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House Bill 4213
House Committee on Insurance

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HB 4213

HB 4213 would allow carriers to sell health plans that do not comply with current state laws that set certain standards for coverage, including requirements:

- For coverage of a specific health care service or benefit
- That restrict cost-sharing, such as deductibles, copayments and annual/lifetime limits, and
- That ensure access to a specific type of licensed health care provider

Effect by market:

- In the large employer market (50+ employees), would create a plan with benefit/provider standards optional for carriers (other than federal requirements)
- No immediate effect in the individual and small employer markets, where federal "essential health benefit" standards create the floor for coverage. However, Congress and the administration may consider changes to EHB in law and rule.
- Unclear whether a carrier offering a "catastrophic plan" would also have to offer a plan compliant with state benefit and provider standards.

Health care benefit standards that would not be required in "catastrophic plans"

These are required today in "Consumer Choice" plans

- Mammograms (Ch. 1356)
- Screening for prostate cancer (Ch. 1362)
- Screening for colorectal cancer (Ch. 1363)
- Screening for cervical and ovarian cancers (Ch 1370)
- Newborn hearing screening and diagnostic follow-up (Ch 1367)
- Childhood immunizations (Ch 1367)
- Reconstructive surgery for craniofacial abnormalities in kids (Ch 1367)
- Treatment of phenylketonuria (PKU) (Ch 1359)
- Complications of pregnancy (TAC 21.405)
- Diabetes equipment and supplies (Ch 1358)
- Serious mental illness (Ch 1355)
- Basic health care services in an HMO (28 TAC Section 11.508(a))

*This is not a full list of benefit standards made optional under HB 4213

Provider access categories that would not be required in “catastrophic plans”

Texas law today allows people enrolled in health plans the right to choose certain types of health care providers to provide covered benefits, if the services are within the provider’s scope of practice, including the following (Ch 1451):

- ACUPUNCTURIST
- ADVANCED PRACTICE NURSE
- AUDIOLOGIST
- CHEMICAL DEPENDENCY COUNSELOR
- CHIROPRACTOR
- DENTIST
- DIETITIAN
- HEARING INSTRUMENT FITTER AND DISPENSER
- LICENSED CLINICAL SOCIAL WORKER
- LICENSED PROFESSIONAL COUNSELOR
- SURGICAL ASSISTANT
- MARRIAGE AND FAMILY THERAPIST
- NURSE FIRST ASSISTANT
- OCCUPATIONAL THERAPIST
- OPTOMETRIST
- PHYSICAL THERAPIST
- PHYSICIAN ASSISTANT
- PODIATRIST
- PSYCHOLOGICAL ASSOCIATE
- PSYCHOLOGIST
- SPEECH LANGUAGE PATHOLOGIST

Minimum Benefit Standards in Plans

Modestly Raise Costs & Add Value

Minimum standards add modestly to cost. They are not a primary driver of increasing premiums:

