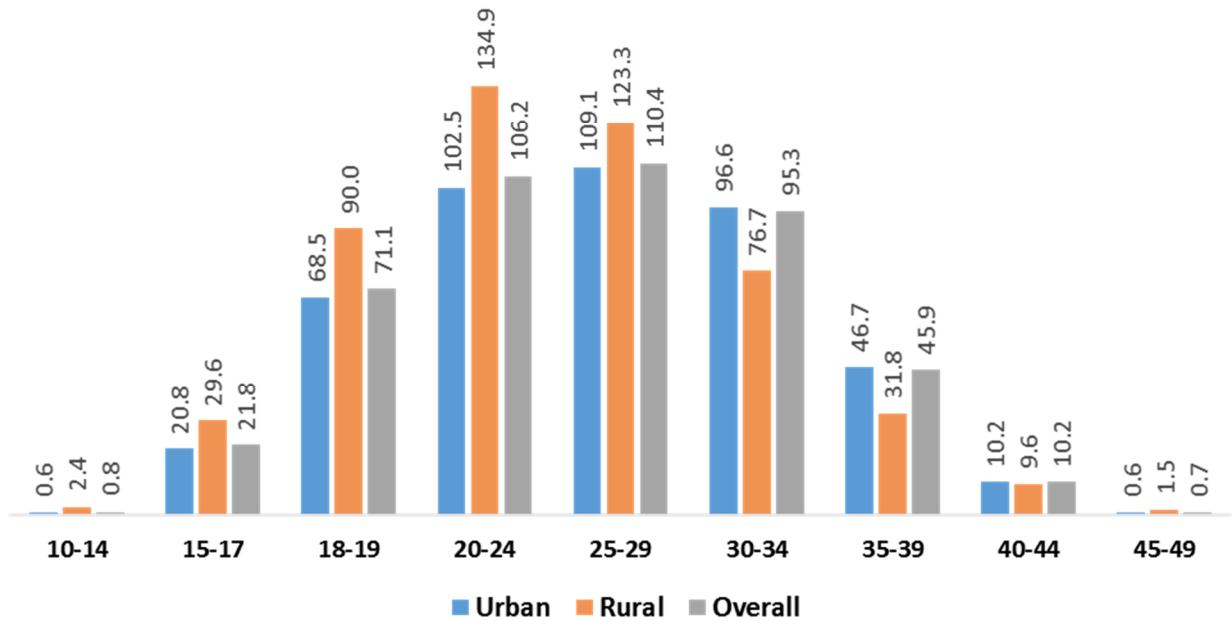
**Figure 3** shows birth rates per 1,000 females by age group for border and non-border counties. Among females aged 10 to 34, the birth rate is higher in border counties.

**Fig. 3. Birth Rates per 1,000 Females by Age Group for Border and Non-Border Counties, Texas, 2014**



**Figure 4** shows birth rates per 1,000 females by age group for urban and rural counties. For girls and women aged 10 to 29 and aged 45 to 49, the birth rate is higher in rural counties. Among girls aged 10 to 14, the birth rate in rural areas is four times higher than in urban areas.

**Fig. 4. Birth Rates per 1,000 Females by Age Group for Urban and Rural Counties, Texas, 2014**



## Summary and Key Findings

1. In Texas, there is a relatively high number of births to children and teens, and these births are very expensive. In 2014 alone, Texas spent \$52 million in Medicaid funds to cover births to girls aged 10 to 17.
2. Compared to women in their 20s and 30s, the costs of delivery among teens are more likely to be paid by the state of Texas through Medicaid.
  - In Texas in 2014, Medicaid paid for 77% of all births to girls aged 15 to 17.
  - Among all births in Texas in 2014, girls aged 10 to 14 were the most likely to have births paid for by Medicaid. State and federal funds picked up the tab for 81% of these births.
3. Births to girls aged 10 to 17 were more expensive than births to women in their 20s and 30s in Texas. On average in 2014, the most expensive births (\$7,854 each) were cesarean sections to girls aged 10 to 14.
4. Rates of child and teen pregnancy vary across Texas. Children and teens in rural areas are much more likely to have a baby than girls in urban areas. Girls in border areas are more likely to have a baby than girls in non-border areas.

## References

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<sup>1</sup> Brady E. Hamilton, Joyce A Martin, Michelle J.K. Osterman, Sally C. Curtin, and T.J. Mathews. Births: Final Data for 2014. *National Vital Statistics Reports*, 64(12):1–64, 2015.

<sup>2</sup> Peter Muennig. *Cost-Effectiveness Analysis in Health: A Practical Approach*. Jossey-Bass, 2nd edition, 2007.

<sup>3</sup> U.S. Census Bureau. American Factfinder. Technical report, U.S. Census, Washington, DC, 2016. Available: <http://factfinder.census.gov>. Dec. 2016.

<sup>4</sup> Texas Department of State Health Services. <https://www.dshs.texas.gov/chs/hprc/counties.shtm>. Dec. 2016.