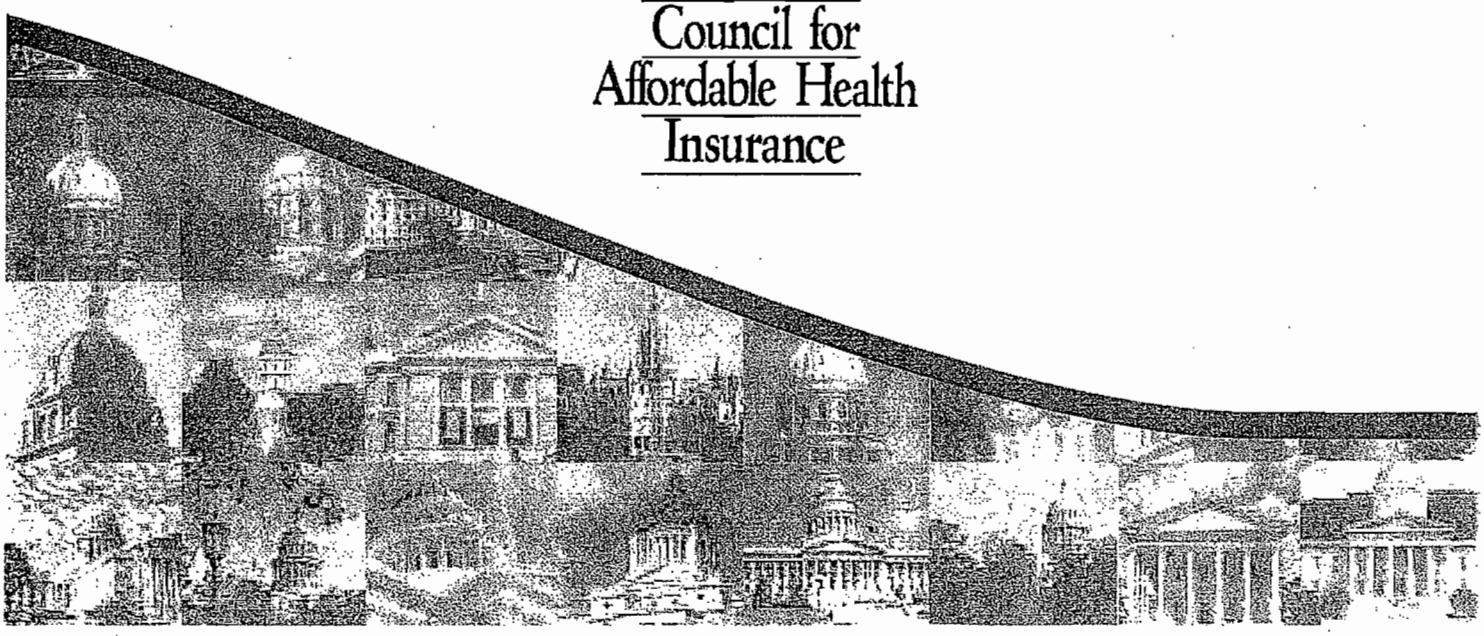
Health Insurance Mandates in the States 2007

Victoria Craig Bunce, Director of Research and Policy
JP Wieske, Director of State Affairs
Vlasta Prikazsky, Government Affairs Specialist

Council for
Affordable Health
Insurance



A State-by-State Breakdown of Health Insurance Mandates and Their Costs

A health insurance "mandate" is a requirement that an insurance company or health plan cover (or offer coverage for) common — but sometimes not so common — health care providers, benefits and patient populations. They include:

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

For almost every health care product or service, there is someone who wants insurance to cover it so that those who sell the products and services get more business and those who use the products and services don't have to pay out of pocket for them.

