

## OTHER STATES' EFFORTS TO LIMIT OR EVALUATE THE EFFECT OF ENACTMENT OF NEW HEALTH INSURANCE BENEFIT MANDATES

Blue Cross Blue Shield surveys of state legislative health care and insurance issues, conducted in 2000 and 2001, indicate that 24 states have requirements for the evaluation of proposed health insurance benefit mandates. Those states, the year each mandate evaluation requirement was enacted, and the party responsible for conducting or arranging for the evaluation are listed on the following table:

State	Year Enacted	Party Responsible for Evaluation
Arizona	1985	Proponents of the legislation
Arkansas	2001	Advisory Commission on Mandated Health Insurance Benefits
Colorado	1998	State Personnel Department
Florida	1987	Proponents of the legislation
Georgia	1989	State Insurance Department
Hawaii	2001	Legislative advisory panel
Iowa	1991	State Insurance Department
Kansas	1990, 1999	State Insurance Department
Kentucky	1998	Proponents of the legislation
Louisiana	1997, 1999	Legislative fiscal staff
Maine	1998	State Insurance Department
Maryland	1998	Health Care Access and Cost Commission
Nevada	1989	Legislatively established commission
New Jersey	1999	Task Force on Affordability of Health Care
North Dakota	2001	Legislative Council (contract with consultant)
Ohio	2000	Legislative Budget Office
Oregon	1985	State Health Council
Pennsylvania	1986	Health Care Cost Containment Council
South Carolina	1990	State Budget Control Board
Tennessee	1989	Legislative Fiscal Review Committee
Texas	1999	Legislatively established commission
Virginia	1990	Advisory Commission on Mandated Benefits
Washington	1997	Proponents of the legislation
Wisconsin	1988	State Department of Employee Trust Funds

Additional information is provided below for the seven states which enacted legislation since 1999 to

restrict the enactment of new health insurance benefit mandates or require the evaluation of any proposed mandates.

### ARKANSAS

The 2001 General Assembly of Arkansas enacted House Bill No. 1792, which established an Arkansas Advisory Commission on Mandated Health Insurance Benefits. The commission was established to advise the Governor and the General Assembly on the social, medical, and financial impact of current and proposed mandated benefits and providers. The commission is authorized to contract for actuarial and other professional services as needed. The State Insurance Department provides staff services to the commission. On or before December 31, 2002, and each December 31 immediately preceding a regular session of the General Assembly, the commission shall submit a report on its findings.

### HAWAII

The 2001 Legislature of Hawaii passed House Concurrent Resolution No. 129, which establishes a joint legislative advisory panel to review proposed mandated health insurance benefits, the expansion of health care providers, and additional health care regulation. The advisory panel is directed to:

- Review the impact of all previous health care mandates and include in the review the cost, quality, and overall accessibility of health care.
- Compile a list of significant state and federal regulations and mandated benefits and assess the impact they have on health care premiums.
- Determine the percentage of the annual wage of employees working for small employers and of the annual wage of employees working for large employers paid by the employer for health plan premiums.
- Develop a method of assessing the social and financial impact of any proposed new health care regulation or health insurance mandate.

The commission must report its findings no later than 20 days prior to the convening of each regular session.

### KANSAS

Kansas Statutes Section 40-2248 (enacted in 1990) provides that a report on the social and financial impact of a proposed health insurance mandate must be prepared by the person or organization seeking

sponsorship of the legislation prior to the legislature considering the bill. The Commissioner of Insurance is directed to cooperate with, assist, and provide information to any person or organization required to submit an impact report pursuant to this section.

Section 40-2249 (enacted in 1990) provides a detailed description of the information required to be included in the impact report. Section 40-2249a (enacted in 1999) provides that in addition to the requirements of the previously mentioned sections, any new mandated health insurance coverage approved by the legislature shall apply only to the state health care benefits program for a period of one year. After the one-year period, the Kansas State Employees Health Care Commission shall submit a report indicating the impact of the mandated coverage. The report must also include a recommendation regarding whether the mandated coverage should continue for the state health care benefits program.

