

# Health Insurance Mandates in the States 2011

Executive Summary



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# Health Insurance Mandates in the States 2011

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# MANDATES AND THEIR IMPACT ON THE INSURANCE MARKET

## INTRODUCTION

A health insurance “mandate” is a command from a governing body, such as a state legislature, to the insurance industry or health plans to include coverage for (or, less frequently, *offer* coverage for) a particular health care provider, benefit and/or patient population. Some examples are:

- Providers such as chiropractors, podiatrists, social workers and massage therapists;
- Benefits such as mammograms, well-child care, drug and alcohol abuse treatment, but also acupuncture and hair prostheses (wigs); and,
- Populations such as non-custodial children and grandchildren.

Although not true in every case, some mandates find their way into a state’s laws as a result of a special interest standing to gain business or profit, and a defined user group seeking to receive benefits for little or no payment.

## CAHI’S MANDATED BENEFIT REPORT SERIES

*Health Insurance Mandates in the States, 2011* is a series of related reports which should be viewed in their entirety to gain the most accurate understanding of the effect and scope of mandated benefits in the health insurance marketplace. The mandate count is based on those mandates already in place, as well as newly adopted state mandates in 2011, effective for the 2012 health insurance year. The total mandate count for the 2011 edition is 2,262, up from 2,156 in the 2010 edition.

*In addition to the flagship report “Health Insurance Mandates in the States 2011” the series includes :*

- *Frequently Asked Mandated Benefit Questions, 2011* — This report contains an explanation of our research methodology, and is included in this publication.
- *Mandated Benefit Definition Memo, 2011*— This report, which is included in this publication, defines the terms used in the mandated benefit chart, and is based on the most common

terms used in enacted legislation. Mandate legislation language can differ from state to state, making it impossible to provide a detailed description of each state’s mandates without providing specific bill text. Our report is intended to be a snapshot and so may not apply to all variations of a particular mandate.

- *Trends in Mandated Benefits, 2011* — This report highlights emerging trends in state mandated benefit legislation. It is not included with this publication but is available.

## CAHI’S MANDATED BENEFITS AND PROVIDERS CHART

The mandate chart is broken down state-by-state into three categories: benefits, providers and covered populations. Boxes with a “Y” indicate that a state has passed that particular mandate. Totals for each state and mandate make it easy to determine how many mandates each state has passed.

CAHI has chosen to use a “Y” and not include the enactment year for each mandate in a state due to the myriad changes or amendments mandates may undergo in subsequent years.

## CAHI’S MANDATED BENEFIT COST ESTIMATES

CAHI’s independent Actuarial Working Group on Mandated Benefits analyzes company data and provides cost-range estimates — less than 1 percent, 1-3 percent, 3-5 percent and 5-10 percent — to indicate the change in premium with the addition of a particular mandate. *These estimates are based on actual health insurance company claims experience, not on theory or modeling.*

Mandate legislation differs from bill to bill and from state to state. For example, one state may require the coverage of a stated number of chiropractor visits per year, while another state may require visits to chiropractors to be covered on par with those of medical doctors. The second mandate will have a greater impact on the cost of a health insurance policy than the first.

Further, the cost of a mandate depends on the benefits of the policy to which it is attached. Example: A prescription drug mandate does not increase the cost of a policy which already covers drugs, but can be very costly if added to a policy which does not provide drug coverage. Thus, included cost estimates reflect the average actuarial impact of a mandate, and are not intended to reflect specific legislation.

### A CAUTION ABOUT COMPARISONS AND COST ESTIMATES

Because mandates can dramatically increase the cost of health insurance, it is easy to assume states with the most mandates have the most expensive insurance premiums. While that may be true in some states, it is not necessarily so. Some mandates have a more pronounced effect on premiums than do others. For example, a mental health parity mandate, which requires insurers to cover mental health care at the same levels as physical health care, has a greater impact on the cost of premiums than a collection of mandates for inexpensive procedures utilized by relatively few people.

Most mandates, when considered individually, raise premiums by a very small amount, usually less than one percent. This small increase is deceiving when viewed in isolation and has resulted in an abundance of mandate legislation. Today, the majority of states have more than 40 mandates on their books, some have more than 60, and the accumulated impact of those dozens of small increases has made health insurance unaffordable for many Americans.

This is the question which should be asked each time a new mandate is proposed: Does this request to increase the cost of health insurance premiums in

order to cover a new procedure or therapy outweigh the interests of the majority to keep health insurance premiums affordable?

There is evidence that CAHI's message is being heard. At least 30 states now require a mandate's cost be assessed before it is implemented. And at least 10 states provide for "mandate-lite" policies, offering individuals the chance to purchase a policy with fewer mandates, more tailored to their needs and financial situation.

### THE REST OF THE STORY

The mandates enumerated here do not tell the whole story. There are other ways to make health insurance unaffordable. Several states have adopted legislation which requires health insurers selling in the individual market to accept anyone who applies, regardless of their health status. This "mandate" is known as "guaranteed issue."

Some states limit an insurer's ability to price a policy to accurately reflect the risk an applicant brings to the pool. This "mandate" is known as "community rating" or "modified community rating." Both guaranteed issue and community rating have a devastating impact on the price of health insurance. Younger, healthier people cancel their coverage as everyone's premium costs rise, creating a smaller pool of insureds who are sick and have increased claims costs.

In the aggregate, mandates drive up the cost of health insurance. But determining the impact in a particular state requires careful analysis of not only each piece of mandate legislation, but the other regulations that have been promulgated.

*Today, the majority of states have more than 40 mandates on their books, some have more than 60.....*

Table 1: STATES WITH THE MOST & LEAST MANDATES

Most Mandated Benefits		Least Mandated Benefits	
Rhode Island	70	Idaho	13
Virginia	70	Alabama	19
Maryland	67	Michigan	23
Minnesota	65	Hawaii	24
Connecticut	63	Utah	26

Table 2: MOST & LEAST POPULAR MANDATES

Most Popular Mandates		Least Popular Mandates	
Mammography Screening	50	Breast Implant Removal	1
Maternity Minimum Stay	50	Cardiovascular Disease Screening	1
Breast Reconstruction	49	Circumcision	1
Mental Health Parity	48	Gastric Electrical Stimulation	1
Alcohol & Substance Abuse	46	Organ Transplant Donor Coverage	1

*Government interference in the health care system is steadily increasing. So too is the cost of health insurance.*

Table 3: TOTAL MANDATES BY STATE

State	Total Mandates	State	Total Mandates
AK	37	MT	39
AL	19	NC	55
AR	46	ND	40
AZ	35	NE	47
CA	56	NH	46
CO	58	NJ	47
CT	63	NM	59
DC	27	NV	45
DE	29	NY	61
FL	49	OH	29
GA	45	OK	43
HI	24	OR	44
IA	28	PA	54
ID	13	RI	70
IL	49	SC	30
IN	36	SD	28
KS	46	TN	41
KY	47	TX	62
LA	51	UT	26
MA	48	VA	70
MD	67	VT	46
ME	53	WA	58
MI	23	WI	43
MN	65	WV	43
MO	54	WY	37
MS	31		
<b>TOTAL</b>		<b>2,262</b>	

**For more information on this topic and other reform issues, please visit [www.cahi.org](http://www.cahi.org).**

**About the Council for Affordable Health Insurance**

Since 1992, the Council for Affordable Health Insurance (CAHI) has been the principled, free-market voice protecting and promoting access, affordability and choice in American health care. CAHI's membership includes health insurers, small businesses, physicians, actuaries, insurance producers and brokers and consumers. It's your health; it's your choice.

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