



# Review of Mandated Health Insurance Benefits

Commission Briefing

June 12, 2006



JLARC

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## Mandate

- 2006 General Assembly directed JLARC to
  - assist Special Advisory Commission on Mandated Health Insurance Benefits
  - evaluate social and economic costs and benefits of proposed mandated health insurance benefits
- JLARC authority codified in Sections 2.2-2503 and 30-58.1 of *Code of Virginia*



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## In This Presentation

- Background
- JLARC Procedures
- JLARC Methodology



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## Types of Health Insurance Mandates

- Require coverage or offer of specific benefits
- Require coverage of specific providers
- Require benefits for certain populations



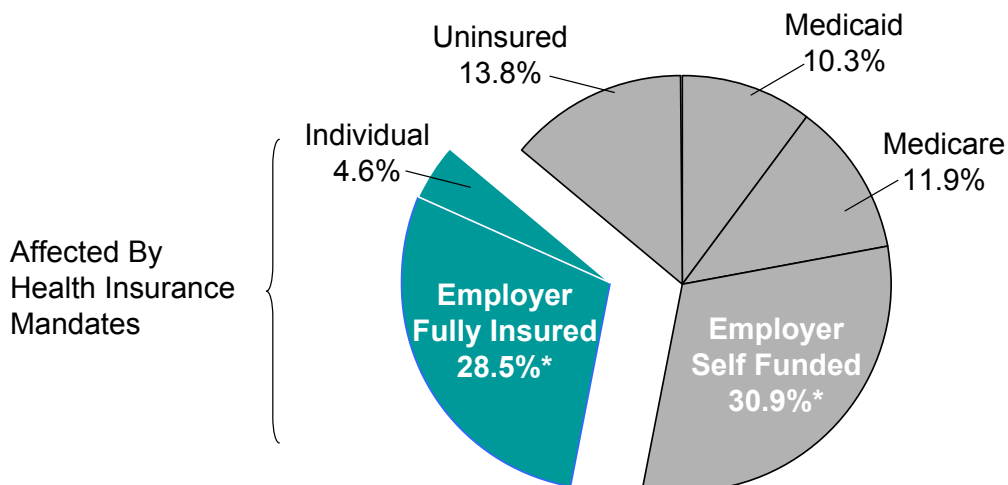
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## Arguments For and Against Health Insurance Mandates

- Intended to provide consumers better access to health care services
- Can also increase health insurance costs

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## About 33% of Virginians Are Affected by Health Insurance Mandates



*\*Note: Employer percentages based on 2003 national statistics.  
Source: The Kaiser Family Foundation.*

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## Mandated Benefits in Virginia

- 28 mandated benefits and offers of coverage and 15 mandated providers (*Table 1*)
  - Virginia among top five states in number of health insurance mandates in 2004\*
- Coverage of lymphedema is most recent mandate (2003)

*\*Source: Council for Affordable Health Insurance*



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## Mandated Benefits in Virginia

- Three mandates proposed during 2006 Session
  - treatment of malignant brain tumors at Centers of Excellence
  - habilitative services for children
  - treatment by intensity-modulated radiation therapy



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## Virginia's Mandated Benefit Review Process

- Special Advisory Commission on Mandated Health Insurance Benefits established in 1990
  - 6 legislative members, 10 Governor-appointed members, Commissioners of Health and Insurance *ex officio* (Table 2)
- Staffed by Bureau of Insurance, Department of Health, and JLARC (as of 2006)
- Review social impact, financial impact, and medical efficacy
- Make recommendations to General Assembly (Table 3)



