

House Health and Human Services Committee

To: Chairperson Brenda Landwehr and the Honorable Members of the House Health and Human Services Committee

Subject: HB 2289: Mandate Lite health benefits plans and Specially Designed policies.

Introduction. My name is Scott Day and I am a co-owner of Day Insurance Solutions, LLC, a health and life insurance agency located in Topeka, KS. I am here today to testify in favor of HB 2289

Government is probably the single largest cause of high health insurance premiums in the United States today. The underpayment of federal/state programs like Medicaid/Medicare to providers is “cost shifted” to private insurance carriers. The expansion of federal/state programs like Medicaid, SCHIP/Healthwave, and Premium Assistance “crowds out” the private insurance market. And state governments are fond of adding required mandates to private insurance, thus raising the cost of health insurance. HB 2289 offers us the opportunity to reverse this trend.

What is a Mandate? 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. 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.

What is 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. The Council for Affordable Health Insurance (CAHI) estimate that mandated benefits currently increases the cost of basic health coverage from a little less than 20% to more than 50%, depending on the state and its mandates (see chart).

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. Mandate legislation can differ 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.

HB 2289, Section 1. The purpose of Section 1 of this bill is NOT to eliminate the current mandated health insurance plans. Current plans with mandates will remain in force and continue to be sold as they are today. The purpose of this bill is to allow insurance carriers to offer AFFORDABLE health insurance “Mandate Lite” plans in the individual and group markets that are not under the burden of all of the state mandates. Insurance carriers could offer “basic” plans or they could design plans to cover mandates as they see fit. Mandates can be offered as “optional” benefits and offered with additional premiums for that coverage. Carriers are required to disclose what mandates are missing, thus protecting the consumer. Mandate Lite plans would not be subject to state premium taxes, thus lowering the cost of premiums on these plans.

HB 2289, Section 2. Specially designed policies are intended to be offered as an optional benefit offering for person’s enrolled in a Mandate Lite plan, though you do not have to be enrolled in a Mandate Lite plan to purchase a specially designed plan. These plans can be offered on a stand alone basis to offer coverage’s that may be excluded by a Mandate Lite or a fully mandated plan, such as holistic medical or acupuncture treatments.

In summary, passage of HB 2289 does no harm to the current market of state mandated health insurance plans, it allows insurance carriers to get creative in bringing affordable major medical health insurance plans to a competitive market, allows alternative health modalities to be offered as specially designed plans, does not cost the taxpayer a dime, and puts Kansas at the forefront of government initiatives that actually lower the cost of health insurance premiums.