The Impact of Mandates. While mandates make health insurance more comprehensive, they also make it more expensive because mandates require insurers to pay for care consumers previously funded out of their own pockets. Based on our analysis presented in this paper, mandated benefits currently increase the cost of basic health coverage from a little less than 20% to more than 50%, depending on the state. Mandating benefits is like saying to someone in the market for a new car, if you can't afford a Lexus loaded with options, you have to walk. Having that Lexus would be nice, as would having a health insurance policy that covers everything one might want. But drivers with less money can find many other affordable options; whereas when the price of health insurance soars, few other options exist.

Why Is the Number of Mandates Growing? Elected representatives find it difficult to oppose any legislation that promises enhanced care to potentially motivated voters. The sponsors of mandates know this fact of political life. As a result, government interference in and control of the health care system is steadily increasing. So too is the cost of health insurance.

By the late 1960s, state legislatures had passed only a handful of mandated benefits; today, the Council for Affordable Health Insurance (CAHI) has identified more than 1,900 mandated benefits and providers. And more are on their way.

How do state legislators justify their actions? One way is to deny a mandate is a mandate. For example, legislators may claim that requiring health insurance to cover a type of provider — such as a chiropractor, podiatrist, midwife or naturopath — is not a mandate because they aren't requiring a particular therapy. But if insurance is required to cover the provider, it must pay for the service provided. There is no essential difference in requiring insurance to cover a chiropractor (a provider) or chiropractic care (the therapy).

CAHI's Mandated Benefits and Providers Chart. The Council for Affordable Health Insurance tracks the introduction and passage of health insurance mandates in every state. The information is broken down on a state-by-state basis into three categories: benefits, providers and covered populations. Boxes with a "Y" indicate that the state has passed that particular mandate. Totals for each state and mandate are also included. Thus anyone can easily determine how many mandates and which ones each state has passed. (For a definition of each mandated benefit, please see http://www.cahi.org.)

Mandates and Standard Coverage. Please note that the health care community and insurers consider some of the mandates listed in the chart to be the typical and appropriate standard of care and/or treatment, and therefore would likely be included in many standard health insurance policies. The purpose of this chart is to tabulate the number of benefits mandated by the states and assess their impact on the cost of insurance — not to make judgments about which mandates should or should not be included in a health insurance policy.

Assessing the Cost of Mandates. Besides listing the state mandated benefits, this chart provides a cost assessment of each one. CAHI's Actuarial Working Group on State Mandated Benefits analyzed company data and their experience and provided cost-range estimates — less than 1%, 1-3%, 3-5% and 5-10% — if the mandate were added to a policy that did not include the coverage. However, mandate legislation differs from bill to bill and from state to state. For example, one state may require insurance to cover a limited number of chiropractor visits per year, while another state may require chiropractors to be covered equally with medical doctors. The second will have a greater impact on the cost of a health insurance policy than the first. It would be impossible to make a detailed assessment of the cost of each state's mandates without evaluating each piece of legislation (more than 1,900 of them). Thus, the estimated cost level indicated in the chart is considered typical but may not apply to all variations of that mandate. Further, the additional cost of a mandate depends on the benefits of the policy to

which it is attached. Example: A prescription drug mandate costs nothing if a policy already covers drugs, but can be very costly if added to a policy that doesn't cover drugs.

It is also important to note that mandated benefits may only apply to certain kinds of coverage. For example, a mandated benefit may exempt individual or small group coverage or may only apply to insurance companies that are domiciled in the state. As a result, some kinds of coverage are disproportionately affected and become less attractive to buyers (who now seek out alternatives to these high-cost plans). Finally, states may pass a mandate in one legislative session only to come back in a later session and either expand or reduce the original bill's scope. That propensity for legislators to revise mandate legislation in subsequent years is one of the reasons why we don't include information on when the mandate originally passed.

A Caution about Comparisons and Cost Estimates. Because mandates can drive up the cost of health insurance, it would be easy to assume that the states with the most mandates would also have the highest premiums. While that may be true in some states, it is not necessarily so. Some mandates have a much greater impact on the cost of health insurance than others. For example, mental health parity mandates, which require insurers to cover mental health care at the same levels as physical health care, have a much greater impact on the cost of premiums than would mandates for inexpensive procedures which few people need. In addition, mental health mandates often include mini-mandates within them, like coverage for autism diagnosis and treatment.

