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Mandating expensive health insurance in Texas

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By KALESE HAMMONDS

Lawmakers across the country apparently believe their idea of necessary health care benefits supersedes that of their constituents. Rather than allowing individuals to make their own decisions, elected officials have dictated the structure and benefits of health insurance policies through legislative "mandates."

There are many motivations for health insurance mandates; among them, guaranteeing a payment source for providers offering certain treatments and securing coverage for individuals trying to cope with a particular disease or condition.

Unfortunately, these same mandates arbitrarily inflate the cost of health insurance, making even a basic plan too expensive for many consumers and forcing them to rely on the government to provide these benefits or forego coverage altogether.

Of course, a single mandate does not have a crushing impact on the cost of health insurance. However, researchers have found that the combined effect of the mandates drive up the cost of a basic health plan by nearly 50percent.

With 55 mandates, Texas ranks among the five most heavily regulated health insurance markets in the country. Recent studies show that one-fourth of uninsured individuals go without coverage because of the increased costs from health insurance mandates. Curtailing such mandates presents an immediate opportunity for lawmakers to lower the cost of insurance plans and help reduce the number of uninsured.

Texas mandates require coverage for services such as in vitro fertilization, marriage and occupational therapists, and drug and alcohol rehabilitation. The latest addition is the "mental health parity" mandate, which alone has been estimated to increase premiums by as much as 10%.

This approach of limiting health insurance to heavily mandated plans that require coverage of "bells and whistles" services is like telling someone in the market for a new car that they can buy the fully-loaded, top-of-the-line Cadillac off the show room floor...or nothing at all.

In today's health insurance market, people are forced to choose between the Cadillac-style plans, relying on the government to provide insurance through Medicaid and CHIP, or going without coverage at all.

Instead of having legislators determine what services consumers need, insurance products should respond to consumer demands and consumer judgments on value and price.

In today's customer service driven environment, consumers can engineer a computer built to their specifications, customize their cell phone plans, and even design their own shoes. It only makes sense that an item as personal and critical as health insurance would be adaptable to the specific needs and financial resources of individual consumers.

Eliminating government-enforced mandates so that customizable plans are more accessible would allow consumers to craft inexpensive plans that not only meet their basic requirements but also allow personalization according to an individual's specific needs.

Fortunately, Texas lawmakers interested in expanding coverage can put health insurance within reach for more Texans by resisting the temptation to regulate the marketplace and by providing consumers with more options.

Several state legislatures already have designed legislation that would allow people in their states to purchase health insurance plans that have been approved for sale in other states. Lifting the barrier to interstate purchase would give individuals the opportunity to buy a more affordable health insurance policy from a state with fewer mandates, while simultaneously encouraging heavily regulated states to deregulate. This competition would curb the impulse of lawmakers to expand the number of mandates each session, and provide an incentive for protecting "mandate lite" health insurance policies the legislature has already approved for sale to certain people.

Minimizing regulations and allowing consumers to choose a health plan tailored to their specific health needs and personal financial capabilities is the first step to making health insurance a real possibility for everyone.

Hammonds is a health care policy analyst for the Texas Public Policy Foundation, a non-profit, free-market research institute based in Austin

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