



Senate

General Assembly

File No. 42

January Session, 2011

Senate Bill No. 312

Senate, March 8, 2011

The Committee on Insurance and Real Estate reported through SEN. CRISCO of the 17th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT ELIMINATING THE AGE CAP FOR HEALTH INSURANCE
COVERAGE FOR SPECIALIZED FORMULA.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-492c of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2012*):

3 (a) For purposes of this section:

4 (1) "Inherited metabolic disease" includes (A) a disease for which
5 newborn screening is required under section 19a-55; and (B) cystic
6 fibrosis.

7 (2) "Low protein modified food product" means a product
8 formulated to have less than one gram of protein per serving and
9 intended for the dietary treatment of an inherited metabolic disease
10 under the direction of a physician.

11 (3) "Amino acid modified preparation" means a product intended
12 for the dietary treatment of an inherited metabolic disease under the

13 direction of a physician.

14 (4) "Specialized formula" means a nutritional formula for [children
15 up to age twelve] individuals that is exempt from the general
16 requirements for nutritional labeling under the statutory and
17 regulatory guidelines of the federal Food and Drug Administration
18 and is intended for use solely under medical supervision in the dietary
19 management of specific diseases.

20 (b) Each individual health insurance policy providing coverage of
21 the type specified in subdivisions (1), (2), (4), [(6),] (11) and (12) of
22 section 38a-469 delivered, issued for delivery, [or] renewed, amended
23 or continued in this state [on or after October 1, 1997,] shall provide
24 coverage for amino acid modified preparations and low protein
25 modified food products for the treatment of inherited metabolic
26 diseases if the amino acid modified preparations or low protein
27 modified food products are prescribed for the therapeutic treatment of
28 inherited metabolic diseases and are administered under the direction
29 of a physician.

30 (c) Each individual health insurance policy providing coverage of
31 the type specified in subdivisions (1), (2), (4), [(6),] (11) and (12) of
32 section 38a-469 delivered, issued for delivery, [or] renewed, amended
33 or continued in this state [on or after October 1, 2007,] shall provide
34 coverage for specialized formulas when such specialized formulas are
35 medically necessary for the treatment of a disease or condition and are
36 administered under the direction of a physician.

37 (d) Such policy shall provide coverage for such preparations, food
38 products and formulas on the same basis as outpatient prescription
39 drugs.

40 Sec. 2. Section 38a-518c of the general statutes is repealed and the
41 following is substituted in lieu thereof (*Effective January 1, 2012*):

42 (a) For purposes of this section:

43 (1) "Inherited metabolic disease" includes (A) a disease for which

44 newborn screening is required under section 19a-55; and (B) cystic
45 fibrosis.

46 (2) "Low protein modified food product" means a product
47 formulated to have less than one gram of protein per serving and
48 intended for the dietary treatment of an inherited metabolic disease
49 under the direction of a physician.

50 (3) "Amino acid modified preparation" means a product intended
51 for the dietary treatment of an inherited metabolic disease under the
52 direction of a physician.

53 (4) "Specialized formula" means a nutritional formula for [children
54 up to age twelve] individuals that is exempt from the general
55 requirements for nutritional labeling under the statutory and
56 regulatory guidelines of the federal Food and Drug Administration
57 and is intended for use solely under medical supervision in the dietary
58 management of specific diseases.

59 (b) Each group health insurance policy providing coverage of the
60 type specified in subdivisions (1), (2), (4), [(6),] (11) and (12) of section
61 38a-469 delivered, issued for delivery, [or] renewed, amended or
62 continued in this state [on or after October 1, 1997,] shall provide
63 coverage for amino acid modified preparations and low protein
64 modified food products for the treatment of inherited metabolic
65 diseases if the amino acid modified preparations or low protein
66 modified food products are prescribed for the therapeutic treatment of
67 inherited metabolic diseases and are administered under the direction
68 of a physician.