It may be tempting to think that since a particular mandate doesn't add much to the cost of a health insurance policy, there is no reason for legislators to oppose it. The result of this reasoning is that many states have 40, 50 or more mandates. Although most mandates only increase the cost of a policy by less than 1%, 40 such mandates will price many people out of the market. It is the accumulated impact of dozens of mandates that makes health insurance unaffordable, not just one.

New Health Insurance Eligibility Categories. Over time, new trends emerge in health insurance coverage eligibility mandates. For example, in the past two legislative sessions we saw an increase in the "slacker mandate," in which health insurance coverage is extended to unmarried dependents or students up to the age of 30. Most recently, we saw new categories for health insurance coverage eligibility emerge. For example, "legal alien" is the newest addition to the coverage rolls. Maine has extended eligibility for health insurance coverage to include a person who is not yet a United States citizen but who is residing legally in this nation. In addition, at least four states — Maryland, Minnesota, New York and Texas — have extended eligibility for health insurance coverage to include a grandchild who is financially dependent on the grandparent. (For more, please see CAHI's online publication "Trends in State Mandates" at http://www.cahi.org.)

Fortunately, there is evidence that some legislators are getting CAHI's message. One interesting trend over the past several years is that at least 30 states require that a mandate's cost must be assessed before a mandate is implemented. And at least nine states provide for mandate-lite policies, which allow some individuals to purchase a policy with fewer mandates more tailored to their needs and financial situation.

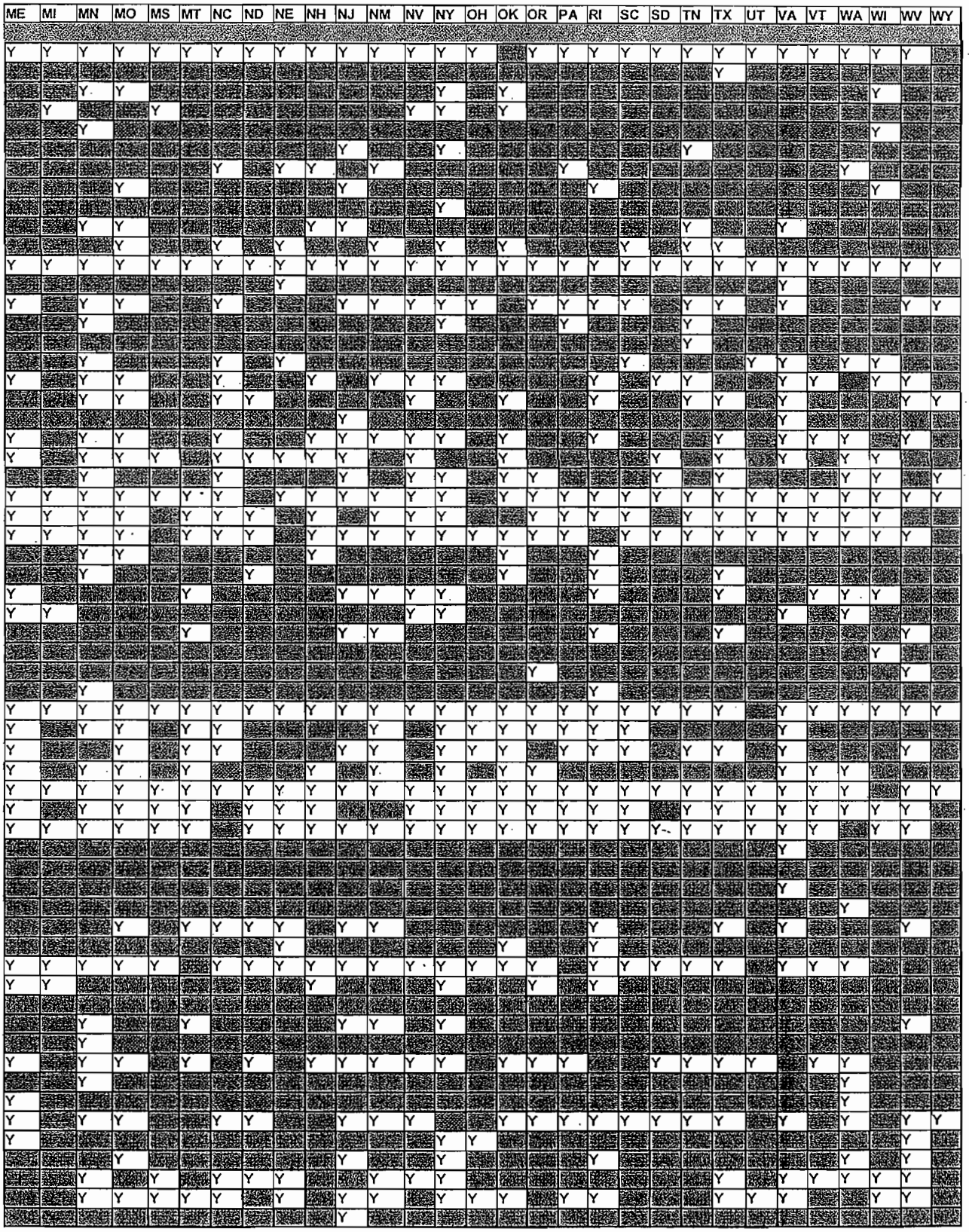
The Rest of the Story. The mandates enumerated here don't tell the whole story. States have other ways of adversely affecting the cost of health insurance. For example, several states have adopted legislation that requires health insurers to accept anyone who applies, regardless of their health status, known as "guaranteed issue." Or they limit insurers' ability to price a policy to accurately reflect the risk an applicant brings to the pool, known as "community rating" or "modified community rating." Both guaranteed issue and community rating can have a devastating impact on the price of health insurance, especially as younger and healthier people cancel their coverage, leaving the pool smaller and sicker.