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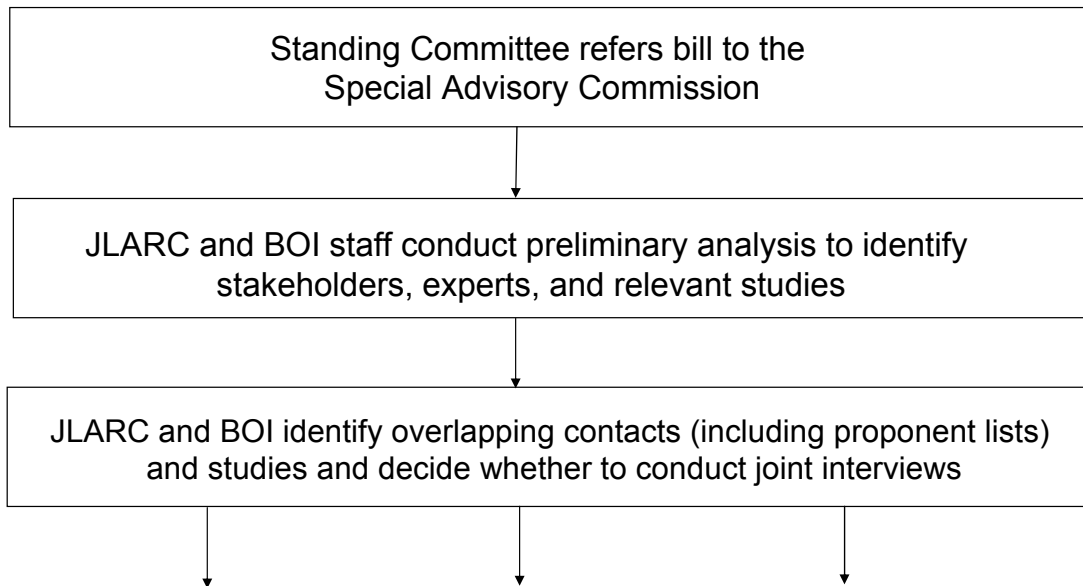
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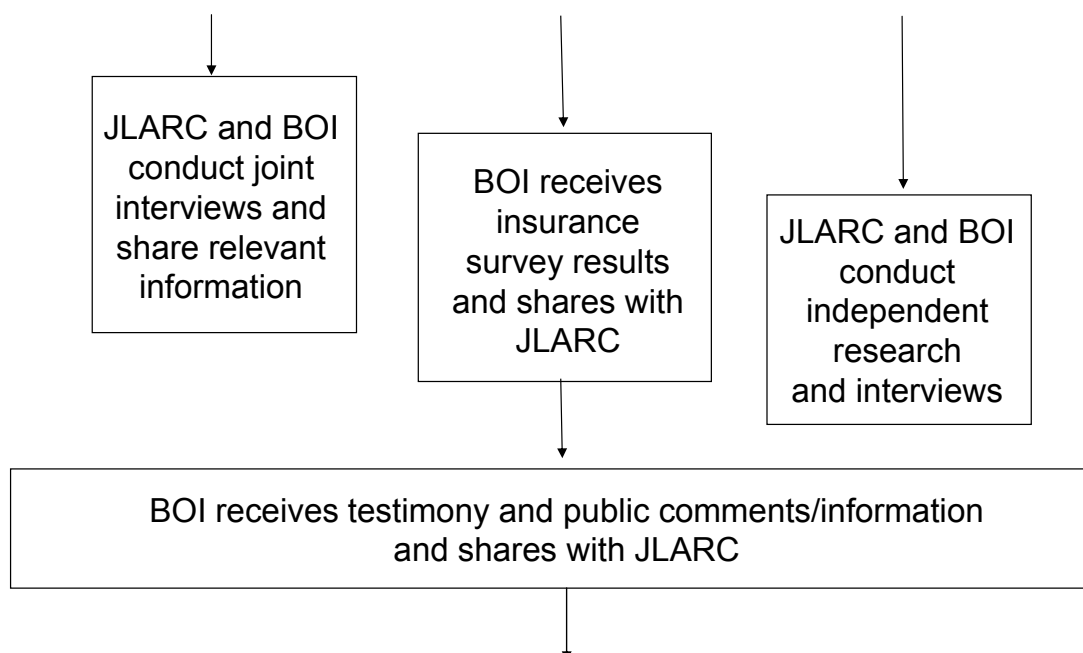
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## Review Process



