



## The Cost and Complexities of State Mandated Benefits

According to a recent report from the Council for Affordable Health Insurance (“CAHI”), “Health Insurance Mandates in the States,” the number of state mandated benefits -- which has increased steadily for 20 years -- is now up to 2,271 mandates nationwide. When CAHI started tracking mandates in 1992, they claimed there were an estimated 850 mandates across all 50 states. However, over the last twenty years the number of state mandated benefits has increased by 167%. The CAHI also estimates mandated benefits currently increase the cost of basic health coverage from slightly less than 10% to more than 50% depending on the state, the specific legislative language and the type of health insurance policy. The chart below provides an illustrative profile of the mandated benefit issues:

### STATE MANDATED BENEFIT HIGHLIGHTS

Most Mandated Benefits		Least Mandated Benefits		Most Popular Mandates		Least Popular Mandates	
Rhode Island	69	Idaho	13	Mammography Screening	50	Breast Implant Removal	1
Maryland	67	Alabama	19	Maternity Minimum Stay	50	Cardiovascular Disease Screening	1
Virginia	66	Michigan	24	Breast Reconstruction	49	Circumcision	1
Minnesota	65	Iowa	26	Mental Health Parity	48	Gastric Electrical Stimulation	1
Connecticut	65	Utah	26	Alcohol & Substance Abuse	46	Organ Transplant Donor Coverage	1

A health insurance mandate requires insurers to cover specific health care providers, benefits or patient populations under local state law. Mandates generally make health insurance more

expensive because they require insurers to pay for care consumers previously funded all or in part out of their own pockets. Employers or Plan Sponsors that offer fully-insured benefit plans must comply with all of the state mandated benefits required in their state. For employers operating in multiple states, their benefit plans must generally cover the unique mandates in place in all of the states where they may issue coverage.

The cost and complexities of complying with state mandated benefits is one of the main reasons many employers self-insure their benefit plans. On a self-insured basis, employers and Plan Sponsors are not required to cover state mandated benefits (although they may voluntarily opt to cover some or all if they choose). On a self-funded basis, employers and Plan Sponsors are exempt from state mandated benefits and must only comply with federal requirements. For many, the usual cost of covering mandated benefits can be valued at 7% to 10% a year.

A team of actuaries, supervised by CAHI's Actuarial Working Group on Mandated Benefits provides an estimate of each mandate's cost. For an executive summary, or to order the full report, please visit <http://www.cahi.org/article.asp?id=1114>.

Conner Strong & Buckelew regularly monitors the passage of new state mandated benefits and the impact on clients. For more information about the impact of state mandated benefits and self insurance, please contact your Conner Strong & Buckelew account representative.



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