Thus, in the aggregate, mandates drive up the cost of health insurance. But determining the impact in a particular state requires careful analysis of each piece of mandate legislation, as well as other regulations that have been promulgated.

For more information on government mandates, guaranteed issue and community rating, please visit CAHI's website at www.cahi.org.

BENEFITS	Total	Est. Cost	AK	AL	AR	AZ	CA	CO	CT	DC	DE	FL	GA	HI	IA	ID	IL	IN	KS	KY	LA	MA	MD
Alcoholism	45	1% to 3%	Y	Y	Y		Y	Y	Y	Y		Y	Y	Y			Y	Y	Y	Y	Y	Y	Y
Alzheimer's	2	<1%																					Y
Ambulatory Surgery	12	1% to 3%			Y	Y						Y	Y	Y						Y	Y		
Ambulance Services	8	<1%						Y			Y										Y		
Anti-Psychotic Drugs	2	<1%																					
Autism	10	<1%					Y			Y		Y		Y				Y		Y			Y
Birthing Centers/Midwives	8	<1%					Y				Y												
Blood Lead Poisoning	7	<1%					Y				Y											Y	
Blood Products	2	<1%																					Y
Bone Marrow Transplants	11	<1%										Y	Y							Y	Y	Y	
Bone Mass Measurement	15	<1%					Y						Y				Y		Y	Y			Y
Breast Reconstruction	49	<1%	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y
Cancer Medications	3	<1%																			Y		
Cervical Cancer/HPV Screening	28	<1%	Y				Y		Y	Y	Y		Y				Y				Y	Y	Y
Chemotherapy	4	<1%																					
Chlamydia	3	<1%											Y										Y
Cleft Palate	14	<1%						Y				Y				Y		Y			Y		Y
Clinical Trials	23	<1%				Y	Y		Y		Y		Y								Y	Y	Y
Colorectal Cancer Screening	23	<1%	Y	Y	Y				Y	Y	Y		Y				Y	Y			Y		Y
Congenital Bleeding Disorders	2	<1%																					
Contraceptives	30	1% to 3%	Y		Y	Y	Y		Y		Y		Y	Y	Y	Y	Y			Y		Y	Y
Dental Anesthesia	30	<1%	Y		Y		Y	Y	Y			Y	Y		Y		Y	Y	Y	Y	Y		Y
Diabetes Self-Management	27	<1%	Y		Y	Y	Y	Y		Y		Y	Y	Y	Y		Y	Y	Y	Y			Y
Diabetic Supplies	47	<1%	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y
Drug Abuse Treatment	34	<1%	Y	Y	Y		Y		Y	Y	Y	Y		Y					Y		Y		Y
Emergency Services	44	<1%			Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Hair Prostheses	9	<1%							Y			Y										Y	Y
Hearing Aid	9	<1%							Y											Y	Y		Y
Home Health Care	18	<1%				Y	Y	Y	Y													Y	Y
Hospice Care	11	<1%			Y			Y						Y						Y			Y
In Vitro Fertilization	13	3% to 5%			Y		Y		Y					Y			Y					Y	Y
Kidney Disease	1	<1%																					
Long Term Care	4	1% to 3%								Y													Y
Lyme Disease	3	<1%							Y														
Mammogram	50	<1%	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mastectomy	24	<1%			Y		Y		Y			Y	Y				Y		Y	Y	Y	Y	
Mastectomy Stay	25	<1%			Y		Y		Y			Y	Y				Y		Y		Y		Y
Maternity	21	1% to 3%			Y		Y	Y	Y				Y	Y					Y			Y	Y
Maternity Stay	50	<1%	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Mental Health General	39	1% to 3%		Y	Y		Y	Y	Y	Y		Y	Y	Y			Y		Y	Y	Y	Y	Y
Mental Health Parity	45	5% to 10%		Y	Y	Y	Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Minimum Hysterectomy Stay	1	<1%																					
Minimum Testicular Cancer Stays	1	<1%																					Y
Morbid Obesity Treatment	4	1% to 3%											Y					Y					Y
Neurodevelopment Therapy	1	<1%																					
Newborn Hearing Screening	17	<1%	Y								Y	Y						Y				Y	Y
Newborn Sickle-Cell Testing	3	<1%																					
Off-Label Drug Use	36	<1%		Y	Y	Y	Y		Y		Y		Y				Y	Y	Y			Y	Y
Orthotics/Prosthetics	12	<1%					Y	Y	Y			Y										Y	Y
Ostomy Related Supplies	1	<1%							Y														
Other Infertility Services	8	<1%					Y										Y						
Ovarian Cancer Screening	3	<1%											Y				Y						
PKU/Formula	32	<1%	Y		Y	Y	Y	Y	Y			Y		Y				Y		Y	Y	Y	Y
Port-wine Stain Elimination	2	<1%																					
Prescription Drugs	2	5% to 10%																					
Prostate Cancer Screening	32	<1%					Y	Y	Y	Y	Y		Y				Y	Y	Y		Y	Y	Y
Rehabilitation Services	8	1% to 3%							Y								Y				Y	Y	
Second Surgical Opinion	10	<1%					Y					Y						Y					Y
TMJ Disorders	20	<1%			Y							Y	Y				Y			Y			Y
Well-Child Care	31	1% to 3%			Y		Y	Y	Y	Y		Y	Y	Y	Y			Y		Y	Y	Y	Y
Wilm's Tumor	1	<1%																					

