

Texas Public Policy Foundation

Keeping Texas Competitive

A Legislator's Guide to the Issues 2013-2014



Health Insurance Regulations

The Issue

In recent years, lawmakers have enacted legislation requiring health insurance plans to cover a variety of conditions and forcing insurers to guarantee access for beneficiaries to an array of health care providers.

The majority of health insurance mandates fall into three categories: those that force health plans to cover specific services or benefits, those that require access to specific health care providers, and those that mandate guaranteed coverage to particular individuals. As of February 2012, Texas has 62 mandated benefits that run the gamut of coverage options.

Good intentions lie behind legislation that requires specific forms of health care services, not the least of which include guaranteeing reimbursement for providers, insuring coverage for individuals with chronic or unique conditions or diseases, and extending health benefits to more individuals. However, these mandates ultimately harm consumers by making health insurance more expensive and requiring individuals to buy health benefits they would arguably forego if they had the option.

Legislation that defines the parameters of health insurance policies inflates the cost of health plans by requiring policies to cover an array of services, which many consumers never use. A prime example is the Texas law requiring all insurance policies to cover in-vitro fertilization (IVF), a service that costs on average \$8,158 plus an additional \$4,000 in medication costs. It is estimated that insurance coverage of IVF treatments can increase health insurance costs by as much as \$2 per member per month. This may seem like a trivial amount at first blush, but the cumulative effect of 62 mandates can significantly add to the cost of insurance.

Additionally, these predefined policies limit the opportunity for insurers to develop new and innovative products tailored to the individual and designed as valuable investments. Instead, these mandates force consumers to buy all-inclusive health plans with few alternatives to these more expensive, heavily mandated plans.

The incurred cost of insuring everyone, regardless of health status, eliminates the risk-based aspect of health insurance and, again, forces healthy consumers to compensate for the expense of less healthy individuals. Regardless, these onerous mandates have been imposed on the small group health insurance market. As a result, small employers are struggling to provide affordable health insurance for their employees, and many are forced to drop coverage altogether.

Although all of Texas' 62 mandates were passed with the intent of making health care accessible to more people, by significantly contributing to the rising cost of health insurance, they have actually added to the growing uninsured population across the state.

The Patient Protection and Affordable Care Act (PPACA) will require all health insurance plans to provide minimum essential health benefits as defined by the law. These requirements are generous and can be expanded in the future by the Secretary of Health and Human Services. If implemented, the state should roll back any mandate that goes beyond federal minimums.

continued on back

The Facts

- Texas' insurance plans are subject to 62 mandates, ranking the state as one of the country's 10 most heavily regulated.
- The combined effect of mandates drives up the cost of a basic health plan with each mandate adding from just under 1% to as much as 10%.
- One out of four uninsured individuals does not have health insurance because of the inflated prices resulting from government programs and mandates.

Recommendations

- Eliminate all insurance mandates not required by federal law.
- Allow Texans to purchase health insurance policies offered by providers regulated by other states.

Resources

Health Maintenance Organization Texas Mandated Benefits/Offers/Coverages Including Changes Made by the 82nd Legislature by Texas Department of Insurance.

Health Insurance Mandates in the States 2010 by Victoria Craig Bunce and JP Wieske, Council for Affordable Health Insurance (2010).

Mandating Expensive Health Insurance in Texas by Kalesse Hammonds, Texas Public Policy Foundation (Mar. 2008).

State Laws Related to the Coverage of Infertility Treatment by the National Conference of State Legislatures (Mar. 2010).

Texas Mandated Insurance Coverage Benefits

Acquired Brain Injury	Home Health Care
Alcoholism	Immunizations-Children
Alzheimer's	In-Vitro Fertilization
Autism Spectrum Disorder	Mammogram
Bariatric Surgery & Tests for	Mastectomy Stay
Early Detection of Heart Disease	Maternity Stay
Basic Health Care Services	Mental Health Parity
Bone Mass Measurement	Mental Illness Crisis Stabilization & Residential Treatment for Children & Adolescents
Breast Reconstruction	Newborn Hearing Screening
Cardiovascular Disease-Screening	Off-Label Drug Use
Cervical Cancer or HPV Screening	Osteoporosis Detection & Prevention
Chemical Dependency Benefits	PKU/Formula
Colorectal Cancer Screening	Point of Service Coverage
Contraceptives	Prescription Drugs-Formulary
Dental Anesthesia	Prostate Cancer Screening
Diabetes	Prosthetic & Orthotic Devices
Diabetic Supplies	Reconstructive Surgery-Children w/Craniofacial Abnormalities
Emergency Care Services	TMJ Disorders
Hearing Aid	Well Child Care
Hearing Screening-Children	
HIV, AIDS, or HIV-Related Illness	
HPV Testing	

Texas Mandated Providers

Acupuncturists	Occupational Therapists
Chemical Dependency Treatment Facility	Optometrists/Ophthalmologists
Chiropractors	Physical Therapists
Dentists	Physician Assistants
Dieticians	Podiatrists
First Nurse Assistant	Professional Counselors
Government Hospital	Psychologists
Marriage Therapists	Public or Other Facilities
Mental Health/Psychiatric Day Treatment	Speech/Hearing Therapists
Nurse Practitioners	

Texas Mandated Covered Persons

Adopted Children	Domestic Partners
Children of Spouse	Extension of Benefits-Totally Disabled Persons
Children Up To Age 25	Extension of Benefits-Upon Acceptance of Premium
Children w/Developmental Delays	Extension of Benefits-Upon Termination by Insurer
Children w/Medical Support Order	Grandchildren
Continuation Dependents	Handicapped Dependents
Continuation Employees	Mental Illness/Nervous Disorders w/Demonstrable Organic Disease
Continuation for 6-9 Month Period	Mental Illness-Serious Mental Illness
Continuation Upon Death of Spouse	Newborn Children
Continuation Upon Divorce	
Conversion to Non-Group	
Dependent Students	