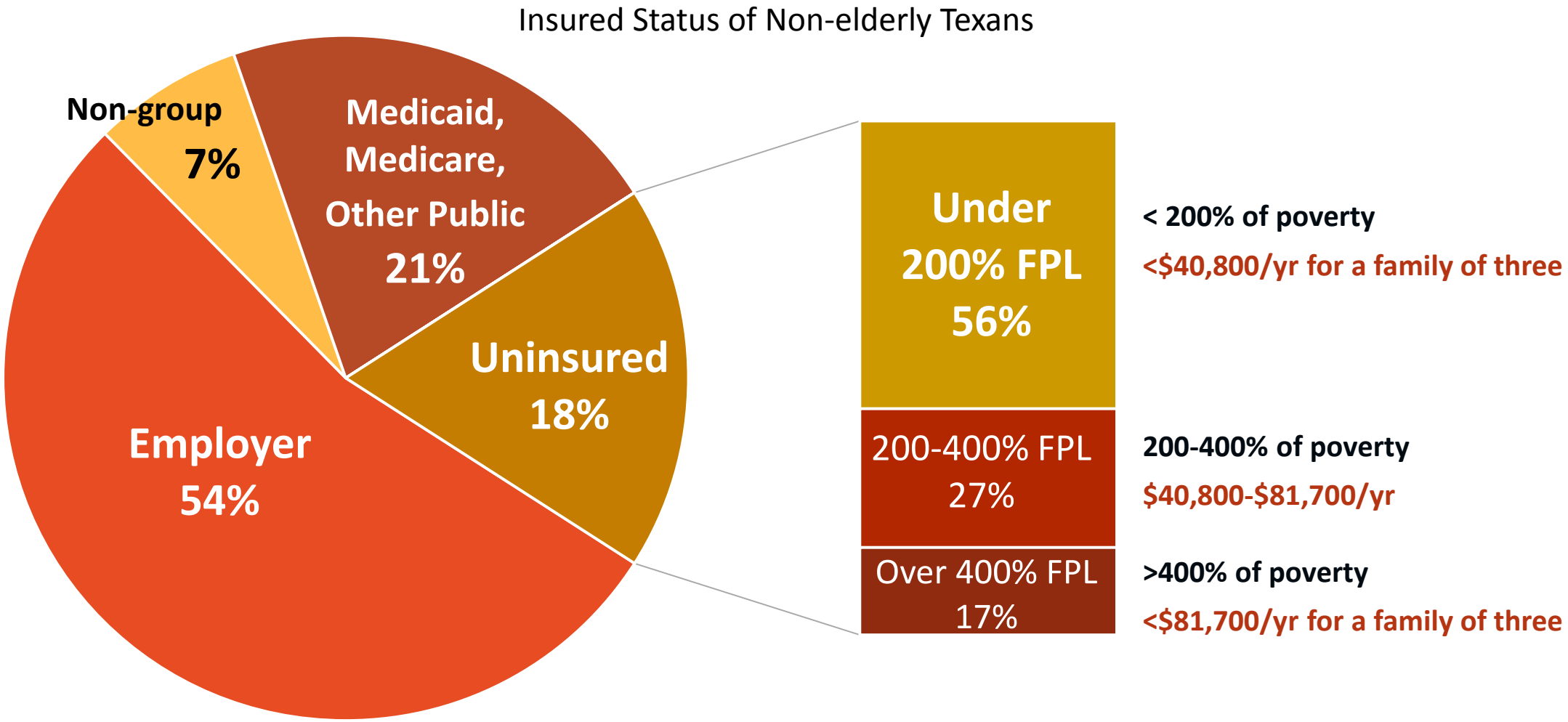
- TDI: In 2015, mandates were 6% of claims costs for group coverage and 2% for individual market
- National Association of Insurance Commissioners: "mandated benefits add, at most, 5% to the cost of a policy."
- Congressional Budget Office: marginal cost of 5 of the most expensive mandates would add .28 – 1.15% to premiums

Minimum standards provide many benefits:

- Personal health: help people stay healthy or get treatment
- Financial risk: limit exposure to significant financial burdens to individuals
- Reduces long-term costs: reduce costs through prevention or early detection
- Reduce demand for public services: private financing of services that would otherwise be publicly funded through ECI, public mental health, jails, disability, etc.
- A known floor: reduce infinite variability and increase public understanding of coverage
- Choice and access to care: ensure choice of non-physician providers; increase access to care in shortage areas

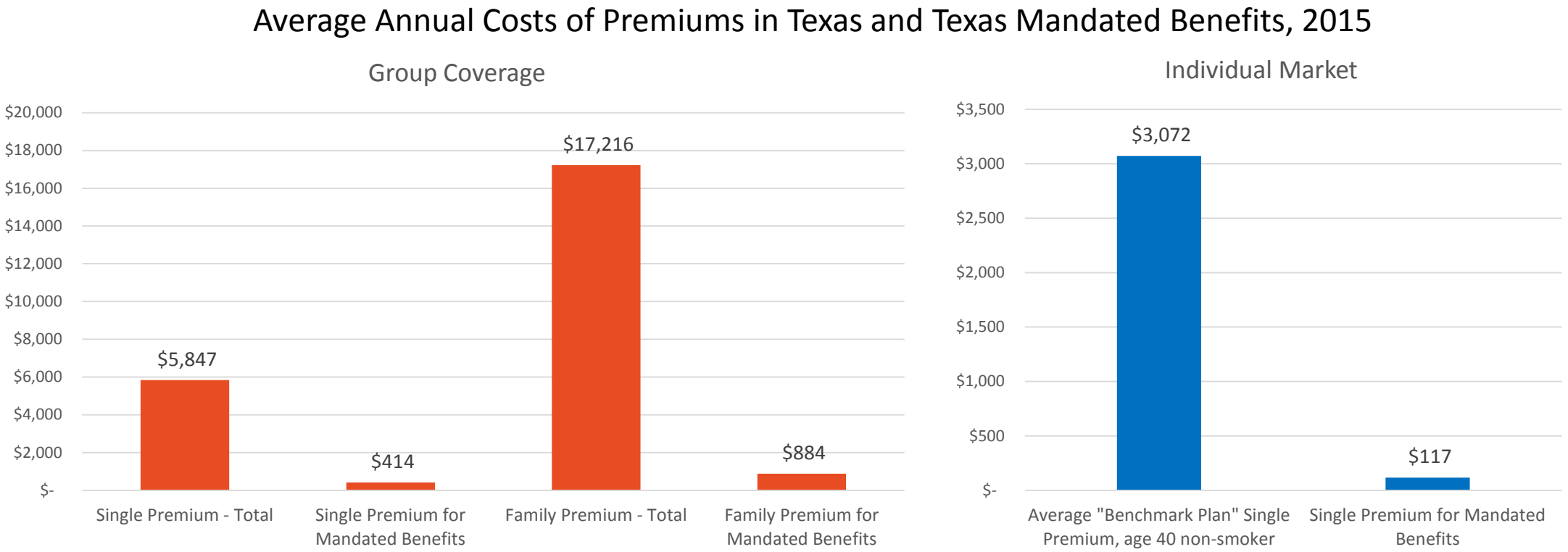
Removing Mandates Will Not Make Coverage Affordable For Most Uninsured Texans