Legend: Y - Mandated - Not Mandated



	Total	Est. Cost	AK	AL	AR	AZ	CA	CO	CT	DC	DE	FL	GA	HI	IA	ID	IL	IN	KS	KY	LA	MA	MD
PROVIDERS																							
Acupuncturists	11	1% to 3%					Y				Y												
Chiropodist	4	<1%						Y															
Chiropractors	46	1% to 3%	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y
Dentists	35	3% to 5%	Y	Y	Y	Y	Y	Y	Y						Y			Y	Y		Y	Y	Y
Denturists	2	<1%																					
Dieticians	3	<1%																					
First Nurse Assistant	5	<1%											Y							Y	Y		
Lay Midwives	3	<1%																					
Licensed Health Professional	12	<1%			Y			Y									Y	Y					Y
Marriage Therapists	13	<1%						Y	Y			Y											Y
Massage Therapists	4	<1%																					Y
Naturopaths	3	<1%	Y																				
Nurse Anesthetists	21	<1%		Y	Y	Y		Y										Y	Y			Y	Y
Nurse Midwives	30	<1%	Y			Y	Y	Y	Y		Y	Y										Y	Y
Nurse Practitioners	29	<1%	Y			Y	Y	Y	Y		Y				Y				Y				Y
Nurses	11	<1%						Y						Y	Y								
Occupational Therapists	11	1% to 3%	Y			Y	Y		Y			Y									Y		
Opticians	3	1% to 3%																					
Optometrists	43	1% to 3%	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y
Oral Surgeons	8	<1%						Y				Y					Y	Y	Y				
Osteopaths	22	1% to 3%	Y		Y			Y				Y					Y	Y	Y	Y			
Pain Management Specialist	3	1% to 3%						Y	Y										Y				
Pastoral Counselors	3	<1%																					
Pharmacists	5	<1%		Y															Y				
Physical Therapists	16	1% to 3%	Y						Y										Y		Y		Y
Physician Assistants	16	<1%	Y	Y							Y	Y			Y				Y	Y			Y
Podiatrists	35	<1%		Y	Y	Y	Y	Y			Y	Y					Y	Y	Y	Y	Y	Y	Y
Professional Counselors	16	<1%			Y		Y	Y				Y					Y					Y	
Psychiatric Nurse	16	<1%					Y	Y	Y			Y										Y	
Psychologists	44	1% to 3%	Y	Y	Y	Y	Y	Y	Y			Y	Y	Y			Y	Y	Y	Y	Y	Y	Y
Public or Other Facilities	25	<1%			Y	Y	Y		Y			Y				Y		Y			Y		Y
Social Workers	27	1% to 3%	Y				Y	Y	Y			Y					Y		Y		Y	Y	Y
Speech or Hearing Therapists	20	<1%	Y		Y	Y	Y									Y	Y				Y	Y	
COVERED PERSONS																							
Adopted Children	43	<1%	Y		Y	Y	Y	Y	Y			Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y
Continuation/Dependents	44	<1%			Y	Y	Y	Y	Y		Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y
Continuation/Employees	45	<1%			Y		Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Conversion to Non-Group	41	1% to 3%			Y	Y	Y	Y		Y		Y	Y		Y	Y	Y	Y	Y	Y	Y		Y
Dependent Students	23	<1%						Y	Y			Y	Y								Y	Y	
Grandchildren	4	<1%																					Y
Handicapped Dependents	40	1% to 3%			Y	Y	Y	Y	Y			Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y
Newborns	51	1% to 3%	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Non-Custodial Children	11	<1%						Y	Y														
Domestic Partners	8	<1%					Y	Y														Y	
Total	1884		28	18	40	29	49	46	50	17	24	46	39	22	23	14	39	34	37	33	43	43	60

