Federal law does not require private employers of any size to offer health coverage, nor does it require those that do offer coverage to include specific benefits. However, employers choosing to offer mental health, mastectomy, and maternity benefits generally must meet certain federal requirements. States, which have primary responsibility for regulating insurers, require health insurance policies offered by businesses of any size to include certain benefits, but the number, type, and scope of these requirements vary substantially among states. For example, 7 states each had 30 or more benefit mandates, while 5 states each had fewer than 10 benefit mandates.

Federal requirements for premiums prohibit variation among similarly situated individuals in an employer group for businesses of any size based on health status, and these requirements apply whether the employer purchases health insurance or self-funds the health coverage. State requirements that limit premium variation among small businesses apply only to insurers, therefore affecting only employers that purchase health coverage from insurers. State requirements varied widely in the extent to which they restricted the amount that premiums may vary among small businesses and in the characteristics of the groups that may be used to set premiums. Differences among states in whether and how factors such as age, gender, and health status are considered can affect the extent to which small businesses with employees having higher risk factors pay more for coverage.

To identify these requirements, GAO reviewed federal and selected states’ laws and literature from the Department of Labor (DOL), National Association of Insurance Commissioners (NAIC), and other sources. For further detail on some states’ insurance requirements, GAO reviewed 8 states with a range in the number of mandated benefits and 4 states with different types of premium-setting requirements.


To view the full product, including the scope and methodology, click on the link above. For more information, contact Kathryn G. Allen at (202) 512-7118.