

Health Care Policy

REPORT

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Insurance Regulation: Study Examines States' Efforts to Address Problems in Small Group Insurance Market

ALBANY, N.Y.—Efforts by states to address problems in the small group health insurance market have been somewhat successful in improving access to coverage but have not made much progress in controlling costs, according to a Sept. 18 report from the Nelson A. Rockefeller Institute of Government.

The report's authors concluded that most state efforts have been "too small in scale to make a major impact" on the number of uninsured.

"Our study did not uncover any clear evidence of a comprehensive or highly successful solution to the small group problem," the authors said. "We conclude that now that most states have adequate regulatory mechanisms in place to improve the supply of insurance products, issues with affordability for both employees and employers must be better addressed.

"Unfortunately, most affordability strategies such as reducing insurance costs or providing subsidies for purchasing insurance have been limited; nor have they been adequately evaluated or studied to determine why they are working or not, and how they might work better."

Overview of 50 States

The report, "Implementing Small Group Insurance Market Reforms: Lessons From the States," is

based on an overview of efforts in 50 states and a more detailed analysis of efforts in Maine, Minnesota, and New Jersey.

The report summarized state efforts in three areas: regulation of supply, pooling and administrative simplification, and subsidies. It said all 50 states use some form of regulation of supply, particularly in the areas of guaranteed issue and portability. Forty-six states have some kind of community rating requirement.

The report said far fewer states have pooling and administrative simplification mechanisms in place. Eight states have group purchasing arrangements, while 13 have regulations allowing dependents to remain covered by their parents' policies at older ages.

According to the report, six states provide premium subsidies, eight provide refundable tax credits for employers, and six provide indirect reinsurance.

The report found a number of key factors that were essential to the success of programs in Maine, Minnesota, and New Jersey, including flexibility in modifying their approaches and attention to program details. It also said sustainable funding and the inclusion of many stakeholders were essential factors.

The Rockefeller Institute is the public policy research arm of the State University of New York.

The report is available on the Web at <http://www.rockinst.org/WorkArea/showcontent.aspx?id=15288>