Legend: Y - Mandated - Not Mandated

ME	MI	MN	MO	MS	MT	NC	ND	NE	NH	NJ	NM	NV	NY	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VA	VT	WA	WI	WV	WY
Y					Y					Y	Y				Y		Y				Y		Y		Y				
									Y														Y		Y				
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y
Y	Y	Y	Y	Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y	Y			Y	Y	Y		Y		Y	Y		Y
					Y																					Y			
		Y																				Y							Y
Y																						Y							
Y										Y																Y			
		Y										Y								Y			Y			Y	Y		Y
Y		Y		Y		Y			Y			Y					Y					Y		Y					
									Y														Y			Y			
					Y																					Y			
Y		Y		Y	Y	Y	Y				Y	Y					Y	Y		Y						Y			Y
Y	Y	Y		Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y		Y	Y		Y	Y			Y		Y		Y	
Y		Y	Y	Y	Y	Y	Y		Y	Y	Y	Y				Y	Y	Y		Y	Y	Y				Y	Y	Y	Y
		Y				Y	Y			Y		Y	Y			Y	Y									Y			
		Y										Y	Y									Y							Y
		Y										Y											Y						
Y	Y	Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y		Y	Y		Y	Y	Y
	Y								Y			Y																	
		Y					Y	Y		Y	Y		Y	Y			Y			Y		Y		Y		Y		Y	Y
Y						Y			Y																				
		Y				Y																		Y					
		Y			Y					Y	Y	Y	Y				Y					Y		Y		Y			Y
	Y				Y	Y						Y					Y					Y				Y			Y
	Y	Y	Y			Y		Y	Y		Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y		Y		Y		Y	Y
				Y	Y	Y	Y		Y			Y						Y				Y	Y		Y				Y	
Y		Y		Y		Y	Y				Y		Y	Y	Y		Y	Y						Y				Y	Y
Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y		Y	Y	Y	Y
Y	Y	Y		Y	Y	Y	Y		Y			Y		Y		Y		Y		Y	Y	Y		Y		Y		Y	Y
		Y	Y									Y	Y		Y		Y		Y		Y	Y		Y		Y			Y
		Y		Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	
Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Y	Y	Y	Y		Y	Y	Y	Y		Y	Y	Y	Y	Y		Y	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Y	Y	Y					Y	Y	Y	Y	Y					Y	Y	Y		Y	Y	Y	Y	Y	Y				
		Y										Y										Y							
	Y	Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y		Y	Y	Y	Y	Y	Y	Y	Y	Y	Y		Y
Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Y		Y		Y		Y					Y					Y						Y							Y
Y										Y						Y								Y	Y			Y	
46	26	63	39	29	39	46	33	31	38	41	45	49	49	26	36	32	38	43	28	30	40	52	22	55	26	49	31	36	32

ADDITIONAL MANDATES

Although not yet prevalent nationwide, CAHI is also monitoring activity related to the following additional mandates:

AR	Athletic Trainer	1	<1%
CA	Asthma Education & Self Management	1	<1%
FL	Ambulatory Cancer Treatment	1	<1%
GA	Vision Care Services Telemedicine	2	1% to 3% <1%
MD	Smoking Cessation Testicular Cancer	2	1% to 3% <1%
ME	Breast Reduction Varicose Vein Removal Legal Non-Resident Living in USA	3	<1% <1% <1%
NV	Hormone Replacement Therapy	1	<1%
NY	Hormone Replacement Therapy Psychotropic Drugs Ambulatory Cancer Treatment	3	<1% <1% <1%
RI	Early Intervention Service	1	<1%
WI	AIDS Vaccines Psychotropic Drugs	2	<1% <1%
	Mandates in all states (from above chart)	1884	
	Total	1901	

Other CAHI state health reform publications available at www.cahi.org

"State Health Insurance Index 2006," by Merrill Matthews, Ph.D., Victoria Craig Bunce, JP Wieske

"2007 State Legislators' Guide to Health Insurance Solutions," by JP Wieske

"Trends in State Mandates, 2006," by Victoria Craig Bunce

"HSA State Implementation Report," by Victoria Craig Bunce

About the Council for Affordable Health Insurance

The Council for Affordable Health Insurance (CAHI) is a research and advocacy association of insurance carriers active in the individual, small group, HSA and senior markets. CAHI's membership includes health insurance companies, small businesses, physicians, actuaries and insurance brokers. Since 1992, CAHI has been an advocate for market-oriented solutions to the problems in America's health care system.

The Council for Affordable Health Insurance
127 S. Peyton Street, Suite 210
Alexandria, VA 22314
Phone (703) 836-6200
Fax (703) 836-6550
www.cahi.org