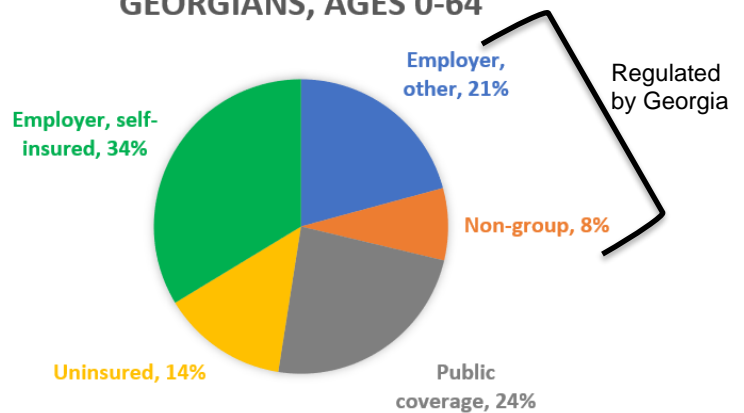


A consumer perspective on coverage benefit mandates

Mandated benefits—services that an insurance carrier is required, by licensing or other statute, to include in its health plan or categories of providers (like chiropractors) that must be included in the plan

State mandates only apply a subset coverage sold in Georgia, primarily individual and small group plans. State mandates do not apply to self-insured employer plans which are regulated by ERISA. Georgia’s Department of Insurance regulates the insurance coverage of about 30% of non-senior Georgians.

HEALTH INSURANCE COVERAGE OF GEORGIANS, AGES 0-64



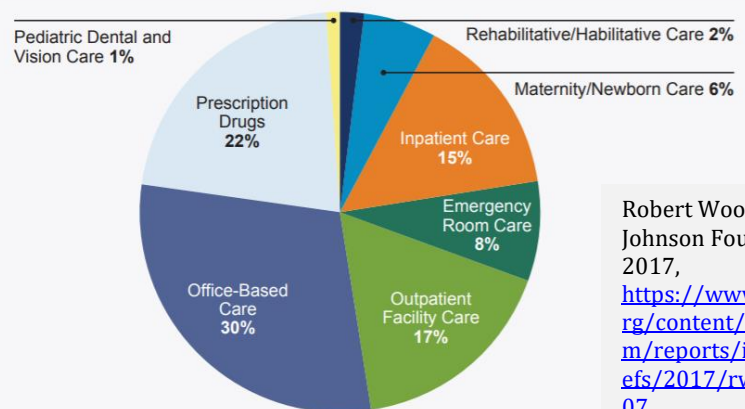
Kaiser Family Foundation, Health Insurance Coverage of Non-Elderly, 2016; Georgia Health Policy Center

Coverage mandates do not drive up health insurance premiums

Coverage mandates account for a very small share of insurance premium costs. For a typical fringe benefit mandate, adjustments to premiums are less than one percent.ⁱ This is largely because costs are spread over large risk pools.

Further, mandates contribute very little to healthcare spending growth. That growth is driven primarily by year-over-year increases in the prices of healthcare products and services driven by provider consolidation & market power, advances in medical technology, and growth in prescription drug costs.ⁱⁱ

Essential Health Benefits as a Share of Total Nongroup Premiums, 2017



Robert Wood Johnson Foundation, 2017,
https://www.rwjf.org/content/dam/farm/reports/issue_briefs/2017/rwjf438507

Impact of coverage mandates on consumers

1) **Protection from insufficient coverage**—Federal and state benefit coverage mandates safeguard Georgians so that the insurance product they are purchasing meets their current and future health needs. A consumer’s health care needs are impossible to predict (e.g. cancer diagnosis, car crash). Even health care services we think of as planned are not; half of pregnancies in the U.S. are unplanned. Coverage mandates help to guarantee that consumers will be protected even if they do not accurately predict their health care needs.

2) **Increased access to care**— Requiring coverage of certain health care services, especially those that can be financially burdensome, allows consumers to access these services without taking on exorbitant medical expenses. Studies show that coverage mandates can result in increased use of the mandated health care services.ⁱⁱⁱ These upticks in service use are likely due to the decreased financial burden on consumers to pay for the services and the willingness of providers to take a new patient when they know they will be reimbursed for the services. This also positively impacts Georgia’s hospital and provider community.

Methodone maintenance treatment, the most effective treatment for opioid addiction, costs about \$5000 annually. Without the financial help provided by comprehensive insurance coverage, consumers may forgo this critical service.

3) **Financial protection for minimal costs to consumers**—Current law limits how much consumers have to pay out of pocket for health care each year through what is called an out-of-pocket maximum.^{iv} This out-of-pocket maximum includes co-pays, deductibles, co-insurance, and any other out-of-pocket costs but does not include premium payments. The out of pocket maximum protections only apply to mandated services. Non-mandated services include adult dental and vision services, infertility treatments, in-home nursing, hospice care, and long-term care, and consumers are often left to pay for the full costs of these.

2018 out-of-pocket maximum:
\$7350 for individual plan
\$14,700 for a family plan

4) **Comparison shopping made easier**—In the U.S., only about 12% of consumers have proficient health literacy skills, meaning that they are able to calculate their share of health insurance costs for a year.^v By standardizing insurance plans through coverage mandates, consumers are better able to compare plans based on a more limited number of factors like price and network breadth.

ⁱ Milliman, <http://us.milliman.com/uploadedFiles/insight/2017/essential-health-benefits.pdf>; Maryland Health Care Commission, [http://dlslibrary.state.md.us/publications/EXEC/DHMH/MHCC/IN15-1501\(e\)\(1\)_2016\(2\).pdf](http://dlslibrary.state.md.us/publications/EXEC/DHMH/MHCC/IN15-1501(e)(1)_2016(2).pdf)

ⁱⁱ Consumers Union, <http://www.healthcarevaluehub.org/cost-drivers/>

ⁱⁱⁱ Health Affairs, 2017, <http://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0515>; BMC Health Services Research, 2010, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2881060/>; American Journal of Preventive Medicine, 2016, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4700502/>

^{iv} Healthcare.gov, <https://www.healthcare.gov/glossary/out-of-pocket-maximum-limit/>

^v U.S. Dept. of HHS, Office of Disease Prevention & Health Promotion, <https://health.gov/communication/literacy/issuebrief/>