

SUBJECT: Abolishing the mandated benefit review panel

COMMITTEE: Insurance — favorable, without amendment

VOTE: 8 ayes — Smithee, Van de Putte, Averitt, Bonnen, Burnam, Eiland,
G. Lewis, Olivo

0 nays

1 absent— Wise

WITNESSES: For — None

Against — David Pinkus, Small Business United of Texas; Michael Pollard,
Texas Association of Health and Life Insurance

On — Robert Howden, National Federation of Independent Business

BACKGROUND : In 1993 the Legislature established a mandated benefit review panel to review legislative proposals to require that health insurance cover certain conditions. The panel is composed of three senior researchers appointed by the commissioner of insurance. Two members on the panel are required to be experts in health research or biostatistics.

The presiding officer of either the House or the Senate is required to refer bills or amendments proposing mandated benefits to the panel for review. The panel has to issue a report in 30 days that describes the mandated benefit provision, the panel's conclusions on the necessity, cost, cost effectiveness, and medical efficacy of the provision, and how the proposed mandate has affected health care and health insurance costs in other states.

DIGEST: HB 2180 would abolish the mandated benefit review panel on the effective date of the bill. The bill would take effect immediately if finally approved by a two-thirds record vote of the membership in each house.

**SUPPORTERS
SAY:**

The mandated benefit review panel should be abolished. It has not been working as well as anticipated and adds time-consuming and inappropriate bureaucracy to the legislative process.

The panel becomes inundated with mandated benefit review requests during the legislative session and often has become the sole point of research for these proposals. The panel has not been able to study many of the proposals in time for legislative consideration, and such delays have often thwarted legislative consideration or enactment of worthy and necessary coverage. No other state body has similar influence on the legislative process, and it constitutes an inappropriate delegation of legislative authority.

Elimination of the mandated benefits review panel would not mean that mandated benefit proposals would not be analyzed. Lower-cost, alternative mechanisms could be established that do not incur panel administrative and travel costs, such as review by the insurance commissioner or ad hoc groups appointed by the commissioner.

State agencies, such as the Texas Department of Insurance, act as intermediaries between consumer and business groups and experts in the field of regulation and insurance and would be better able to provide impartial creditable mandated benefit evaluations. They would also provide opportunities for public input that are missing under the current panel's review process.

**OPPONENTS
SAY:**

HB 2180 would eliminate the one opportunity the Legislature, consumers and insurers have for an impartial review of the impact of proposed mandated benefits. The panel serves a vital function and provides much needed information: over 54 mandated benefits, coverages and offers are currently in statute, and this session alone at least 14 more mandate proposals are pending legislative consideration.

HB 2180 would not provide an alternative mechanism for a thorough, objective evaluation of proposed mandates that is impartial and creditable to all concerned parties. Even reviews performed by state agency staff, such as the insurance department or the Comptroller's Office, are subject to questions of bias and political motivations. The current review panel, composed of expert researchers from Texas universities, provides a

credible, scientifically-based source of analysis.

The review panel has never been a significant cost to the state. The expert researchers do not receive compensation for their time and effort on the state's behalf, only reimbursement for expenses associated with traveling to Austin.

Increased costs caused by new mandates on health benefit plans predominately affect only about 20 percent of the health insurance market — small and medium-sized businesses that do not self-insure their health benefit plans. Increased costs reduce the affordability of health coverage for both employers and employees and consequently the accessibility to needed health care services. The mandated benefit review panel is needed to determine how proposed mandates will affect the cost of health insurance for both employers and beneficiaries.