### LOUISIANA

Louisiana Revised Statutes Section 24:603.1 (enacted in 1997) provides that prior to considering a bill mandating health insurance benefits, the committee considering the bill must receive a fiscal impact report regarding the effect of the mandate. The committee is allowed to exempt a bill from the requirements of this section if it chooses to do so. The author of the bill is required to obtain the fiscal impact report from the legislative fiscal officer, who may receive assistance from the health actuary of the Department of Insurance, or other agencies, as needed. The ability to receive assistance specifically from the health actuary of the Department of Insurance was added by the 1999 Louisiana Legislature. The impact report must include an estimate of the immediate and long-range fiscal impacts of the measure.

### NEW JERSEY

In March 1999 the Governor of New Jersey signed an executive order creating the Task Force on Mandated Health Insurance Benefits to evaluate the impact of current mandated health benefits on the quality and cost of health care. In addition, the task force is directed to:

- Assess the anticipated health benefits and estimated costs resulting from pending legislative efforts to impose additional mandated health benefits.
- Identify and analyze cost-effective ways to minimize the impact of approved mandated benefits upon the health care system.
- Develop recommended guidelines for determining whether additional benefits should be mandated in the future.

- Consult with the Health Wellness Promotion Advisory Board in the Department of Health and Senior Services, which is charged with reviewing medical testing and services that will encourage health care consumers to engage in healthy lifestyle behaviors.

The task force was a temporary entity created for a period of one year.

### NORTH DAKOTA

The 2001 Legislative Assembly of North Dakota enacted House Bill No. 1407, which provides that if a legislative measure mandates health insurance coverage of services or payment for specified providers, the measure may not be acted on by any committee of the Legislative Assembly unless accompanied by a cost-benefit analysis. The cost-benefit analysis must include:

- The extent to which the proposed mandate or payment would increase or decrease the cost of the service.
- The extent to which the proposed mandate or payment would increase the appropriate use of the service.
- The extent to which the proposed mandate or payment would increase the administrative expenses of insurers and the premium and administrative expenses of insureds.
- The impact of the proposed mandate or payment on the total cost of health care.

The bill also directs the Insurance Commissioner to conduct an evaluation of existing health insurance mandates.

### OHIO

Ohio Statutes Section 103.14.5 provides that whenever any bill receives a second hearing in a standing committee of the house in which the bill originated, the legislative budget officer shall review the bill to determine if the bill includes a mandated health insurance benefit. If the bill is determined to include a mandated benefit, the legislative budget officer must arrange for an independent health care actuarial review. No later than 60 days after the second hearing of the bill, the legislative budget officer shall submit the findings of the actuarial review to the chairperson of the committee to which the bill is assigned.

Section 103.14.6 provides that the actuarial analysis must include the extent to which:

- The mandated benefit will increase or decrease the administrative expenses of insurance companies and health-insuring corporations.
- The mandated benefit will increase or decrease premiums.
- Small employers, medium-sized employers, large employers, the state, and political

subdivisions of the state will be financially impacted.

- The mandated benefit will increase or decrease the number of insured individuals in this state.
- The mandated benefit will impact the total cost and quality of health care, including any potential cost-savings.

Section 103.14.7 provides that the chairperson of a standing committee may request that the legislative budget officer review any bill assigned to the committee for the purpose of determining if the bill includes a mandated benefit.

## TEXAS

The 1999 Legislature of Texas enacted House Bill No. 1919, which requires the appointment of a joint interim committee to study existing health care benefit mandates. The committee must:

- Determine the extent that mandated health care benefits increase or have increased premiums and their effect on the affordability of insurance.
- Determine whether existing mandates should be retained, revised, or eliminated.
- Develop recommendations regarding methods that would allow the legislature to assess the costs and benefits of proposed mandated benefits, and to address any other issues relating to health care benefits.

The Department of Insurance is directed to assist the committee.