

State Corporation Commission 2020 Fiscal Impact Statement

1. Bill Number: SB605

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: McDougle

3. Committee: Finance and Appropriations

4. Title: Health insurance; formula and enteral nutrition products.

5. Summary: Requires health insurers, health care subscription plans, and health maintenance organizations whose policy, contract, or plan includes coverage for medicines to classify medically necessary formula and enteral nutrition products as medicine and to include coverage for medically necessary formula and enteral nutrition products for covered individuals requiring treatment for an inherited metabolic disorder. Such coverage is required to be provided on the same terms and subject to the same conditions imposed on other medicines covered under the policy, contract, or plan. The measure provides that the required coverage includes any medical equipment, supplies, and services that are required to administer the covered formula or enteral nutrition products. These requirements apply only to formula and enteral nutrition products that are furnished pursuant to the prescription or order of a physician or other health care professional qualified to make such prescription or order for the management of an inherited metabolic disorder and are used under medical supervision.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: No fiscal impact on the State Corporation Commission

8. Fiscal Implications: None on the State Corporation Commission or the Department of Human Resource Management

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission Bureau of Insurance and the Department of Human Resource Management

10. Technical Amendment Necessary: No

11. Other Comments: In 2019, House Bill 2177, also a bill pertaining to formula and enteral nutritional products, was referred to the Health Insurance Reform Commission for review in 2019. The bill went through the Step One and Two processes but was not voted upon at the HIRC's final meeting of 2019 (on January 2, 2020). The analysis prepared by the State Corporation Commission Bureau of Insurance determined that the Virginia Essential Health Benefit (EHB) Benchmark Plan (Anthem Premier Direct Access) covers infusion services, including enteral nutrition therapy, infusion of special medical formulas as the primary source of nutrition for persons with inborn errors of amino acid or organic acid metabolism,

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metabolic abnormality or severe protein or soy allergies when prescribed by a physician. Senate Bill 605 limits the mandate for formula and enteral nutrition products to persons with inborn errors of metabolism. SB 605 also does not require the formula or enteral nutrition to be the primary source of nutrition, just a critical source of nutrition. The Bureau characterizes the provisions of the proposed mandate as an extension of an existing EHB rather than a new or additional benefit and anticipates that the Commonwealth would not be required to defray the cost of providing this mandate as the result of its enactment.

A survey of carriers by the Virginia Association of Health Plans in 2019 indicated that all responding carriers covered some formula and nutrition products if medically necessary, under the care of a physician and subject to specific criteria, e.g. usually limited to patients with inborn errors of metabolism, severe protein or soy allergies.

Senate Bill 654 was incorporated into Senate Bill 605; the amendment in the nature of a substitute to Senate Bill 605 combines the two identical bills. Senate Bill 605 was reported by Senate Finance and Appropriations on January 28, 2020.

Date: 1/28/20/V.Tompkins