State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

NEAL T. GOOCH
Commissioner

Insurance Department

May 12, 2011

Senator John L. Valentine, Chair
Representative James A. Dunnigan, Chair
Interim Business and Labor Committee
Utah State Capitol Complex
Salt Lake City, Utah 84114

Dear Chairmen:

I am advised by the Office of Legislative Research and General Counsel that the committee will conduct its annual review of insurance mandates required under Utah Code Ann. § 36-12-5(2) on May 12, 2011 in its June interim meeting.

Attached is a list of health insurance mandates that are required in the Utah Insurance Code that we identified in the department's latest annual report which includes a summary of mandate reviews that were conducted in past years. These mandates generally affect only about one third of the health insurance market through commercial insurers in Utah.

Again, please be advised that the resources of the department continue to be strained due to budget reductions and the support the department is providing to the Legislature's Health Care Task Force and to the Governor for State and Federal health care reform measures, the State Risk Adjuster Board, and the Utah Health Exchange. Any request by the committee for assistance in reviewing any mandates will be impacted by these circumstances and we stand ready to provide what assistance we can in spite of these limitations.

Sincerely,

Neal T. Gooch
Utah Insurance Commissioner

Attachment
List of Utah Health Insurance Mandates
Summary of Mandate Reviews

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List of Health Insurance Mandates in Utah

Coverage Mandates

Required by Federal statute:

1. Dependent coverage from the moment of birth or adoption (31A-22-610)
2. Coverage through a noncustodial parent (31A-22-610.5; Social Security Act)
3. Open enrollment for child coverage ordered by a court (31A-22-610.5; Social Security Act)
4. Medicare supplemental insurance, including preexisting conditions provision (31A-22-620; NAIC Standard; Title XVIII of the Social Security Amendment, 1965)
5. Individual and small group guaranteed renewability (31A-30-107; Health Insurance Portability and Accountability Act, 1997)
6. Individual and small group limit on exclusions and preexisting conditions (31A-30-107; 31A-30-107.5; Preexisting conditions limitations as required by Federal statute)
7. Small group portability and individual guaranteed issue (31A-30-108; Health Insurance Portability and Accountability Act, 1997)
8. Maternity coverage on groups of 15 or more employees (Pregnancy Discrimination Act, Public Law 95-555, 1978)
9. COBRA benefits for employees of employer with 20 or more employees (Consolidated Omnibus Budget Reconciliation Act, Public Law 99-272, 1985)
10. Rescissions only for fraud or intentional misrepresentation (Patient Protection and Affordable Care Act, 2010)
11. Coverage for children up to age 26, including married children (Patient Protection and Affordable Care Act, 2010)
12. Prohibition on discrimination based on salary (Patient Protection and Affordable Care Act, 2010)

Required by State statute:

1. Policy provision standards (31A-22-605)
2. Dependent coverage to age 26 (31A-22-610.5)
3. Extension of policy for a dependent child with a disability (31A-22-611)
4. Conversion privileges for an insured former spouse (31A-22-612)
5. Mini-COBRA benefits for employees of employer with less than 20 employees (31A-22-722; State expansion of Federal COBRA requirements)
6. NetCare (31A-22-724)
7. Health Benefit Plan choices (31A-22-618.5 and 31A-30-109)

Benefit Mandates

Required by Federal statute:

1. Maternity stay minimum limits (31A-22-610.2; Newborn & Mothers Health Protection Act, 1997)
2. Pediatric vaccines – level of benefit (31A-22-610.5, Omnibus Budget Reconciliation Act, 1993)
3. OB/GYN as primary care physician (31A-22-624)
4. Preauthorization of emergency medical services (31A-22-627; Federal Patient Bill of Rights Plus Act)
5. Alcohol and drug dependency treatment (31A-22-715)
6. Mastectomy provisions (31A-22-630; 31A-22-719; Women's Health & Cancer Rights Act, 1996)
7. Limitation of annual and lifetime limits for essential benefits (Patient Protection and Affordable Care Act, 2010)
8. Coverage for preventive health services (Patient Protection and Affordable Care Act, 2010)
9. Limitation on the use of preexisting condition exclusions (Patient Protection and Affordable Care Act, 2010)

Required by State statute:

1. $4,000 minimum adoption indemnity benefit (31A-22-610.1)
2. Dietary products for inborn metabolic errors (31A-22-623)
3. Catastrophic coverage of mental health conditions (31A-22-625;Mental Health Parity and Addition Equity Act, 2008)
4. Diabetes coverage (31A-22-626)
5. Standing referral to a specialist (31A-22-628)

Provider Mandates

Required by Federal statute:

None

Required by State statute:

1. Preferred provider contract provisions, including 75 percent reimbursement provision for non-preferred providers, quality assurance program, nondiscrimination, and grievance process (31A-22-617)
2. HMO payments to non-contracting providers in rural areas (31A-8-501)

Summary of Mandate Reviews conducted by the Utah Insurance Department

Each mandate review collected data from commercial heath insurance carriers that offered comprehensive health insurance in Utah, and includes estimates for coverage impact, population impact, and financial impact; and where possible, it also includes a literature review of previous studies and research related to the subject being studied. Below is a summary of the studies conducted by the Utah Insurance Department. Please note that all data is current as of the year the study was published.

2003 Adoption Indemnity Benefit (31A-22-610.1)
Data years: 2001-2002
Coverage Impact: Provides coverage for approximately 1/3 of Utah residents
Population Impact: Affects less than 1 percent of Utah residents and about 1/3 of finalized adoptions in Utah (about 352 adoptions)
Financial Impact: Approximately 0.10 percent of comprehensive claim costs per member per year

2003 Diabetes Coverage (31A-22-626)
Data years: 2000-2002
Coverage Impact: Provides coverage for approximately 1/3 of Utah residents; mandate increased coverage for diabetes education from 80 percent of covered lives to 100 percent (an increase of 20 percent).
Population Impact: Affects approximately 30 percent of type 1 & 2 diabetics between the ages of 0 to 64 (or about 20 percent of all type 1 & 2 diabetics in Utah) or about 15,000 diabetics (about 0.7 percent of Utah residents). Affects approximately 30 percent of gestational diabetics in Utah or about 1,500 diabetics (about 0.1 percent of Utah residents).
Financial Impact: Costs did not exceed 1 percent of losses per member per year during the three years data was available and does not appear to have increased comprehensive claim costs more than 0.1 percent. This is consistent with the Legislative Fiscal Analyst's previous estimate that premium costs would not increase more than 0.17 percent as well as previous studies of the claim costs of other states' diabetes statutes.

2004 Catastrophic Coverage of Mental Health Conditions (31A-22-625)
Data years: 1999-2002
Coverage Impact: Provides coverage for commercial insured small and large employer groups, or about 29 percent of Utah residents.
Population Impact: Based on national prevalence estimates of mental illness, between 1.0 and 1.7 percent of Utah residents and their families are directly affected by the statute.
Financial Impact: The cost of mental health services as a percentage of comprehensive losses per member per year increased from 1.3 percent in 1999 to 2.2 percent in 2002, a relative increase of 0.9 percent. Thus, mental health services, did not exceed 2.2 percent of comprehensive losses per member per year during the four years data was available and does not appear to have increased comprehensive claim costs more than 1.0 percent. This cost estimate is consistent with the Legislative Fiscal Analyst's previous estimate that the premium impact of the catastrophic mental health statute would range between a 2.0 percent savings and a 7.0 percent increase. It is also consistent with other national and state cost estimates of mental health parity legislation.