

SENATE BILL REPORT

SB 5130

As of February 6, 2013

Title: An act relating to eosinophilia gastrointestinal associated disorders.

Brief Description: Concerning insurance coverage of treatment of eosinophilia gastrointestinal associated disorders.

Sponsors: Senators Frockt, Conway, Keiser, Tom, Kohl-Welles and Schlicher.

Brief History:

Committee Activity: Health Care: 2/05/13.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: State law has mandated coverage for medical foods or specialized formulas for children with phenylkentonuria since 1988, for regulated group insurance products. The specialized formulas, often called elemental formulas, are expensive and can be administered orally or through a feeding tube. Other chronic digestive system disorders, such as eosinophilia gastrointestinal disorders (EGID), may also require the use of specialized formulas as a medical necessity.

The federal Affordable Care Act established a mechanism for the development of a benchmark plan with the essential health benefits categories stated in law. The small group-mandated benefits that were in place as of December 2011 have been incorporated in the benchmark plan and will be reflected in the benefit requirements for most individual and small group plans beginning January 2014, including those that will be offered through the Health Benefit Exchange. The state may not change the benchmark plan until at least 2016, when the federal government will revisit the approach for designating the essential health benefits.

Federal law requires states to defray the costs to consumers for state-mandated benefits that are not included in the state's essential health benefits package. Legislation passed in 2012 requires the Office of the Insurance Commissioner to submit a list to the Legislature of state-mandated health benefits and indicate if the enforcement would result in federally imposed costs to the state. The Commissioner may enforce a benefit on the list only if funds are appropriated by the Legislature for that purpose.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: Beginning January 1, 2016, or upon the earliest update of the state's benchmark plan, health insurance contracts must include coverage for the formulas necessary for the treatment of EGID. The specialized formulas must be covered regardless of the delivery method.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Elemental formulas are required for this rare but growing disorder. Medicaid covers the formulas for children in oral form or for tube feeding but many of the insurance carriers only cover formulas provided via surgically implanted feeding tube. These formulas are very expensive, over \$1,000 per month, but they are medically necessary for survival. This disorder can take years to diagnose and then it is very frustrating to have the medically-required formulas denied simply because a child may be able to take it orally. It is not appropriate to force a family to have a child undergo a surgical procedure just to get coverage of the medically necessary formula.

CON: We propose this benefit mandate go through the required Sunrise Review established within the Department of Health to review new benefit mandates, so there is an unbiased review of the cost and benefits and time to understand what is proposed to be covered with more details. There is lack of clarity in the bill now and the time lag is already built into the start date for the coverage so having a review doesn't delay coverage. The carriers are completing their fact finding to get a better sense for who covers the formulas now and under what conditions – some do cover them but it does not appear to be universal.

Persons Testifying: PRO: Senator Frockt, prime sponsor; Representative Habib; Jeff Schwartz, Barbara Wilkins, Catriona Colerick, citizens.

CON: Sydney Zvara, Assn. of WA Healthcare Plans; Mel Sorensen, America's Health Insurance Plans.