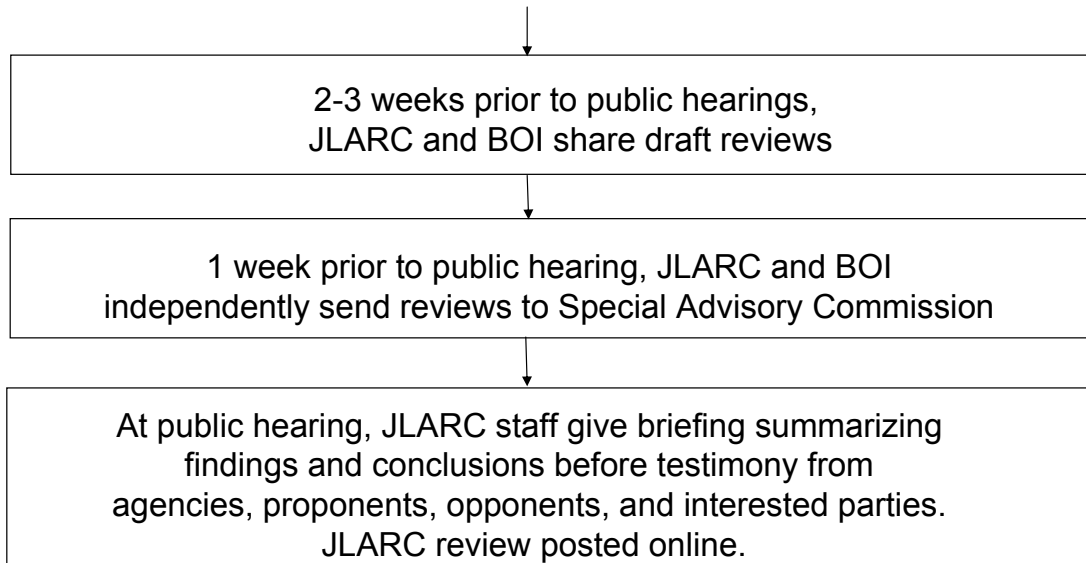
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## Review Process



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## Review Process



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## JLARC Report

- Organized by evaluation criteria category (*Table 4*)
  - medical efficacy
  - social impact
  - financial impact
  - effects of balancing medical efficacy, social, and financial considerations
- Report components include
  - report summary
  - report body
  - relevant appendixes



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## To Address Medical Efficacy

- Reviews of medical literature and meta-analyses
- Interviews with medical experts
  - University of Virginia Medical Center
  - Virginia Commonwealth Medical Center
  - experts identified elsewhere



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## To Address Social Impact

- Analysis of statistical data
- Analysis of BOI survey of insurance companies
- Literature reviews, including research conducted by State and federal agencies
- Analysis of information provided by proponents and opponents, including advocacy groups
- Interviews with medical experts



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## To Address Financial Impact

- Analysis of BOI survey of insurance companies
- Reviews of other states with relevant experience
- Literature reviews, including testimony
- Interviews with medical experts and interested parties



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## To Address Effects of Balancing Medical, Social, and Financial Considerations

- Comparison of results and findings from previous criteria
- Interviews to determine whether mandated option could fulfill need



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## JLARC Staff for Mandated Benefit Reviews

