

# State Corporation Commission

## 2002 Fiscal Impact Statement

1. **Bill Number** HB84

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed  
**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Orrock

3. **Committee** House Commerce and Labor

4. **Title** Insurance coverage; polypeptide -based or amino acid -based formulas.

5. **Summary/Purpose:** The bill is applicable to both insurers and health maintenance organizations (HMOs). The bill requires insurers to provide coverage for the expense of polypeptide-based or amino acid -based formulas whose protein source has been extensively or completely hydrolyzed. The bill applies to insurers proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical, or major medical coverage on an expense -incurred basis; corporations providing subscription contracts; and HMOs providing health care plans. The coverage is for polypeptide -based or amino acid -based formula prescribed by a licensed physician. A managed care health insurance plan, as defined in Chapter 58 (§ 38.2 - 5800 et seq.) of this title, may require such physician to be a member of the plan's provider network. The bill requires that the physician furnish supporting documentation to the insurers, corporations, or HMOs that the polypeptide -based or amino acid -based formula is required to treat either a diagnosed inborn error of amino acid or organic acid metabolism or a diagnosed disease or disorder of the gastrointestinal tract that leads to malnutrition or malabsorption due to inflammation, protein sensitivity, or inborn errors of digestion. The polypeptide-based or amino acid -based formula is the primary source of nutrition as certified by the treating physician by diagnosis. The bill prohibits insurers, corporations, or HMOs from imposing copayments, fees, or conditions on persons for these benefits that are not equally imposed on all individuals in the same benefit category. The bill also prohibits insurers, corporations, or HMOs from imposing any policy-year or calendar -year dollar or durational benefit limitations or maximums for benefits provided under this section. The bill applies to insurance policies, contracts, and plans delivered, issued for delivery, reissued, renewed or extended in the Commonwealth on or after July 1, 2002, or at any time thereafter when the term is changed or the premium adjustment is made. The bill does not apply to short -term travel, accident -only, short -term nonrenewable policies of not more than six months' duration, limited or specified disease policies, or policies or contracts for persons eligible for coverage under Title XVIII of the Social Security Act (Medicare), or any other similar coverage under state or federal governmental plans.

6. **No Fiscal Impact on state agencies**

7. **Budget amendment necessary:** No

8. **Fiscal implications:** None

9. Specific agency or political subdivisions affected: State Corporation Commission  
Bureau of Insurance

10. Technical amendment necessary: On Page 1, Line 28 –for consistency with Line 34, the word "treating" should be inserted after "The" and before "physician".

11. Other comments: This bill is similar to, although not identical to, House Bills 2197 and 2199 (Delegate Robert McDonnell) that were reviewed by the Special Advisory Commission on Mandated Health Insurance Benefits (Special Advisory Commission) in 1999. Those bills required coverage for "food and formula" for treatment for inborn errors of amino acid metabolism, such as PKU, maple syrup urine disease, and homocystinuria. The bills required that coverage be offered and made available if there was coverage for outpatient prescription drugs. There was language that addressed low protein foods not meeting the requirements for coverage. The bills from 1999 also included language addressing formularies and experimental drugs. The Advisory Commission voted against recommending the bills, recommending instead that existing programs offered through the Virginia Department of Health should be expanded. This bill, House Bill 84 was referred to the Special Advisory Commission on Mandated Health Insurance Benefits at the January 15, 2002 meeting of House Commerce and Labor. It has been three years since the issue was last reviewed.

**Date:** 1/16/02/V. Tompkins

cc: Secretary of Health and Human Resources