

OVERVIEW

THE AUDITOR
STATE OF HAWAII

Study of Proposed Mandatory Health Insurance Coverage for Contraceptive Services

Summary

Senate Concurrent Resolution No. 166, Senate Draft 1 of the 1997 legislative session requested the Auditor to assess the social and financial impact of mandated health insurance coverage for contraceptive services. Senate Bill No. 1061 of the 1997 legislative session would require health insurance coverage for contraceptive services under all insurance policies.

Hawaii's insurance laws do not require health plans to provide contraceptive services. Rather, the laws require insurers to give employers the option to include contraceptive services and contraceptive prescription drug coverage in the plans they select for their employees.

Section 431:10A-116.6, Hawaii Revised Statutes, governing commercial health plans, Section 432:1-604.5, HRS, governing mutual benefit societies (such as HMSA), and Section 432D-23, HRS, governing health maintenance organizations (HMOs), require each group health policy, contract, plan, or agreement that provides for payment or reimbursement for pregnancy-related services to provide, *as an employer option*, contraceptive services for the subscriber or any dependent of the subscriber who is covered by the policy.

The statutes also require any plans with prescription drug coverage to cover any Food and Drug Administration (FDA) approved prescription contraceptive drug or device. These include IUDs, Norplant, and Depo-Provera, in addition to the Pill. The plans cannot impose any unusual copayment, charge, or waiting requirement. Not all insurers provide prescription drug plans, but contraceptive services and prescriptive devices are available nonetheless. HMSA reports that 6,526 out of 10,073 employers in its Preferred Provider Plan purchase its optional drug coverage.

The intent of S.B. No. 1061 is to require health insurance coverage for contraceptive services for *all* health insurance policies. Although this bill includes the word *options*, the legislation is intended to mandate coverage for contraceptive devices and not make coverage optional.

We found limited evidence that inadequate health insurance coverage for contraceptive services has resulted in persons lacking these services or causing them financial hardship. Demand for full coverage of contraceptive services is primarily from local organizations and providers. There is very little demand for this coverage from unions and employer groups.



Senate Bill No. 1061 does not ensure coverage for either specific contraceptive methods or all FDA approved contraceptives in commercial health, mutual benefit, or HMO plans. Insurers have indicated that employers faced with a mandate to cover contraceptive services may choose to drop their drug plan coverage to save money. The effect would be loss of contraceptive coverage as well as loss of prescription drug coverage.

Recommendations and Response

The Department of Health submitted a response to our report draft. It expressed concerns that the evidence of need for this coverage is more apparent than was included. The department stated that providers are demanding these services. It estimates that 16,000 to 20,000 women need contraceptive services, but limited funding allows community health centers to subsidize family planning visits for only 8,000. The department states that privately insured low-income women are competing with uninsured women for these limited resources, and links this to the increasing rate of unintended pregnancies. The health department estimates there are approximately 3,000 low-income, privately insured women visiting community health centers receiving subsidized coverage for contraceptive methods. The department maintains that if all privately insured women had comprehensive coverage for contraceptive methods, then more uninsured women could receive subsidized family planning coverage. The Department of Health agreed with our conclusions regarding cost effectiveness and the minimal increase in insurance premiums and administrative expenses should contraceptive coverage be mandated. We incorporated some technical and editorial clarifications suggested by the department.

Marion M. Higa
State Auditor
State of Hawaii

Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813
(808) 587-0800
FAX (808) 587-0830