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FISCAL IMPACT REPORT

SPONSOR HCPAC DATE TYPED 3/3/05 HB HJM 43/HCPACS

SHORT TITLE Insurance Industry & Contraceptive Use SB _____

ANALYST Wilson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			(\$0.1)		

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)
 Health Policy Commission (HPC)
 Human Services Division (HSD)
 Public Regulation Commission (PRC)
 Public School Insurance Authority (PSIA)

SUMMARY

Synopsis of Bill

The House Consumer and Public Affairs Committee substitute for House Joint Memorial 43 requests the HPC in coordination with the Insurance Division (ID) of the PRC to evaluate the benefits of contraceptive use, disseminate insurance coverage information to the public and update the study of the insurance industry's compliance with requirements to offer coverage for prescription contraceptives.

The memorial asks the HPC to do the following:

- to collect and evaluate relevant health studies and other information and determine the benefits to the state, its people and the health insurance industry of having prescription contraceptive coverage;
- to prepare educational materials for the public regarding availability and access to prescription contraceptives in cooperation with DOH; and

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- to serve as the lead agency to coordinate efforts with the insurance division and provide two copies of the report generated pursuant to this memorial to the library of the legislative council service.

The memorial also asks the ID of the PRC to do the following:

- to update its 2002 survey of health insurers;
- to update its 2002 survey of health insurers and report to an appropriate legislative committee no later than November 2005;
- to ascertain if the level of knowledge of and compliance with the requirement to offer coverage of prescription contraception has increased and also determine if there are limits placed on the varieties of contraception that are covered by private insurers;
- to extend the focus of the 2003 study to ascertain whether prescription contraceptives are covered by insurers that offer hospital and medical expenses reimbursement and managed care contracts;
- to prepare a list for public dissemination of health insurers that do not provide prescription contraceptive coverage;
- to use the data collected as a result of the survey to begin a dialog with insurance companies to encourage greater coverage of prescription contraceptives; and
- to report to an appropriate legislative committee no later than November 2005.

Significant Issues

Current law requires health insurance providers that offer a prescription benefit to offer coverage for prescription contraceptive drugs or devices. This law took effect June 15, 2001 and applies to policies issued, extended or renewed after July 1, 2001.

In 2002, the superintendent of insurance conducted a survey of insurers to determine who provides prescription coverage for contraceptives. The survey found that of five hundred eighty-nine health insurers surveyed, fewer than ten percent, or forty-seven insurers, offered coverage of prescription contraceptives. An update of the survey is needed to determine what type of insurance policies do not provide coverage.

There is a concern that the data from the first survey may be imprecise and may reflect special insurance coverage that would not offer any prescription coverage. It is important to ascertain whether insurers that offer regular outpatient coverage include prescription coverage for contraceptives.

For individual women who need contraception over long periods of their life, the costs can be significant. Some of the most effective methods require concentrated payments: \$50-115 for the three-month injectable and \$175-400 to insert an IUD. Not all women in need can afford to purchase these services and supplies on their own. This is problematic because it may dissuade

women from using the method that is most effective or appropriate for them. Cost may lead women to delay getting a refill or an injection, which in turn could lead to unintended pregnancy among those nominally using a method.

Considerable cost-savings resulting from public-sector investments in contraceptive services have been extensively documented. Public-sector expenditures for contraceptive services in FY 1987 totaled an estimated \$412 million. If these subsidized services had not been available, the federal and state governments would have spent an additional \$1.2 billion through their medicaid programs, including the costs of unplanned births. Thus, for every dollar spent in the public sector on contraceptive services, three dollars are saved in medicaid costs for pregnancy-related health care and medical care for newborns.

Research and experience now suggest that contraceptive coverage saves employers money through reducing the direct costs associated with normal deliveries as well as the indirect costs associated with employee absences, maternity leave and pregnancy-related sick leave.

Recent research also indicates that plans in states with contraceptive coverage mandates are more likely than plans in states without mandates to cover a full range of contraceptives in 2002.

Among women giving live birth in 2001-2002, New Mexico Pregnancy Risk Assessment Monitoring System (PRAMS) estimated that 43.3 % of pregnancies were unintended. 43.5% of women who did not want to get pregnant were using some form of contraception, indicating lack of access to effective contraceptive methods or failure to use a method correctly.

This information reflects barriers to women's access to timely medical management including contraceptive use counseling, and availability and cost of the chosen method. This illustrates that lack of prescription coverage may hinder a woman's ability to use contraception devices or pills effectively. An estimated 206,600 women in New Mexico, including 33,120 teenagers are in need of contraceptive services and supplies.

FISCAL IMPLICATIONS

HSD indicates if more private insurance plans pay for prescription contraceptives, it may possibly result in cost savings to the medicaid program

ADMINISTRATIVE IMPLICATIONS

The insurance division will have to update its 2002 survey of health insurers and report to the legislature.

DOH and the ID will have to prepare educational materials for the public regarding availability and access to prescription contraceptives.

DW/yr:lg