



Trends in State Mandated Benefits, 2007

Since the early 1990s, the Council for Affordable Health Insurance (CAHI) has tracked state mandate legislation in all 50 states and Washington, DC. Although there was only a handful of state mandates in the 1960s, CAHI's most recent report, "Health Insurance Mandates in the States, 2007," has identified 1901 nationwide.

Since CAHI closely monitors mandate legislation, we see mandate "trends" developing long before many others. The purpose of this short report is to periodically identify some of those trends: which state mandates are growing in popularity among state legislators and in which states.

What Is a Mandate? A mandated benefit is a law that requires a health insurance policy or health plan to cover (or offer to cover) specific providers, procedures, benefits or people. The vast majority of mandates come from state legislatures, though the federal government is also increasingly willing to impose mandates.

While mandated benefits make health insurance more comprehensive, they also make it more expensive. Mandates require insurers to pay for care that consumers previously funded out of their own pockets, if they purchased it at all, so insurers have to pay more claims — and eventually they must raise premiums to cover those costs. And experience demonstrates that when health insurance costs increase, more people drop or decline coverage.

At a time when the number of people without health coverage is growing, it is important to recognize that mandates drive up the cost of health insurance, and that some employers or individuals will not be able to afford it.

CAHI's team of actuaries has estimated that, depending on the state, mandates can boost the cost of a policy between 20 and 45 percent. A full state-by-state tabulation of those mandates, plus an actuarial estimate of each mandate's impact on the cost of a health insurance policy, is available in CAHI's "Health Insurance Mandates in the States, 2007." (www.cahi.org)

Increasingly Popular Mandates. Some mandates have passed in virtually every state; others appear in only a few states.

That's because some mandate legislation "catches on." That is, one or two states pass it, legislators in other states hear about it — often through a special interest group pushing the legislation in numerous states — and they introduce a version of the legislation in their own state. Such mandates gain a momentum that can be hard to stop, regardless of what they might do to the cost of insurance.

Disease Self-Management and Education. Over the past few years we have seen an increase in the Diabetes Self-Management and Education mandate. The mandate exists in various forms in at least 27 states. The mandate typically provides for evaluation, supplies, education and treatment of diabetes.

Now we can add a Pediatric Asthma Education and Self-Management mandate to the list. This mandate typically provides for the evaluation, supplies, education and treatment of pediatric asthma. California is one of the first states to enact this new mandate. Last legislative session, Massachusetts considered the mandate but it did not pass.

With legislators looking at enacting such mandates, we question if more disease education and self-management mandates will crop up. With these mandates' cost currently less than one percent of premium, it would appear to legislators to provide a beneficial service for little cost. However, our actuaries have cautioned us that this sort of mandate could have a significant increase in utilization, which could increase the cost of the mandate over time. This is an area of mandated benefits that we should continue to monitor.

“Eligibility” Mandates. Last legislative session we reported that most health insurance plans allow dependent eligibility up to age 19 but make an allowance for full-time students until they graduate — typically to the age of 22 or 23 years old. At least 22 states have this mandate, and a few of these states have either introduced or enacted legislation to increase the dependent eligibility age — up to age 30, regardless of dependent-student status (commonly referred to as the “slacker mandate”).

We can now add two new eligibility mandates to the list. The first one is called the “legal alien” mandate. Maine enacted a law that extends eligibility for health insurance coverage to include a person who is not yet a United States citizen but who is legally living in this country. The second mandate is grandchildren. A few states such as Maryland, Minnesota, New York and Texas have added “grandchild” to their definition of a dependent as a separate category so that insurers must cover them. In each instance, the grandchild is financially dependent on the grandparent.

Telemedicine. With consumer driven health care plans on the rise, as well as the reduction in costs of communication technologies, there is a heightened awareness of using telemedicine to promote efficiency and delivery in medical diagnosis and/or care. Georgia recently enacted such a law and we have seen at least three states to date — Connecticut, Kansas and Missouri — introduce such legislation without passage. Our actuaries have cautioned us that while the use of telemedicine is certainly appealing and the cost of such a mandate is less than

one percent, over time this mandate could be utilized significantly. Thus increased utilization of this mandate could raise costs.

Trends in State “Mandate-Lite” Policies. A few states are getting the message: mandates make health insurance more expensive. There are at least nine states that provide for mandate-lite policies, which allow individuals to purchase a policy with fewer mandates and so more tailored to their needs and financial situation.

Trends in Mandated Benefit Studies. There are now at least 30 states that require a mandate's cost to be assessed before it is implemented.

Conclusion. The introduction of state-mandated benefit legislation is slowing down. That change implies that state legislators are finally getting the message. When the number of people without health coverage is increasing, it is important to recognize that mandates can make health insurance more expensive and that some employers or individuals may not be able to afford health insurance coverage.

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