States with Insurance Benefit Mandate for Well-Child Care

State	Year Passed	Sitting Governor
California	1992	Wilson - R
Connecticut	1989	O'Neill - D
D.C.	1992	Kelly - D
Florida	1986	Graham - D
Hawaii	1988	Waihee - D
Iowa	1993	Branstad - R
Kansas	**1978**	**Bennet - R**
Louisiana	1992	Edwards - D
Maryland	1992	Schaefer - D
Massachusetts	1988	Dukakis - D
Minnesota	1988	Perpich - D
Montana	1991	Stephens - R
Ohio	1993	Voinovich - R
Pennsylvania	1992	Casey - D
Rhode Island	1988	DiPrete - R
Utah	1985	Bangerter - R
Wisconsin	1975	Lucey - D

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AMENDMENT NO. ____ Calendar No. ____

Purpose: To promote early and effective health care services for pregnant women and children.

IN THE SENATE OF THE UNITED STATES—103d Cong., 2d Sess.

S. 2351

To achieve universal health insurance coverage, and for other purposes.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. DODD (for himself, Mr. KENNEDY and Mr. RIEGLE) to the amendment (No. ____) proposed by Mr. MITCHELL

Viz:

On page 94, after line 21, insert the following new subsection:

(d) APPLICATION OF INTERIM STANDARDS.—

(1) IN GENERAL.—During the interim standards application period, a health plan sponsor may only issue or renew a health plan in a State if such plan covers clinical preventive services according to a periodicity schedule established under paragraph (3), including prenatal care, well baby care, and immunizations, for pregnant women and children with-

out imposing cost-sharing requirements on such services.

(2) INTERIM STANDARDS APPLICATION PERIOD.—The interim standards application period is on or after July 1, 1995, and before January 1, 1997.

(3) PERIODICITY SCHEDULE.—

(A) IN GENERAL.—Not later than July 1, 1995, the Secretary shall establish a schedule of periodicity that reflects the general, appropriate frequency with which clinical preventive services should be provided routinely to children. In establishing the schedule under the preceding sentence the Secretary shall consult with the American Academy of Pediatrics regarding children's preventive care.

(B) EFFECTIVENESS.—The schedule established by the Secretary under subparagraph (A) shall be effective until the Board develops a periodicity schedule under section 1213(a)(2).

(4) APPLICATION OF RULES.—Paragraphs (4), (5), and (6) of section 1111(e) shall apply to this subsection.

On page 113, strike line 8 and insert the following:

Memorandum

To: *Ken Thorpe*

From: *Gordon R. Trapnell*

Date: *August 16, 1994*

Re: *Separate Rider for Kids First Coverage*

I understand that a proposal may be introduced to mandate that employers that do not include certain prevention services in their health insurance plans be required to offer these benefits in a separate rider. Apparently, the rider would be elected in an annual open enrollment period and there would be no requirement for an employer contribution. The required benefits would include prenatal and post partem care recommended by the American College of Obstetrics and Gynecology and well baby, well child visits and immunizations recommended by the American Academy of Pediatrics.

If employers that do not now offer these benefits do not contribute toward the cost of the rider (i.e. the cost of the services is paid entirely by employees who elect the coverage), only those who anticipate purchasing the services would be expected to consider enrolling for this benefit. Presumably they would add up the cost of the services that they planned to use and compare these with the employee contribution.

As can be seen from the attached tables, the highest expenditures occur during pregnancy and the first fifteen months after birth. Thus those expecting a birth in the year of enrollment would receive more services than others with children, and the average premium would be higher than the cost for the latter to purchase the services. Thus few such persons would be expected to enroll. We estimate the 1994 average cost of the prenatal and post partem services to be $1,009 on a fee for service basis and those for the first year of life to $739. Consequently, the rider premium would be determined primarily by the cost of the prenatal services. When the loading of the insurer is taken into consideration, the premiums will be higher than purchasing the services even for those with a pregnancy in the family.

