

HB 193 -- HEALTH INSURANCE

SPONSOR: Luetkemeyer

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Services by a vote of 15 to 4.

This bill creates the Mandated Health Benefit Review Commission. The commission will review all health insurance coverage mandates currently required by law and any such mandates offered by legislators in the future. The commission must file a report with the General Assembly by January 2005 detailing any proposed changes to those mandates currently in law. Any bill containing a health insurance coverage mandate must be evaluated by the commission before the law can be enacted.

The bill sets forth an extensive list of issues that the commission must address when it reviews any proposed mandate. The commission will be composed of the directors of the departments of Insurance and Health and Senior Services, two members of the House of Representatives, and two members of the Senate, all of whom serve as ex-officio members. The Governor will appoint six voting members to the commission who will include two individuals representing employers, two employees who pay for a portion of their health insurance, and two individuals who purchase their own health insurance.

The bill also removes all of the mandated coverages from the Limited Mandate Health Insurance Law. Under current law, health insurers may sell a less expensive health insurance policy that does not include many of the coverages that are mandated by law. This "limited mandate" policy contains nine mandated coverage areas. The bill removes those nine mandated coverages, which include maternity stays in the hospital, mammograms, immunizations, PKU coverage, and coverage for adopted children. The bill also removes language that restricts the marketing of limited coverage to people who do not have health insurance.

FISCAL NOTE: Estimated Net Cost to Insurance Dedicated Fund of \$133,329 to \$333,329 in FY 2004, \$155,444 to \$355,444 in FY 2005, and \$158,055 to \$358,055 in FY 2006.

PROponents: Supporters say that mandated coverages account for 25% to 35% of the increased cost of health insurance, since the limited mandate coverage option was created. During that time, 20% of the people who have lost their coverage did so because of these mandates. The average mandate causes a 3% increase in premiums. There needs to be a cost/benefit analysis on every proposed mandate. Creating a commission that can carefully study each proposal, free of the emotions and politics that can take

over a legislative hearing, will allow the legislature to study the actual long-term effects of proposed legislation. Employers should be the ones choosing what insurance they want to purchase, not the legislature.

Testifying for the bill were Representative Luetkemeyer; St. Louis Area Business Health Coalition; Missouri Chamber of Commerce; Covington Health Care; Missouri Association of Health Plans; American Association of Independent Insurers; Blue Cross/Blue Shield of St. Louis; Missouri Insurance Coalition; Healthlink Inc.; Blue Cross/Blue Shield of Kansas City; United Health Care of the Midwest; National Federation of Independent Businesses; and Group Health Plan.

OPPONENTS: There was no opposition voiced to the committee.

Richard Smreker, Senior Legislative Analyst