

Legislative Analysis



COVERAGE FOR PAP SMEARS

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House Bill 5161

Sponsor: Rep. Mary Valentine

House Bill 5162

Sponsor: Rep. Lesia Liss

Committee: Judiciary

Complete to 9-8-09

A SUMMARY OF HOUSE BILLS 5161 AND 5162 AS INTRODUCED 6-25-09

The bills would, generally speaking, require health insurance policies that provide gynecological coverage to include coverage for annual pap smear screening. The bills would take effect January 1, 2010.

House Bill 5161 would amend the Nonprofit Health Care Corporation Reform Act (MCL 550.1416e) to apply to Blue Cross and Blue Shield of Michigan group and nongroup certificates.

House Bill 5162 would amend the Insurance Code (MCL 500.3406s) to apply to commercial health insurance policies and health maintenance organization (HMO) contracts.

The bills specify that infertility coverage could not be subject to any dollar limit, copayment, deductible, or coinsurance provision that does not apply to screening coverage generally.

FISCAL IMPACT:

The bills would have no significant impact on the Department of Energy, Labor, and Economic Growth - Office of Financial and Insurance Regulation in administering the insurance mandates as set forth in the legislation. Beyond that, however, the bills would have some cost implications (new costs and potential cost savings), which are indeterminate at this time, on the state, local units of government, and private entities to the extent health insurance plans do not currently provide coverage for pap smears (cervical cytology screening).¹ The State Health Plan (PPO) covers one routine pap smear per calendar year.² At present, 29 states have mandated insurance coverage for cervical cancer screenings³

¹ The bills would not impact larger employers that are self-insured and generally exempt from state regulation under the federal Employee Retirement Income Security Act (ERISA). In its quadrennial study of the cost of health insurance mandates, the Maryland Health Care Commission notes, "[t]he financial cost of mandated health insurance services could be defined either as the full cost of the service or as the marginal or additional cost of the mandate. The marginal cost equals the full cost of the service minus the value of the services that would be covered in the absence of the mandate." See, *Study of Mandated Health Insurance Services: A Comparative Evaluation*, Maryland Health Care Commission, January 1, 2008, [http://mhcc.maryland.gov/health_insurance/mandated_1207.pdf]. Similarly, the Massachusetts Executive Office of Health and Human Services notes, "[a] more accurate estimate of the actual costs of the mandates would be the *marginal* costs, or those costs that would not have been incurred in the absence of the state mandates. This cost

The Council for Affordable Health Insurance notes that mandated coverage for pap smears increases the cost of health insurance by less than 1%.⁴ In a 2008 study, the Massachusetts Executive Office of Health and Human Services notes that pap smears account for 0.42% of health insurance premiums. The Virginia State Corporation Commission reported similar findings in its 2007 report on the financial impact on of mandated health insurance mandates.⁵ For research on other mandated coverage for gynecological cancer screenings see analyses completed by the California Health Benefits Review Program⁶ and the New Jersey Mandated Benefits Advisory Commission.⁷

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

would be the total spending on care associated with the mandated benefits less the cost of benefits that would have been offered even without the legal requirement imposed by the mandates." See, *Comprehensive Review of Mandated Benefits in Massachusetts*, Massachusetts Executive Office of Health and Human Services, Division of Health Care Finance and Policy, July 7, 2008,

[http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/mandates/comp_rev_mand_benefits.pdf]

² See, [http://www.michigan.gov/documents/Employees_Book_58654_7.pdf].

³ *State Mandated Benefits: Cancer Screening for Women*, 2008, Kaiser Family Foundation, State Health Facts, [<http://www.statehealthfacts.org/comparetable.jsp?cat=10&ind=488>]. It's not immediately known whether the mandates cover pap smears or HPV screenings, or both. The bills here, though, only specify pap smears. The foundation also notes that, based on 2006 data, 85.8% of women in Michigan 18 years of age and older report having had a pap smear within the last three years, compared to a national average of 83.9% over the same three-year period. The component state screening rates, in terms of race/ethnicity, are also higher than the national averages (White: Michigan - 90%; U.S. - 84.5%. Black: Michigan - 89.6%; U.S. - 87.2%. Hispanic: Michigan - 86.6%; U.S. - 81.6%). See, *Percent of Women Age 18 and Older Who Report Having Had a Pap Smear Within the Last Three Years, by Race/Ethnicity, 2006*, Kaiser Family Foundation, State Health Facts, [<http://www.statehealthfacts.org/comparebar.jsp?ind=483&cat=10>]. On the topic of insurance mandates, in general, the Congressional Budget Office notes, "[b]enefit mandates ensure that enrollees who may need those services will have coverage for them, but they also tend to raise insurance premiums in order to cover the added costs of the services. The extent of the premium increase resulting from a mandate would depend not only on the costs of the services involved and the likelihood they would be used by enrollees but also on whether health insurance policies would have covered those services in the absence of a mandate." See, *Key Issues in Analyzing Major Health Insurance Proposals*, Congressional Budget Office, December 2008, [<http://www.cbo.gov/ftpdocs/99xx/doc9924/12-18-KeyIssues.pdf>].

⁴ Victoria Craig Bunch, JP Wieske, Vlasta Prikazsky, *Health Insurance Mandates in the State 2009*, Council for Affordable Health Insurance, [http://www.cahi.org/cahi_contents/resources/pdf/HealthInsuranceMandates2009.pdf].

⁵ *The Financial Impact of Mandated Health Insurance Benefits and Providers Pursuant to Section 38.2-3419.1 of the Code of Virginia: 2007 Reporting Period*, Virginia State Corporation Commission, October 29, 2008, [[http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/RD3222008/\\$file/RD322.pdf](http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/RD3222008/$file/RD322.pdf)]. See, also, *Mandated Coverage for Pap Smears (Senate Bill No. 1028, 1995)*, Virginia Special Advisory Commission on Mandated Health Insurance Benefits, November 6, 1995, [[http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/SD071996/\\$file/SD7_1996.pdf](http://leg2.state.va.us/dls/h&sdocs.nsf/By+Year/SD071996/$file/SD7_1996.pdf)].

⁶ See, *Analysis of Assembly Bill 1774 - Health Care Coverage: Gynecological Cancer Screening Tests*, CHBRP 08-05, April 7, 2008, [http://www.chbrp.org/documents/ab_1774fnl.pdf]. See, also, *Analysis of Senate Bill 1245 - Health Care Coverage: Cervical Cancer Screening Test*, CHBRP 06-04, April 7, 2006, [http://www.chbrp.org/documents/sb_1245final.pdf]. See, also, *Analysis of Assembly Bill 547 - Ovarian Cancer Screening*, CHBRP, November 14, 2004, [<http://www.chbrp.org/documents/ovarian547final.pdf>].

⁷ *A Study of Senate Bill S-132*, [http://www.newjersey.gov/dobi/division_insurance/mhbac/s132report.pdf].