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## For More Information

<http://jlarc.state.va.us> (804) 786-1258



**Table 1**

**Mandated Health Insurance Benefits, Offers, and Providers in Virginia, 2006**

<b>Mandate</b>	<b>Code of Virginia Reference</b>
<b>Mandated Benefits</b>	
Dependent Children	§ 38.2-3409
“Doctor” to Include Dentist	§ 38.2-3410
Newborn Children	§ 38.2-3411
Mental Health and Substance Abuse Services	§ 38.2-3412.1
Biologically Based Mental Illness	§ 38.2-3412.1:01
Obstetrical Benefits ( <i>if Obstetrical Services provided</i> )- Coverage for Postpartum Services	§ 38.2-3414.1
Coverage for Victims of Rape or Incest	§ 38.2-3418
Mammograms	§ 38.2-3418.1
Pap Smears	§ 38.2-3418.1:2
Procedures Involving Bones and Joints ( <i>cannot exclude or limit treatments involving bones or joints of the head, neck, face, or jaw on policies providing coverage for any bone or joint of the skeletal structure</i> )	§ 38.2-3418.2
Hemophilia and Congenital Bleeding Disorders	§ 38.2-3418.3
Reconstructive Breast Surgery	§ 38.2-3418.4
Early Intervention Services	§ 38.2-3418.5
Prostate-Specific Antigen (PSA) Testing	§ 38.2-3418.7
Clinical Trials for Treatment Studies on Cancer	§ 38.2-3418.8
Minimum Hospital Stay for Hysterectomy	§ 38.2-3418.9
Diabetes	§ 38.2-3418.10
Hospice Care	§ 38.2-3418.11
Childhood Immunizations	§ 38.2-3411.3
Infant Hearing Screening and Related Diagnostics	§ 38.2-3411.4
Colorectal Cancer Screening	§ 38.2-3418.7:1
Hospitalization and Anesthesia for Dental Procedures	§ 38.2-3418.12
Lymphedema	§ 38.2-3418.14
<b>Mandated Offers</b>	
Child Health Supervision Services	§ 38.2-3411.1
Obstetrical Services	§ 38.2-3414
Conversion from Group to Individual Coverage	§ 38.2-3416
Bone Marrow Transplants	§ 38.2-3418.1:1
Coverage for the Treatment of Morbid Obesity	§ 38.2-3418.13
<b>Mandated Providers</b>	
Chiropractor	§ 38.2-3408, § 38.2-4221
Optometrist	§ 38.2-3408, § 38.2-4221
Optician	§ 38.2-3408, § 38.2-4221
Professional Counselor	§ 38.2-3408, § 38.2-4221

<b>Mandate</b>	<b>Code of Virginia Reference</b>
<b>Mandated Providers</b>	
Psychologist	§ 38.2-3408, § 38.2-4221
Clinical Social Worker	§ 38.2-3408, § 38.2-4221
Podiatrist	§ 38.2-3408, § 38.2-4221
Physical Therapist	§ 38.2-3408, § 38.2-4221
Chiropracist	§ 38.2-3408, § 38.2-4221
Clinical Nurse Specialist Who Renders Mental Health Services	§ 38.2-3408, § 38.2-4221
Audiologist	§ 38.2-3408, § 38.2-4221
Speech Pathologist	§ 38.2-3408, § 38.2-4221
Certified Nurse Midwife	§ 38.2-3408, § 38.2-4221
Marriage and Family Therapist	§ 38.2-3408, § 38.2-4221
Licensed Acupuncturist	§ 38.2-3408, § 38.2-4221

Source: Code of Virginia; The Financial Impact of Mandated Health Insurance Benefits and Providers Pursuant to Section 38.2-3419.1 of the Code of Virginia: 2004 Reporting Period, State Corporation Commission

Table  
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**Special Advisory Commission on  
Mandated Health Insurance Benefits,  
2006**

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**Members of the General Assembly**

Delegate R. Lee Ware, Jr., <i>(Term of Office)</i>	Delegate Clarke N. Hogan <i>(Term of Office)</i>
Delegate Kathy J. Byron <i>(Term of Office)</i>	Delegate William R. Janis <i>(Term of Office)</i>
Senator Harry B. Blevins <i>(Term of Office)</i>	Senator Russell H. Potts, Jr. <i>(Term of Office)</i>

**Governor Appointed Members**

*(Terms Expire 6/30/06)*

Elnora Allen	Janet Melton
Phyllis L. Cothran	Radlyn Mendoza
Dr. James F. Childress	Fred M. Rankin, III
Joe Kelliher	John L. Roper, IV
Stephen P. Long, M.D.	Laura Lee Viergever

**Ex Officio Members**

Alfred W. Gross, Commissioner of Insurance
Robert Stroube, M.D., Commissioner of Health

Source: Virginia Bureau of Insurance.

