

# HOUSE BILL REPORT

## HB 2331

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### As Reported By House Committee On:

Health Care

**Title:** An act relating to review of mandated health insurance benefits.

**Brief Description:** Providing for review of mandated health insurance benefits.

**Sponsors:** Representatives Backlund, Dyer, Hymes, Thompson, McMahan, Basich, D. Sommers and Sherstad.

### Brief History:

#### Committee Activity:

Health Care: 1/19/96, 2/1/96 [DPS].

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Dyer, Chairman; Backlund, Vice Chairman; Hymes, Vice Chairman; Cody, Ranking Minority Member; Campbell; Crouse; Sherstad and Skinner.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Murray, Assistant Ranking Minority Member; Conway and H. Sommers.

**Staff:** Bill Hagens (786-7131).

**Background:** Mandated benefits (MRs), i.e., the requirement by law that health carriers cover or offer to cover a specific health care service or reimburse specific types health care providers, are a phenomenon of the past 30 years. They were adopted after a period when, as a result of collective bargaining, full benefits packages, including doctors, hospitals, drugs, etc., became common insurance products. Thus, counter to popular belief, mandated benefits, do not represent a core benefits package, but rather a peripheral set of specific services and providers that have enjoyed the support of consumers and provider interest groups. Currently, Washington State has 16 mandated benefit or offering laws, addressing mammogram; reconstructive breast surgery; mastectomy and lumpectomy; nursing; dentistry; temporomandibular joint disorders; mental health; psychological services; home health hospice; chiropractic services; optometry; podiatry; and women's health care services.

Ten affect group coverage, and six affect both individual and group insurance products.

Research on MRs has been controversial and inconclusive. Findings addressing impact on enrollee health status have been spotty.

In 1984, a MR review statute was adopted in Washington State. Although this act may have had a sentinel effect against unnecessary MR's, i.e., discouraging inappropriate proposals, it has never been used as written. Further, since its adoption, 10 of the 16 mandates have been enacted into law.

**Summary of Substitute Bill:** Persons or organizations seeking to establish a mandated benefit must, at least 90 days prior to a regular legislative session, submit a mandated benefit proposal to the Legislature, assessing the proposed benefit against three sets of criteria: social impact; financial impact; and evidence of health care service efficiency. The Department of Health (DOH) may modify these criteria, by rule, to reflect new relevant information.

The Legislature may request that DOH examine the proposal using the criteria set forth above; however, such requests must be made no later than nine months prior to a subsequent regular legislative session, and funds must be made available for that purpose. If such a request is made, DOH shall report to the Legislature on the appropriateness of adoption no later than 30 days prior to the legislative session during which the proposal is to be considered. Mandated benefits must be authorized by law and for no more than 10 years. DOH is directed to conduct a preliminary examination of existing mandated benefits and indicate to the Legislature those that require further review. Specific appropriations for review are required for DOH to participate.

**Substitute Bill Compared to Original Bill:** The repeal of existing mandated benefits and authorization of study fees are deleted. DOH is directed to conduct a preliminary examination of existing mandated benefits and indicate to the Legislature those that require further review. Health status indicators are added to the review criteria. Specific appropriations for review are required for DOH to participate. The Office of the Insurance Commissioner is required conduct actuarial analysis of proposals.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The current review process has not been used in reviewing mandated benefits. Many mandated benefits were put in place not because of general value to the health status of the public, but because of the narrow interest of certain groups of consumers and providers.

**Testimony Against:** (Regarding the review and possible repeal of existing mandated benefits) Most mandated benefits are needed, and such review and possible repeal are unnecessary and costly and would cause a great deal of anxiety among many provider groups.

**Testified:** Lisa Thatcher, Washington State Nurses Association; Gail McGaffick, Washington State Psychological Association; Donna Patrick, Developmental Disabilities Council; Jim Lindley, Disabilities Action Network; Bobbie Berkowitz, Department of Health; Mary Clogston, Office of the Insurance Commissioner; Steve Wehrly, Washington State Chiropractic Association; Melanie Stewart, Washington Podiatric Medical Association; Ann Simons, Washington Association of Marriage and Family Counselors; Mel Sorensen, Washington Physicians Service; and Steve Lindstrom, Association of Alcoholism and Addiction Programs.