Most Texas Uninsured Are Low- or Moderate-Income



Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2015. “Non-elderly” = Texans ages 0 to 64.

Premiums Attributable to Mandated Benefits Are a Tiny Fraction of Total Costs



Texas Department of Insurance, Texas Mandated Benefit Cost and Utilization Summary Report, October 2014 - September 2015, http://www.tdi.texas.gov/reports/documents/txmanbenrep15.pdf; Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component, Texas 2015, https://meps.ahrq.gov/data_stats/quick_tables_search.jsp?component=2&subcomponent=2; Kaiser Family Foundation, State Health Facts, Marketplace Average Benchmark Premiums, Texas 2015, http://kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

Removing Mandates Places the Full Costs for Illness and Injury on Individuals

Example for illustration of higher cost standard only. Texas does NOT mandate maternity coverage in plans.

FIGURE 4: MATERNITY SERVICES MANDATE AND THE INDIVIDUAL MARKET

PRENATAL/DELIVERY BENEFITS IN THE INDIVIDUAL MARKET *	SCENARIO 1: VIRTUALLY NO AFFORDABLE COVERAGE FOR PRENATAL/DELIVERY BENEFITS AVAILABLE IN THE MARKET	SCENARIO 2: INSURANCE AVAILABLE BOTH WITH AND WITHOUT PRENATAL/DELIVERY BENEFITS	SCENARIO 3: MANDATED COVERAGE FOR PRENATAL/ DELIVERY BENEFITS
Illustrative Financial Impact **	$15,000 out-of-pocket for prenatal care and delivery.	25% to 70% differential in premiums between market segments (adults under 40).	$8 to $14 increase in monthly premiums if adding this benefit to a single risk pool.
Winners	More affordable premiums for those not needing this benefit.	More affordable premiums for those not needing this benefit.	By having everyone contribute to the cost for this benefit, the cost for pregnant women to have this benefit is lower.
Losers	Pregnant women pay out of pocket, seek public assistance, or forgo medical care.	Women wanting coverage pay much higher premiums for coverage.	Other participants in the single risk pool pay the cost for the benefit even though only pregnant women will use this benefit.

* This example only considers benefits associated with uncomplicated prenatal/delivery. In all scenarios, we assume complications associated with pregnancy and delivery would be a covered benefit.

** Costs will vary by geographic area, provider, and other factors.

Milliman, Are essential health benefits here to stay?, March 2017, http://www.milliman.com/uploadedFiles/insight/2017/essential-health-benefits.pdf

Texas "Consumer Choice" Plan Experience

- Prominent carriers report small cost savings:
  - BCBS: -1.25% group and -0.5% individual
  - United Healthcare: -2-2.5% small employer
- Some carriers report more savings from positive risk selection than removing mandated benefits. Potential to segment the market by risk.
- Limited success in covering the uninsured. In 2007, only 7% of newly issued consumer choice plans were purchased by previously uninsured individuals.
- State benefit mandates have a minimal cost. They are not a primary driver of rising premiums. In 2015, state mandated benefits accounted for 2% of total claims costs for individual market plans and 6% for group plan

Source: Texas Department of Insurance