

**SPECIAL ADVISORY COMMISSION ON
MANDATED HEALTH INSURANCE BENEFITS**

GUIDELINES FOR THE REVIEW OF LEGISLATION
MANDATING HEALTH INSURANCE COVERAGE

Adopted September 12, 1990

**Guidelines for the Review of Legislation Mandating
Health Insurance Coverage**

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I. Introduction and Background

1. Authority

The authority for the Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) to review and recommend on mandated health insurance coverage and provider proposals is contained in Sections 9-297 through 9-300 of the Code of Virginia.

The 1990 General Assembly established the Special Advisory Commission on Mandated Health Insurance Benefits to analyze the social and financial impact and medical efficacy of proposed and existing mandates. The Advisory Commission is required to make recommendations to the General Assembly and to advise the Bureau of Insurance on issues involving mandated benefits.

2. Philosophy

The General Assembly has recognized the importance of issues related to the rising cost of health care. Problems of access and affordability have resulted in an unacceptably high level of uninsured Virginians. As a result, the General Assembly has become concerned about the costs and benefits associated with mandated health insurance benefits and mandated providers. The complexity of issues involved in evaluating specific mandates has required that a systematic evaluation process be established.

The evaluation process adopted by the Advisory Commission is designed to promote participation by proponents of legislation and all affected parties including, but not limited to, consumers, insurers, health care professionals, labor organizations, the Department of Health, the Bureau of Insurance and other relevant state agencies. The Advisory Commission reserves the right to alter this process in the review of specific legislation when deemed appropriate by its members.

II. Steps in the Review Process For
Proposed Mandated Benefits and Providers

Standing committee refers bill to Advisory Commission for review.

Review schedule approved by the Advisory Commission.

Staff notifies Advisory Commission members and interested parties of the deadline for submission of written testimony and the date of a public hearing, if necessary.

Staff receives written testimony up until three weeks prior to the hearing date and distributes copies to Advisory Commission members.

Public hearing consists of staff analysis and testimony by relevant state agencies, proponents, opponents, and other interested parties.

Commission deliberates and makes recommendations based on testimony and other findings.

Written report on the study developed for review by Advisory Commission members.

Study forwarded to the Governor and the General Assembly and made available to all interested parties.

III. Review Process Guidelines

1. Request for Review:

The Advisory Commission will review mandated health insurance benefit and provider bills at the request of the standing committee of the General Assembly having jurisdiction over the proposal.

2. Written Public Testimony:

The Advisory Commission will accept written testimony from proponents and other interested parties up to three weeks prior to a public hearing on the matter. It is strongly suggested that such material be submitted to the Advisory Commission as early as possible in order that adequate time for analysis and distribution can be made available. Interested parties who wish to have their viewpoints reflected in the staff analysis should submit material six weeks prior to the hearing date.

Written testimony should be typed and presented in such a format that specific criteria outlined in section III of this document are addressed.

Additional information, including background information regarding the treatment, service or class of health care provider, is welcomed, but should be clearly separated from comments addressing specific criteria. The results and findings of credible, independent research are also welcomed and should be appropriately documented. The Advisory Commission staff will analyze submitted testimony and will highlight assertions and references which have not been properly documented. Submissions of written testimony should include 20 copies of all materials.

3. Public Hearing:

A public hearing may be conducted to allow interested parties to comment on the proposed legislation. Hearings will be preceded by a review of information collected by the Advisory Commission staff. Testimony may be limited in length based on the number of individuals wishing to make statements. The submission of written material is advised due to the possibility that time constraints may be imposed at a hearing.

4. Communication with Advisory Commission Members:

Written communication by interested parties to the Advisory Commission should be sent to the State Corporation Commission - Bureau of Insurance:

State Corporation Commission
Bureau of Insurance
ATTN: Ann Colley
Box 1157
Richmond, Virginia 23209

5. Public Access to Advisory Commission Records:

Written material developed in the course of a review is available for public inspection and copying. A reasonable charge may be made for copying.

6. Advisory Commission Recommendations:

The recommendations made by the Advisory Commission are not limited to the approval or disapproval of a specific bill. The Advisory Commission is free to recommend exceptions, amendments, and other courses of action that it deems appropriate.

7. Review of Bills Previously Reviewed:

The Advisory Commission will not review a bill which has been revised unless the revision has been formally referred to it by the Senate Commerce and Labor Committee or the House Corporations, Insurance and Banking Committee. The Chairman of the respective committee shall forward the bill to the Advisory Commission.

This does not preclude the Advisory Commission from updating its legislative position when a bill is changed to reflect recommendations made by the Advisory Commission.

IV. Evaluation of the Impact of Mandated Health Insurance Coverage

The following criteria should be used by interested parties in developing testimony to present to the Advisory Commission. The issues highlighted are essential to the evaluation of mandated benefits by the Advisory Commission and form the basis of the review process. The Advisory Commission is not limited, however, by these criteria in analyzing mandate proposals and may consider other relevant issues in its deliberations.

1. Social Impact:

- a. The extent to which the treatment or service is generally utilized by a significant portion of the population.
- b. The extent to which insurance coverage for the treatment or service is already generally available.
- c. If coverage is not generally available, the extent to which the lack of coverage results in persons being unable to obtain necessary health care treatments.
- d. If the coverage is not generally available, the extent to which the lack of coverage result in unreasonable financial hardship on those persons needing treatment.
- e. The level of public demand for the treatment or service.
- f. The level of public demand and the level of demand from providers for individual or group insurance coverage of the treatment or service.
- g. The level of interest of collective bargaining organizations in negotiating privately for inclusion of this coverage in group contracts.
- h. Any relevant findings of the state health planning agency or the appropriate health system agency relating to the social impact of the mandated benefit.

2. Financial Impact:

- a. The extent to which the proposed insurance coverage would increase or decrease the cost of treatment or service over the next five years.
- b. The extent to which the proposed insurance coverage might increase the appropriate or inappropriate use of the treatment or service.
- c. The extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service.
- d. The extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next five years.
- e. The extent to which insurance coverage might be expected to increase or decrease the administrative expenses of insurance companies and the premium and administrative expenses of policyholders.
- f. The impact of coverage on the total cost of health care.

3. Medical Efficacy:

- a. The contribution of the benefit to the quality of patient care and the health status of the population, including the results of any research demonstrating the medical efficacy of the treatment or service compared to alternatives or not providing the treatment or service.
- b. If the legislation seeks to mandate coverage of an additional class of practitioners:
 - 1) The results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered.
 - 2) The methods of the appropriate professional organization that assure clinical proficiency.

4. Effects of Balancing the Social, Financial
and Medical Efficacy Considerations

- a. The extent to which the benefit addresses a medical or a broader social need and whether it is consistent with the role of health insurance.
- b. The extent to which the need for coverage outweighs the costs of mandating the benefit for all policyholders.
- c. The extent to which the need for coverage may be solved by mandating the availability of the coverage as an option for policyholders.