

State Corporation Commission 2006 Fiscal Impact Statement

1. Bill Number HB894

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Gear

3. Committee Commerce and Labor

4. Title Health insurance; mandated coverage for treatment of inborn errors of metabolism.

5. Summary/Purpose: Requires insurers to provide coverage for treatment of inborn errors of metabolism that involve amino acid, carbohydrate, and fat metabolism for which medically standard methods of diagnosis, treatment and monitoring exist. Applies to insurers proposing to issue individual and group accident and sickness 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. Defines “inborn error of metabolism” as a rare, genetically determined biochemical disorder in which a specific enzyme deficiency produces a metabolic block that may have pathogenic consequences at birth or later in life. The inborn error of metabolism, (i) is present at birth; (ii) if left untreated, results in mental retardation or death; and (iii) requires the consumption of special medical formulas. Also defines “special medical formulas” as nutritional substances that are (i) prescribed by a health professional with appropriate prescriptive authority; (ii) specifically designed and formulated to be consumed or administered internally under the supervision of the health professional; (iii) specifically designed, processed, or formulated to be distinct in one or more nutrients that are present in natural food; and (iv) intended for the medical and nutritional management of patients with limited capacity to metabolize ordinary foodstuffs or limited capacity to metabolize certain nutrients contained in ordinary foodstuffs. Special medical foods do not include food items that are low in protein that can be bought without an order from a health professional. Requires coverage for diagnosing, monitoring and controlling the disorders by nutritional and medical assessment. Coverage under the bill only applies if (i) the formulas are prescribed by a health professional with appropriate prescriptive authority; (ii) if the prescriber is different from the treating physician they must furnish supporting documentation that the formula is required and without it there will be malnutrition or malabsorption due to inflammation protein sensitivity or inborn errors of digestion; and (iii) the formula is the primary source of nutrition as certified by the treating physician. Provides that a managed care health insurance plan as defined in Chapter 58 (§ 38.2-5800 et seq.) can require the health professional to be a part of their network if the network includes sufficient professionals qualified to provide the benefits under the bill. Insurers, corporations, or HMOs cannot impose co-payments, fees, policy or calendar year or durational benefit limitations or maximums for this coverage that is not equally imposed on all individuals in the same benefit category. The bill applies to policies, contracts, and plans delivered, issued for delivery, reissued or extended in Virginia on or after January 1, 2006 or any time after January 1, 2006 when a term of the policy, contract of plan is changed or a premium adjustment is made. The bill does not apply to short-term travel, accident only, limited or

specified disease or individual conversion contracts, policies designed for people with Medicare, or similar state or government plans.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

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

10. Technical amendment necessary: No

11. Other comments: The issue of a mandate for coverage of the treatment (diagnosis, monitoring and controlling) of inborn errors of metabolism has been considered and reviewed by the Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) on three previous occasions. When the mandate was last reviewed in 2004 (House Bill 1216), the Advisory Commission voted against enactment unanimously with a recommendation that funding be increased through the Virginia Department of Health to assist individuals and families affected by this disorder.

Date: 01/16/06 / V. Tompkins

cc: Secretary of Health and Human Resources