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**Table 3**

**Recent Reviews of Proposed Health Insurance Mandates by Special Advisory Commission, 2000-2005**

<b>Proposed Mandated Benefit/Provider Area</b>	<b>Special Advisory Commission Recommendation</b>
<b>2000</b>	
Hearing aids	No
Medications for diabetes	No
Therapies for biologically-based mental illnesses	No
Marriage and family therapists	Yes
Pharmacists	No
EEG biofeedback	No
<b>2001</b>	
Social anxiety disorder	No*
Hearing aids	No
<b>2002</b>	
Polypeptide/amino-acid based formulas	No**
Lymphedema	Yes
Dietitians and nutritionists	No
Reconstructive breast surgery	No
Alpha-1 antitrypsin deficiency	No
Genetic predisposition	No
<b>2003</b>	
Hearing aids for minors	No
Essential and standard plans	No Changes
Artificial limbs	No
Parity in coverage of biologically-based mental illnesses	No
Prophylactic surgeries	No
Information on obesity	No
Menorrhagia	No
Study hearing aids for small children	To General Assembly
<b>2004</b>	
HMO coverage of chiropractic services	No
Prescription contraceptives	No
Consumer choice plans	Deferred to 2005
Moratorium on mandated benefits	Deferred to 2005
Ovarian cancer screening and mammograms	Not heard - patron request
Inborn errors of metabolism	No
Anorexia and bulimia as biologically based	No

<b>Proposed Mandated Benefit/Provider Area</b>	<b>Special Advisory Commission Recommendation</b>
Infertility treatments	No
<b>2005</b>	
Consumer choice plans	Not heard - patron request
Moratorium on mandated benefits	Not heard - patron request
Morbid obesity-must include	No
Habilitative services	Deferred to 2006
Ambulance services	No
Developmental Delay	No

*\*Patron stated bill not necessary at present time.*

*\*\*Recommended coverage by VDH program.*

Source: Virginia Bureau of Insurance.

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# Table 4

## Criteria for Assessing Proposed Mandated Health Insurance Benefits

Topic Area	Criteria
<b>1. Medical Efficacy</b>	
a. Medical Efficacy of Benefit	The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.
b. Medical Efficacy of Provider	<p>If the legislation seeks to mandate coverage of an additional class of practitioners:</p> <ol style="list-style-type: none"> <li>1) The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.</li> <li>2) The methods of the appropriate professional organization to assure clinical proficiency.</li> </ol>
<b>2. Social Impact</b>	
a. Utilization of Treatment	The extent to which the treatment or service is generally utilized by a significant portion of the population.
b. Availability of Coverage	The extent to which insurance coverage for the treatment or service is already generally available.
c. Availability of Treatment Without Coverage	If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.
d. Financial Hardship	If the coverage is not generally available, the extent to which the lack of coverage result in unreasonable financial hardship on those persons needing treatment.
e. Prevalence/Incidence of Condition	The level of public demand for the treatment or service.
f. Demand for Coverage	The level of public demand and the level of demand from providers for individual or group insurance coverage of the treatment or service.
g. Union Coverage	The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.
h. State Agency Findings	Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.
i. Public Payer Coverage <i>JLARC Criterion</i>	The extent to which the benefit is covered by public payers, in particular Medicaid and Medicare.
j. Public Health Impact <i>JLARC Criterion</i>	Potential public health impacts of mandating the benefit.
<b>3. Financial Impact</b>	
a. Effect on Cost of Treatment	The extent to which the proposed insurance coverage would increase or decrease the cost or treatment of service over the next five years.

Topic Area	Criteria
b. Change in Utilization	The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.
c. Serves as an Alternative	The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.
d. Impact on Providers	The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.
e. Administrative and Premium Costs	The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.
f. Total Cost of Health Care	The impact of coverage on the total cost of health care.
<b>4. Effects of Balancing Medical Efficacy, Social, and Financial Considerations</b>	
a. Social Need/Consistent with Role of Insurance	The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.
b. Need Versus Cost	The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.
c. Mandated Option	The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policy holders.

Source: Special Advisory Commission on Mandated Health Insurance Benefits and JLARC staff analysis.

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