

Surrogate Pregnancies on Rise Despite Cost Hurdles

Margaret DiSantis always wanted a child.

But the Chicago advertising executive never expected she would have to sell her house, drop out of business school and move back in with her parents to tackle costs associated with hiring the **surrogate mother** who delivered a healthy baby girl on her behalf earlier this year.

She joins the selective but growing ranks of would-be parents—primarily upscale professionals with ample discretionary cash—turning to **gestational surrogates** to help them fulfill their dreams of having biologically connected children. This differs from traditional surrogacy, in which the surrogate is the child's genetic mother.

But the costs faced by people working with gestational surrogates are daunting, with few options outside of creative self-funding or high-priced loans.

“I felt like movie stars do that,” said DiSantis, who despite a six-figure-plus income struggled with expenses that she said ultimately approached \$300,000. “I didn’t know what it was or how it worked.”

After considerable research, DiSantis chose surrogacy because she was battling Crohn’s disease and did not want to risk carrying a baby herself. Instead, frozen embryos created with her eggs and a friend’s sperm were implanted in a surrogate. After a grueling two-year process that included several failed attempts and a lifestyle shift from buying Prada boots to living in her parents’ basement, DiSantis is now the single mother of a 2-month-old baby girl.

Babies born to gestational surrogates are clearly on the rise. In 2011, the **Society for Assisted Reproductive Technology** (SART), a Birmingham, Alabama-based nonprofit group, tracked

1,593 babies born in the United States to gestational surrogates, as reported by its member clinics, up from 1,353 in 2009, and just 738 in 2004.

The numbers of total babies born to gestational surrogates could be slightly higher because some clinics handling these procedures are not reporting to SART.

Costly Process

Some medical expenses including **in-vitro fertilization** (IVF) may not be covered under the intended parent's insurance policy. And while the surrogate's health care policy typically may cover her prenatal and delivery costs, much of her health expenses may be picked up by the intended parents. Some experts say they see more health insurance companies specifically excluding surrogacy costs as the practice increases.

"We are seeing more and more surrogacy exclusions," said Robin von Halle, president of Alternative Reproductive Resources, the Chicago-based agency that DiSantis enlisted to handle everything from finding a surrogate to managing contractual details. "The insurance companies have got a clue that so many people are doing surrogacies."

It is too soon to tell, but those exclusions could increase as the U.S. Affordable Care Act pulls more people into health insurance coverage. Every state gets to set its own requirements for what is mandatory in health policies under the health reform law, which takes effect next year. Some states, such as Illinois and Connecticut, already require insurers to cover IVF.

While costs of some procedures such as IVF have come down due to advances in medical technology, the shift has not been enough to offset the rise in the amount a surrogate charges to reach a healthy pregnancy.

Alternative Reproductive Resources' surrogates typically charge \$30,000 to \$35,000, excluding legal and medical fees. Depending on the parents' situation, Von Halle typically asks

them to set aside anywhere from \$75,000 to \$120,000 for the entire process. DeSantis' costs were much higher, in part, because of several miscarriages and other complications.

Von Halle's total includes her agency's fee of \$18,500, legal and medical costs, and incidental expenses such as travel, so the surrogate and parents can negotiate the contract and typically have the birth in the state where the parents have residency.

These financial deterrents do not appear to be thwarting demand.

"We have a three-to-six-month wait" to find a surrogate, said von Halle, whose agency works with both domestic and international clients.

Cultural Acceptance

That may be because the process has become more socially acceptable, according to John Weltman, a Boston-based lawyer who says he and his husband were the first gay parents to each father a child by the same gestational surrogate. The children are now in their late teens.

Weltman helped others with the process, ultimately founding Circle Surrogacy. The 17-year-old organization is one of the longest-running U.S. agencies matching so-called intended parents to suitable surrogates.

"You have a legal setting that is much more secure," he said, noting that courts now typically side with the intended parents when disputes arise, as compared with a decade ago.

"On top of that, numbers of people have come out about their surrogacies, people like Kelsey Grammer, like Elton John, like Sarah Jessica Parker."

Circle is trying to keep up with what Weltman characterizes as "enormous growth" since 2005. He has boosted the number of attorneys, social workers and other employees on his staff to more than 30 from three in 2005. Circle, too, has a waiting

list.

At Circle and other reputable matching organizations, the screening process is rigorous for both sides. Weltman rejects about 99 percent of surrogates who apply, based on disqualifiers such as age, pregnancy history and lifestyle issues like whether there is a smoker living in the house. His agency also thoroughly vets clients to make sure they are prepared for the rigors of parenthood.

"We try to determine why they want to have kids and whether they'd be good parents," he said. "We want to make sure they have a support system, parents or friends or family who will be there for them."

Financial Alternatives

While many intended parents struggle to foot the costs for surrogacy out-of-pocket, there are some alternatives cropping up.

One is CapEx MD, a five-year-old private financing company that helps parents pay for a range of alternative reproductive services, including surrogacy.

CEO Jules Segal said that customers use CapEx MD loans for a portion of their overall costs, in what continues to be a tight banking market for uncollateralized loans.

"We develop long-term relationships with these people," said Segal, whose firm typically lends amounts from \$30,000 to \$50,000 at fixed interest rates which he says start in the single digits. CapEx MD only funds individuals referred by a select group of reproductive services agencies. This helps the firm manage risks, Segal said.

Such an option might have helped ease the burden for Margaret DiSantis, who found herself financing medical procedures with credit cards and facing unexpected costs such as a month's worth of hotel fees and lost wages to put her Wisconsin-based surrogate up in an Illinois hotel. Her new suburban condo is a far cry from the single-family home she previously owned in

the city. Even so, DiSantis would not hesitate to make the same sacrifices all over again.

“It was the best experience of my life,” she said.

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