

SENATE BILL REPORT

SB 5814

As of February 25, 2009

Title: An act relating to harmonizing health benefit plans to provide coverage for elemental formulas.

Brief Description: Requiring health benefit plan coverage for elemental formula.

Sponsors: Senators Franklin and Keiser.

Brief History:

Committee Activity: Health & Long-Term Care: 2/24/09.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Mich'l Needham (786-7442)

Background: Approximately 2 percent of infants have an allergy to milk proteins. A small portion of these infants have severe food allergies or impairments of their gastrointestinal tracts and cannot tolerate any milk proteins or soy products. Specialized amino acid-based elemental formulas are available with the simplest form of protein. The state's medical assistance programs and many insurance companies cover the cost of providing elemental formulas that are medically necessary when they are delivered through a feeding tube. The medical assistance program allows oral delivery of the elemental formulas through a prior authorization process.

Summary of Bill: All insurance policies renewed or issued after December 31, 2009, that provide coverage for hospital or medical expenses must provide coverage for amino acid-based elemental formulas when such specialized formulas are medically necessary, regardless of the delivery method. All insurance carriers are impacted, as well as the Public Employees Benefits Board self-insured plans, self-funded multiple employer welfare arrangements, and the medical assistance program.

Appropriation: None.

Fiscal Note: Requested on February 12, 2009.

Committee/Commission/Task Force Created: No.

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.

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

Staff Summary of Public Testimony: PRO: This is a very rare condition where people need the specialized elemental formula. Most insurance plans cover the specialized product if it is administered via feeding tube but not if it can be taken orally. That does not make any sense since oral administration would be much cheaper and avoid the unnecessary costs of the feeding tube and the risk of complications. This bill instills fairness in coverage. The essential change is that carriers are required to cover the specialized formula regardless of the delivery method. Medicaid already covers it this way. When the coverage is denied, it is very expensive for the patient to maintain the prescribed formula. It is medically necessary for these patients to have this specialized formula.

CON: Insurance carriers do not believe mandates are the wise way to design benefits. These specialized formulas are covered for hospitalized patients, but insurance does not typically cover nutrition provided at home. This may lead to insurance being asked to cover all types of over-the-counter food supplements. We suggest a sunrise review of the benefit be completed by Department of Health to fully assess the cost-benefit impacts.

Persons Testifying: PRO: Senator Franklin, prime sponsor; Steve Lindstrom, Children's MAGIC; Tiesha Stiles, citizen.

CON: Sydney Smith Zvara, Association of Washington Health Care Plans; Mel Sorensen, America's Health Insurance Plans; Carrie Tellefson, Regence.