

HOUSE BILL REPORT

HB 2153

As Reported by House Committee On:
Health Care & Wellness
Appropriations Subcommittee on Health & Human Services

Title: An act relating to the treatment of eosinophilic gastrointestinal associated disorders.

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 History:

Committee Activity:

Health Care & Wellness: 1/16/14, 1/23/14 [DPS];

Appropriations Subcommittee on Health & Human Services: 2/6/14 [DPS(HCW)].

Brief Summary of Substitute Bill

- Requires health benefit plans (including plans offered to public employees) to offer benefits or coverage for medically necessary elemental formula, regardless of delivery method, for patients diagnosed with eosinophilic gastrointestinal associated disorders.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Cody, Chair; Riccelli, Vice Chair; Harris, Assistant Ranking Minority Member; Clibborn, Green, G. Hunt, Jinkins, Moeller, Morrell, Rodne, Ross, Short, Tharinger and Van De Wege.

Minority Report: Do not pass. Signed by 1 member: Representative Schmick, Ranking Minority Member.

Staff: Alexa Silver (786-7190).

Background:

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.

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 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.

Summary of Substitute Bill:

Health benefit plans (including plans offered to public employees and their covered dependents) that are 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 eosinophilic gastrointestinal associated disorders; 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.

Substitute Bill Compared to Original Bill:

The substitute bill adds the mandate to health benefit plans offered to public employees and their covered dependents. It also removes the provision requiring that cost-sharing for the formula be included in the expenses that count toward an enrollee's out-of-pocket maximum, unless prohibited by the Affordable Care Act.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill follows on a sunrise review from last year. Eosinophils are a type of white blood cell that fights off harmful substances. For people with eosinophilic gastrointestinal associated disorders (EGIDs), eosinophils act like food is a harmful substance and cause inflammation in the gastrointestinal tract. The loss of function leads to various symptoms. Pediatricians put children with EGIDs on restrictive diets, so they must find alternative sources of nutrition. Most often they prescribe elemental formulas, which are medical liquids that provide nutrition and heal the gut. Some insurance companies pay if the formula is delivered by feeding tube, but most children do not require a surgically placed feeding tube. It is better to try dietary therapy before prescribing steroids, and in some children dietary therapy is the only cure.

The number of people impacted by EGIDs is extremely low; approximately 100 to 200 people would benefit from this bill. The cost of treatment, at \$1,200 per month, is far out of reach for most middle class families. Many of the private insurers' concerns have been addressed.

(With concerns) There is no concern with the goal of the bill, but the provision on cost-sharing should be written so it does not add confusion or complexity. As written, it may create problems for carriers and the Health Care Authority in allocating components of the subsidy and premium for those eligible for a cost-sharing subsidy. It can be revisited in 2016 during the review of essential health benefits.

(Opposed) None.

Persons Testifying: (In support) Representative Habib, prime sponsor; Jeff Schwartz; Sam Schwartz; and Dr. Uma Pisharody.

(With concerns) Chris Bandoli, Regence Blue Shield of Washington; and Len Sarrin, Premera Blue Cross.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES

Majority Report: The substitute bill by Committee on Health Care & Wellness be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Morrell, Chair; Harris, Ranking Minority Member; Cody, Green, G. Hunt, Kagi, Ormsby, Ross and Tharinger.

Minority Report: Do not pass. Signed by 1 member: Representative Schmick.

Staff: Erik Cornellier (786-7116).

Summary of Recommendation of Committee On Appropriations Subcommittee on Health & Human Services Compared to Recommendation of Committee On Health Care & Wellness:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Our son was diagnosed with failure to thrive. For three years he was on elemental formula as the sole source of nutrition. During that time the goal was to get him to eat food as his primary source of nutrition, but he would vomit anything that was not okay for him. For people with this disorder, food is poison. In 2010 we received a miracle and he can eat anything he wants. We are here to try to help other families in the same situation.

(Opposed) None.

Persons Testifying: Jeff Schwartz.

Persons Signed In To Testify But Not Testifying: None.