



FACT SHEET

The High Cost of Benefit Mandates

BENEFIT MANDATES

MAY 19, 2008

Recently, the Centers for Medicare and Medicaid Services (CMS) projected that within the decade health care costs will consume \$1 out of every \$5 spent in the United States. Further, national health care expenditures are expected to continue to rise at twice the rate of inflation and double to \$4 trillion by 2017. Presently, some 6.6 million Californians are already without health insurance. Their numbers are expected to grow if escalating health care costs are not contained.

This year, one dozen benefit mandate bills are working their way through the legislature. The California Association of Health Plans (CAHP) opposes new mandates that impact Knox-Keene licensed plans because they increase the cost of providing health care and hinder a consumer's choice and flexibility in finding a plan that meets their needs. The results? Higher premiums for individuals and employers and, in some cases, a reduction in coverage as individuals and employers respond to premium impacts.

While the cost and coverage impact of the individual mandates varies, CAHP remains concerned about the cumulative impact of the mandates on premiums, particularly when consumers are struggling with an economic slowdown and little has been done to contain actual medical costs

INDEPENDENT FISCAL REVIEW

The independent California Health Benefits Review Program (CHBRP) responds to requests from the Legislature to provide independent analysis of the medical, financial, and public health impacts of proposed health insurance benefit mandates. CHBRP's analyses of the current mandate bills reveal that, cumulatively, the mandates will cost employers over \$1 billion and the state over \$100 million for a total impact of **\$1.7 billion** annually.

BENEFIT MANDATE BILLS TO COST \$1.7 BILLION

	Coverage Lost	Increase in Premiums		Increase in Costs	
		Employer Market	Indiv. Market	CalPERS	Medi-Cal
AB 16 (Evans) HPV Vaccination*		\$1,927,000	\$3,714,000		
AB 30 (Evans) Inborn Errors of Metabolism		\$2,309,000	\$249,000	\$145,000	
AB 54 (Dymally) Acupuncture		\$14,254,000		\$2,681,000	
AB 368 (Carter) Hearing Aids		\$3,433,000	\$1,695,000		
AB 1774 (Lieber) Cancer Screening**	41,000	\$814,699,000	\$143,746,000	\$45,500,000	\$38,500,000
AB 1887 (Beall) Mental Health	900	\$101,740,000	\$21,958,000		
AB 1894 (Krekorian) HIV/AIDS Testing		\$430,000	\$67,000	\$15,000	
AB 1962 (De La Torre) Maternity*	2,300		\$74,562,000		
AB 2174 (Laird) Amino-Acid Formula		\$9,877,000	\$925,000	\$562,000	
AB 2234 (Portantino) Breast Cancer Screening		\$190,014,000	\$24,672,000	\$6,355,000	\$22,401,000
SB 1198 (Kuehl) Durable Medical Equipment		\$152,136,000			
SB 1634 (Steinberg) Cleft Palates		\$711,000	\$105,000	\$68,000	
Total	44,200	\$1,291,530,000	\$271,693,000	\$55,326,000	\$60,901,000

*Based on CHBRP's 4/17/07 analysis of AB 1429, which, according to CHBRP, is virtually identical and applicable to AB 16. Figures subject to change.

**Based on CHBRP's informal analysis of 4/22/08 version. Figures subject to change.

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