

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB615

House of Origin	<u>X</u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Amundson

3. Committee: Commerce and Labor

4. Title: Health insurance; required coverage for medically necessary amino acid-based elemental formulas.

5. Summary/Purpose: Health insurance; required coverage. Requires insurers, health services plans and health maintenance organizations to provide coverage for the provisions of amino acid-based elemental formulas for the diagnosis and treatment of Immunoglobulin E and non-immunoglobulin E mediated allergies to multiple food proteins, food protein-induced enterocolitis syndrome, eosinophilic disorders, and impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length and motility of the gastrointestinal tract. Coverage for the amino acid-based elemental formulas must be provided when the prescribing or ordering physicians has issued a written order that the formula is medically necessary regardless of the delivery method. Prohibits insurers, corporations or HMOs from imposing any co-payment, fee, policy year or calendar year or durational benefit limitation or maximum for benefits or services 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 the Commonwealth on and after January 1, 2009, or any time thereafter when any term of the policy, contract, or plan is changed or premium is adjusted. The bill does not apply to short-term travel, accident only, limited or specified disease policies, or individual conversion policies or contracts, nor to policies designed for issuance to persons eligible for Medicare or similar coverage under state or federal governmental 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: House Bill 615 will be referred by letter to the Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) for review in 2008: It is a health insurance mandate for coverage for expenses associated with amino-acid-based formulas for the diagnosis and treatment of Immunoglobulin E and non-Immunoglobulin E

mediated allergies to multiple food proteins, food protein-induced enterocolitis syndrome, eosinophilic disorders, and impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length, and motility of the gastrointestinal tract.

Bills addressing special formulas have been reviewed by the Special Advisory Commission. In 1999, House Bill 2197 and House Bill 2199 required coverage for low-protein foods and formulas for the treatment of inborn errors of metabolism such as phenylketonuria, maple syrup urine disease, and homocystinuria. The Advisory Commission voted to recommend that the bills not be enacted, but that a mechanism to assist individuals and families be provided either through the expansion of the current state program at the Virginia Department of Health (VDH) or by a tax credit for the families buying the foods and formulas. In 2002, House Bill 84 would have required coverage for polypeptide or amino acid based formulas 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 Advisory Commission recommended that the bill not be enacted but that funding for the VDH program should be increased and coverage should be expanded to cover people needing polypeptide or amino acid based formulas or with the disorders covered by the bill. In 2004, House Bill 1216 would have required coverage for the treatment of inborn errors of metabolism that involve amino acid, carbohydrate, and fat metabolism and for which medically standard methods of diagnosis, treatment and monitoring exist. The Advisory Commission again voted to recommend against enactment of the legislation and recommended that the VDH program be expanded.

Date: 01/18 /08 / V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources