

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: HB2337

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; mandated coverage for amino acid based elemental formulas**

5. Summary/Purpose: Requires insurers to provide coverage for the provision of amino acid based elemental formulas, regardless of the method of intake, for the diagnosis and treatment of Immunoglobulin E and non Immunoglobulin E mediated allergies to multiple food proteins for enrollees under age 10, severe food protein induced enterocolitis syndrome, eosinophilic disorders as evidenced by the results of a biopsy, and impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length, and motility of the gastrointestinal tract. The bill applies to each insurer 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 individual or group accident and sickness subscription contracts; and health maintenance organizations (HMOs) providing health care plans for health care services. The ordering physician must issue a written order stating that the amino acid based elemental formula is medically necessary for the treatment of a disease or disorder noted in the bill. The bill also provides that a private review agent, acting on behalf of an insurer, nonprofit health service plan, or HMO, may review the ordering physician's determination of the medical necessity of the amino acid based elemental formula for the treatment of the disease or disorder. The bill prohibits insurers, corporations or HMOs from imposing any copayment, 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 or after January 1, 2010, 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 government plans.

6. Fiscal Impact Estimates: 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 and its Bureau of Insurance

10. Technical amendment necessary: No

11. Other Comments: Similar bills addressing formulas have been reviewed by the Special Advisory Commission on Mandated Health Insurance Benefits (Advisory Commission) four times during the past ten years (1999, 2002, 2004, and 2008). During the 1999 Session, House Bill 2197 and House Bill 2199 were introduced by Delegate Robert F. McDonnell. House Bill 2197 related to coverage for any low protein foods prescribed for treatment of inborn errors of amino acid metabolism, such as phenylketonuria (PKU), maple syrup urine disease (MSUD), and homocystinuria (HCU). House Bill 2199 related to coverage for any medical formula that eliminates specific amino acids for the treatment of inborn errors of metabolism, such as having PKU, MSUD, and HCU. On November 22, 1999, the Advisory Commission voted unanimously to recommend that House Bill 2197 and House Bill 2199 not be enacted (House Document No. 67). During the 2002 Session, House Bill 84 was introduced by Delegate Robert D. Orrock, Sr. House Bill 84 related to coverage for the expense of polypeptide-based or amino acid-based formulas whose protein source has been extensively or completely hydrolyzed. On January 8, 2003, the Advisory Commission voted (9-1) to recommend that House Bill 84 not be enacted. During the 2004 Session of the General Assembly, House Bill 1216 was introduced by Delegate R. Steven Landes. House Bill 1216 related to 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. On November 16, 2004, the Advisory Commission voted unanimously to recommend that House Bill 1216 not be enacted. During the 2008 Session of the General Assembly, House Bill 615 was introduced by Delegate Kristen J. Amundson and House Bill 669 was introduced by Delegate Robert G. Marshall. Delegate Amundson and Delegate Marshall asked that action on House Bill 615 and House Bill 669 be deferred until 2009. The Advisory Commission agreed to defer the bills until 2009. Delegate Amundson indicated her intention to introduce legislation in the 2009 Session similar to the legislation in effect in Maryland that addresses coverage of foods and food products for the treatment of inherited metabolic diseases.

Date: 1/25/09 V. Tompkins

cc: Secretary of Commerce and Trade

Secretary of Health and Human Resources