Thus participation in a fee for service plan rider paid entirely by employee contributions should be minimal. Substantial discounts negotiated by an insurer could lead to a more attractive package. Except for a few of the Blue Shield plans, however, few fee for service insurers obtain discounts. Most discounts are obtained by HMOs and PPOs that already offer equivalent benefits. Thus there would probably be little effective new coverage as the direct result of the mandate.

The impact of a separate rider would be different if employers contribute the same percentage of the rider premium as they do for other coverage. But may of the employers that would be affected do not contribute toward dependent coverage.

A complicating factor is that nearly all employer plans already provide prenatal care. If such benefits must be offered in a separate rider, and there is no employer contribution, participation could decrease.

The potential decrease in coverage would be greater if all employers were required to offer these benefits in a separate rider (even if they now provide these benefits). This would open these plans to the same selection effects as described above, especially if the employer contribution to dependent coverage is relatively low.

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Table 1
1992 Fees for Preventive Care
Prenatal Services

	1992 Fees	Frequency	Total Cost of Services
Prenatal Visits	$64	9	$576
Post Partum Visit	$64	1	$64
Laboratory Tests			
Prenatal screen (hemoglobin, urinalysis Blood group, Rh type, antibody screen Rubella antibody titer, Syphilis)	$43	1	$43
Hemoglobin	$12	1	$12
Urinalysis	$14	8	$112
Alpha-Fetoprotein screen	$77	1	$77
Antibody Screen	$10	1	$10
Pap smear	$21	1	$21
1992 Benefit Costs			$915
1994 Benefit Costs (5% a year)			$1,009

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Table 2
1992 Fees for Preventive Care
American Academy of Pediatrics

Age	Fees	3 day-2 week	2 months	4 months	6 months	9 months	12 months	15 months	18 months
A. Physician Visit	$47	$47	$47	$47	$47	$47	$47	$47	$47
B. Immunizations									
DTP	25		25	25	25				
OPV	22		22	22				22	
Hib	27		27	27	27			27	
Hep B	25	25	25		25				
MMR	44							44	
Td	14								
TB	19						19		
C. Laboratory Tests									
PKU (already covered)	12	12							
T4	57	57							
Hematocrit	12						12		
Lead	46						46		
Urinalysis	14				14				
I. 1992 Benefit Costs for Scheduled Month		$141	$146	$121	$138	$47	$124	$140	$47
II. 1992 Cumulative Benefit Costs		$141	$287	$408	$546	$455	$670	$810	$857
III. 1994 Cumulative Benefit Costs (5% per year)		$155	$316	$450	$602	$502	$739	$893	$945

Memorandum

To: *Ken Thorpe*

From: *Gordon R. Trapnell*

Date: *August 16, 1994*

Re: *Separate Rider for Kids First Coverage*

Issue:

A proposal is under consideration to mandate the "Kids First" prevention care benefits (excluding the delivery and miscarriage benefits) in all employer health insurance plans (see my memo of July 28th). A version of this proposal would mandate only that employers that did not include such benefits in their plans offer the benefits in a separate rider. Apparently, the rider would be elected in an annual open enrollment period and there would be no requirement for an employer contribution.

Analysis:

The relevant cost is the level of employee contributions that may be required for an entirely employee financed rider covering the Kids First prevention benefits. It is assumed that the latter consist of the immunizations, well baby visits, well child visits specified in the Health Security Act for the first 18 months of life. (Costs of prenatal, delivery, and miscarriages are not included.)

An employer, or the employer's insurer, that did not wish to pay for the Kids First benefits could set an additional employee contribution for the benefit at a self supporting rate. Only employees that anticipated having a child under 18 months would be expected to consider enrolling for this benefit. Assuming some minimal level of capacity for financial planning, employees would add up the cost of the services that they planned to use and compare these with the employee contribution. Those with advanced pregnancies or children under three months who intended to obtain the full set of services would anticipate the highest benefits and would thus be willing to pay most for the services. If the employee contribution is less than the projected cost to purchase the component services, most such persons would be expected to enroll. Others, anticipating fewer benefits, would be unlikely to enroll. Thus the premium for the rider, and the employee contribution (in the absence of any employer contribution), will be close to the sum of the maximum benefits that can be obtained during a twelve month period and the insurer's loading, less any discounts obtained by the insurer. The maximum benefits are between birth and twelve months, when the average nationwide cost in 1994 to purchase the services on a fee for service basis would be around $639.

Under these circumstances, only those who can't figure out the arithmetic or who require forced savings would enroll for a full fee for service plan rider, and participation should be minimal. Substantial discounts negotiated by an insurer could lead to a more attractive package. Except for a few of the Blue Shield plans, however, few fee for service insurers obtain discounts. Further, most discounts are obtained by HMOs and PPOs that already offer equivalent benefits. Thus there would probably be little effective new coverage as the direct result of the mandate.

Attached is a schedule of services and benefit costs for the Health Security Act. Since the Kids First proposal does not specify the schedule of services (except to say that the American Academy of Pediatricians and the American Academy of Family Physicians should be consulted), a schedule of the American Academy of Pediatricians recommended services is also attached.

cc: Sharman Stephens

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Table 1
1992 Fees for Preventive Care
Health Security Act

Age	Fees	3 day-2 week	2 months	4 months	6 months	12 months	15 months	18 months
A. Physician Visit	$47	$47	$47	$47	$47	$47	$47	$47
B. Immunizations								
DTP	25		25	25	25			
OPV	22		22	22			22	
Hib	27		27	27	27		27	
Hep B	25	25	25		25			
MMR	44						44	
Td	14							
Influenza	13							
Pneumococcal	20							
C. Laboratory Tests								
PKU (already covered)	12	12						
Hematocrit	12					12		
Lead	46					46		
Urinalysis	14							
Serum Cholesterol	17							
I. 1992 Benefit Costs for Scheduled Month		$84	$146	$121	$124	$105	$140	$47
II. 1992 Cumulative Benefit Costs		$84	$230	$351	$475	$580	$720	$767
III. 1994 Cumulative Benefit Costs (5% per year		$93	$254	$387	$524	$639	$794	$846

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Table 2
1992 Fees for Preventive Care
American Academy of Pediatrics

Age	Fees	3 day-2 week	2 months	4 months	6 months	9 months	12 months	15 months	18 months
A. Physician Visit	$47	$47	$47	$47	$47	$47	$47	$47	$47
B. Immunizations									
DTP	25		25	25	25				
OPV	22		22	22				22	
Hib	27		27	27	27			27	
Hep B	25	25	25		25				
MMR	44							44	
Td	14								
TB	19						19		
C. Laboratory Tests									
PKU (already covered)	12	12							
T4	57	57							
Hematocrit	12						12		
Lead	46						46		
Urinalysis	14				14				
I. 1992 Benefit Costs for Scheduled Month		$141	$146	$121	$138	$47	$124	$140	$47
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III. 1994 Cumulative Benefit Costs (5% per year)		$155	$316	$450	$602	$502	$739	$893	$945

TALKING POINTS ON DUELING CHILDREN AMENDMENTS

Democratic approach:
The Democrats are offering an amendment to guarantee that any insurance policy you buy includes preventive care for children. It's a way of protecting consumers.

- We're trying to make insurance real -- something you can count on. Real insurance should include preventive care for kids.

- Democrats want to make sure that insurance companies can't deny your family the benefits they deserve. We're trying to protect families.

- Democrats believe that an ounce of prevention is worth a pound of cure.

- If the insurance you buy is going to be worth the premium you pay, it must include preventive care for children.

Republican approach:
The Republicans are offering an amendment that allows insurance companies to include a loophole that omits preventive care for children. It's a way of protecting the insuarnce companies.

- The Republicans want to make you pay more if you want to get preventive care for your children.

- Insurance companies can deny benefits to children under the Republican approach. It's a clear attempt by the Republicans to protect the insurance companies.

- The Republican approach will lead to a lot of insurance companies dropping coverage of preventive care for children.

- Today, 16 states and the District of Columbia require that insurance companies cover well-child care. These state laws would be repealed by the Republican proposal, taking away preventive care from millions of children.

- The Republican proposal means insurance will be even more loophole-ridden and a sham than it is today.