



The Bottom Line

On

Managed Care Patient Protection Legislation

Congress and state legislatures are considering a number of legislative proposals to regulate the use of managed care in health plans. These efforts are generally termed, “patient protection” bills by their proponents. A new Academy Issue Brief, *Patient Protection and Managed Care* (January, 1999), presents the following comments on the proposed legislation:

- Managed care mandates have both benefits and costs, including the possibility of reducing access to affordable coverage. Cost increases can be at least partially offset by careful policy design.
- Applying benefit mandates only to fully-insured plans may push employers to self-insure to avoid higher costs.
- Requiring individual plans to offer specific benefits (e.g., mental health) may cause people who need those services to shift to those types of plans (i.e., result in adverse selection) and increase costs.
- Cost increases resulting from benefit mandates may cause employers or enrollees to drop coverage.
- Mandating preventive services may reduce overall costs.
- Mandating point-of-service options can increase costs to plans and enrollees because of adverse selection, higher fees charged by non-panel providers, higher administrative costs, and weaker utilization control.
- Mandating external grievance reviews can increase costs, but claim limits and fees can moderate the increases.
- Limiting provider incentives may increase premiums, but stop-loss programs can minimize the increases.
- Extensive disclosure requirements can increase costs; limiting such disclosures to summary information can limit the increases.

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