Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

HB 2153

Brief Description: Concerning the treatment of eosinophilic gastrointestinal associated disorders.

Sponsors: Representatives Habib, Tarleton, Ross, Green, Morrell, Springer, Tharinger, Jinkins, Goodman, Van De Wege, Clibborn, Fey and Riccelli.

Brief Summary of Bill

- Requires health benefit plans to offer benefits or coverage for medically necessary elemental formula, regardless of delivery method, when a provider diagnoses a patient with eosinophilic gastrointestinal associated disorders and orders and supervises the use of the elemental formula.
- Requires cost-sharing for medically necessary elemental formula to be included in expenses that count toward the enrollee's out-of-pocket maximum.

Hearing Date: 1/16/14

Staff: Alexa Silver (786-7190).

Background:

Eosinophilic Gastrointestinal Associated Disorders.
Eosinophils are a type of white blood cells that contain proteins designed to help the body fight infection. Eosinophilic gastrointestinal associated disorders (EGIDs) are chronic inflammatory disorders that result from an abnormally high number of eosinophils in the digestive system. Treatments for EGIDs include corticosteroids and dietary therapies. A patient on a restrictive diet may require an amino acid-based elemental formula to provide necessary nutrients.

In December 2013, the Department of Health (Department) completed a sunrise review of House Bill 1216, which would have required coverage of formulas necessary for the treatment of EGIDs, regardless of delivery method. The Department recommended adding a mandate to

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require coverage of elemental formulas to treat EGIDs, finding that the proposal was in the best interest of the public and that the benefits outweighed the costs.

Mandated Benefits under the Patient Protection and Affordable Care Act.
The federal Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act of 2010 (ACA) requires most small group and individual health plans to offer a package of benefits known as the "essential health benefits." A state must defray the costs to consumers for state-mandated benefits that are not included in the state's essential health benefits package.

To determine the essential health benefits, federal law allows a state to choose a "benchmark" plan from a list of options and to supplement that plan to ensure it covers all of the essential health benefit categories specified in the ACA. Washington has chosen the largest small group plan in the state as its benchmark, which means most of the state's existing benefit mandates are included in the state's essential health benefit package. The state may not change its benchmark until at least 2016, when the federal government will revisit its approach for designating the essential health benefits.

State law requires the Insurance Commissioner to submit to the Legislature a list of state-mandated health benefits, the enforcement of which would result in federally imposed costs to the state. The list must include the anticipated costs to the state of each benefit on the list. The Insurance Commissioner may enforce a benefit on the list only if funds are appropriated by the Legislature for that purpose.

Cost-Sharing under the Patient Protection and Affordable Care Act.
For certain enrollees in qualified health plans, the ACA requires carriers to reduce cost-sharing. The reduction in cost-sharing must first be achieved by reducing out-of-pocket limits by an amount that varies with household income. If a state requires a qualified health plan to offer benefits in addition to essential health benefits, the reductions in cost-sharing do not apply to those additional benefits.

Summary of Bill:

Health benefit plans issued or renewed after December 31, 2015, must offer benefits or coverage for medically necessary elemental formula, regardless of delivery method, when a licensed health care provider with prescriptive authority: (1) diagnoses a patient with EGIDs; and (2) orders and supervises the use of the elemental formula. A health benefit plan may require prior authorization or impose other appropriate utilization controls in approving coverage for medically necessary elemental formula.

Cost-sharing for the formula must be included in the expenses that count toward an enrollee's out-of-pocket maximum, unless prohibited by the ACA.

Appropriation: None.

Fiscal Note: Requested on January 9, 2014.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.