SENATE BILL REPORT

SB 5178

As Reported By Senate Committee On:
Health & Long-Term Care, February 18, 1997
Ways & Means, March 10, 1997

Title: An act relating to the enactment of the diabetes cost reduction act.

Brief Description: Adopting the diabetes cost reduction act.

Sponsors: Senators Wood, Wojahn, Deccio, Bauer, Fairley, Goings, Prince, Prentice, Franklin, Horn, Patterson and Winsley.

Brief History:
Committee Activity: Health & Long-Term Care: 2/4/97, 2/18/97 [DPS-WM].
Ways & Means: 3/7/97, 3/10/97 [DP2S].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5178 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Deccio, Chair; Wood, Vice Chair; Fairley, Franklin and Wojahn.

Staff: Don Sloma (786-7319)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5178 be substituted therefor, and the second substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Brown, Hochstatter, Kohl, Long, McDonald, Roach, Rossi, Schow, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: Tim Yowell (786-7435)

Background: According to the Washington State Department of Health (The Health of Washington State, September 1996):

> About 160,000 people in Washington are known to have diabetes, and an equal number probably have the disease but do not know it. The estimated prevalence is about six percent of the general population.
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> Diabetes was associated with 38,909 hospitalizations in Washington in 1994 (rate: 243/1,000 people with diabetes). Most of these admissions are a result of diabetes complications, including coronary heart disease, stroke, diabetes ketoacidosis, and lower extremity amputations. Many of these hospitalizations

could be prevented through early detection and appropriate management of diabetes and its complications. Effective interventions include diabetes self-management education and development of systems to coordinate and assure medical management in accordance with current practice guidelines.–

While most health insurance plans provide coverage for diagnosis and treatment for diabetes, studies report that coverage for some diabetes medications, testing and treatment equipment, supplies, self-management education and more is uneven.

Summary of Second Substitute Bill: The Legislature finds that access to medically accepted standards of care for diabetes, its treatment, supplies, and self-management training and education is crucial to prevent or delay complications of diabetes and its attendant costs.

A diabetic person is defined to include insulin dependent diabetics, non-insulin using diabetics, and those with elevated blood glucose levels because of pregnancy.

After January 1, 1998, state purchased health care and health carriers licensed by the state who issue or renew health insurance coverage within the state must provide specified coverage for diabetic persons. These provisions do not apply to the Basic Health Plan, or to the plans identical to the Basic Health Plan which insurers are required to offer.

Such coverage must at least include appropriate equipment and supplies, as prescribed by a health care provider, determined medically necessary by a carrier's medical director, including insulin, syringes, injection aids, blood glucose monitors, test strips, for blood glucose monitors, visual reading and urine test strips, insulin pumps and accessories to the pumps, insulin infusion devices, prescriptive oral agents for controlling blood sugar levels, foot care appliances for prevention of complications associated with diabetes, and glucogon emergency kits.

In addition, out-patient self-management training and education must be provided, and only by health care providers with expertise in diabetes. Carriers may limit providers who perform services required under the act to those within their provider networks.

Diabetes coverage may be subject to normal cost sharing provisions established for all other similar services or coverage within a policy.

Health care coverage may not be reduced or eliminated due to the act.

A carrier is excluded from the requirements of the act in a plan offered to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to state mandated benefits and whose self-insured plans do not include similar benefits to those mandated under the act.

Second Substitute Bill Compared to Substitute Bill: The required diabetes-related coverage does not apply to the Basic Health Plan, or to the plans identical to the Basic Health Plan which insurers are required to offer.

Substitute Bill Compared to Original Bill: Specific language requiring diabetes coverage is added to several chapters of law which separately regulate health care service contractors,

individual and group disability insurers, and health maintenance organizations. In the original bill, all of these carrier types were made subject to the provisions of the bill by referencing them in a single chapter.

The definition of diabetes is amended to remove those with elevated blood glucose levels and no other indication of the disease.

Services required under the act are made subject to determinations of medical necessity, which could be made by the medical director of a health carrier.

A carrier is permitted to restrict a patient to seeing only those providers of services required under the act who may be within networks established by the carrier.

A carrier is excluded from the requirements of the act in a plan offered to an employer or other group that offers to its eligible enrollees a self-insured health plan not subject to state mandated benefits and whose self-insured plan does not include benefits similar to those mandated under the act.

The authority for the Health Care Authority to enforce the act with regard to state purchased health care, and the authority for the Insurance Commissioner to enforce the act with regard to private insurers are both eliminated.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect January 1, 1998.

Testimony For (Health & Long-Term Care): Diabetes is a major cause of hospitalization, amputations, blindness, other illnesses and death. Proper prevention has been shown to be effective at reducing these illnesses and their attendant costs to insurers and consumers. But not all health plans provide the training and supplies needed to monitor the diabetic's blood glucose levels. The bill would require that plans do that. In other states, this has been shown to reduce costs and increase the health status of diabetics.

Testimony Against (Health & Long-Term Care): While preventive services may be effective, this is a mandated benefits bill. These bills typically increase costs. In particular, the original bill contains an overly broad definition of diabetes, does not require a determination of medical need by a health plan medical director, includes expensive equipment like insulin pumps, which may not be needed in all cases, and does not excuse insurers from offering this mandated benefit when they are competing with self-insured plans that do not offer it. This would place regulated plans at a cost disadvantage.

Testified (Health & Long-Term Care): Kathleen Albrecht, Dr. Robert Mechtenburg, American Diabetes Assn. (pro); Debby Jackson, Washington Assn. of Diabetes Educators (pro); Melanie Stewart, Washington State Podiatric Med. Assn. (pro); Jeff Larsen (pro); Dr. Nancy Porcell, WSMA (pro).

Testimony For (Ways & Means): Early detection and treatment of diabetes can substantially reduce future medical costs. Nine other states have enacted similar legislation, with almost immediate savings to their health care system, and without an increase in insurance premiums.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Senator Jeannette Wood, prime sponsor (pro); Gail McGaffick. American Diabetes Association (pro); Carl Knirk, American Diabetes Association, Washington Affiliate (pro).