69 (c) Each group health insurance policy providing coverage of the
70 type specified in subdivisions (1), (2), (4), [(6),] (11) and (12) of section
71 38a-469 delivered, issued for delivery, [or] renewed, amended or
72 continued in this state [on or after October 1, 2007,] shall provide
73 coverage for specialized formulas when such specialized formulas are
74 medically necessary for the treatment of a disease or condition and are
75 administered under the direction of a physician.

76 (d) Such policy shall provide coverage for such preparations, food
77 products and formulas on the same basis as outpatient prescription
78 drugs.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>January 1, 2012</i>	38a-492c
Sec. 2	<i>January 1, 2012</i>	38a-518c

INS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 12 \$	FY 13 \$
State Comptroller - Fringe Benefits	GF & TF - Cost	Potential	Potential

Note: GF=General Fund d, TF= Transportation Fund

Municipal Impact:

Municipalities	Effect	FY 12 \$	FY 13 \$
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

Explanation

As of July 1, 2010, the State Employees' Health plan went self insured. Pursuant to current federal law, the state's self-insured health plan would be exempt from state health insurance benefit mandates. However, in previous self-funded arrangements the state has traditionally adopted all state mandates. To the extent that the state continues this practice of voluntary mandate adoption, the following impacts would be anticipated.

It is estimated that the state employee health plan will incur an annual cost of up to \$11,680 for each individual for whom a specialized formula is prescribed and who is outside the current coverage group¹. The state employee plan covers specialized formula for children up to age 12 in accordance with current law and for individuals over 12 who have a gastrointestinal tract tube (GI tube). The aggregate annual costs would depend on the number of members who require a prescription.

¹ These cost estimates do not reflect offsets due to patient co-pays or other out-of-pocket costs.

To the extent that municipalities do not provide coverage for the mandate specified by the bill, there may be increased costs to provide it. The bill's impact on municipalities depends on how many municipalities provide this coverage and that cannot be determined at this time. The coverage requirements effective January 1, 2012 may result in increased premium costs when municipalities enter into new contracts for health insurance. Due to federal law, municipalities with self-insured health plans are exempt from state health insurance benefit mandates.

The state employee health plan and many municipal health plans are recognized as "grandfathered" health plans under the Patient Protection and Affordability Act (PPACA)². It is unclear what effect the adoption of certain health mandates will have on the grandfathered status of the state employee health plan or grandfathered municipal plans PPACA³.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

In addition, the federal health care reform act requires that, effective January 1, 2014; all states must establish a health benefit exchange, which will offer qualified plans that must include a federally defined essential benefits package. While states are allowed to mandate

² Grandfathered plans include most group insurance plans and some individual health plans created or purchased on or before March 23, 2010. Pursuant to the PPACA, all health plans, including those with grandfathered status are required to provide the following as of September 23, 2010: 1) No lifetime limits on coverage, 2) No rescissions of coverage when individual gets sick or has previously made an unintentional error on an application, and 3) Extension of parents' coverage to young adults until age 26. (www.healthcare.gov)

³ According to the PPACA, compared to the plans' policies as of March 23, 2010, grandfathered plans who make any of the following changes within a certain margin may lose their grandfathered status: 1) Significantly cut or reduce benefits, 2) Raise co-insurance charges, 3) Significantly raise co-payment charges, 4) Significantly raise deductibles, 5) Significantly lower employer contributions, and 5) Add or tighten annual limits on what insurer pays. (www.healthcare.gov)

benefits in excess of the basic package, the federal law appears to require the state to pay the cost of any such additional mandated benefits. The extent of these costs will depend on the mandates included in the federal essential benefit package, which have not yet been determined. Neither the agency nor mechanism for the state to pay these costs has been established.

OLR Bill Analysis**SB 312*****AN ACT ELIMINATING THE AGE CAP FOR HEALTH INSURANCE COVERAGE FOR SPECIALIZED FORMULA.*****SUMMARY:**

This bill requires certain health insurance policies to cover medically necessary specialized formulas administered under a physician's direction for insured individuals of any age. Current law requires certain policies to provide coverage only for children up to age 12.

The bill also broadens the types of health insurance policies that must cover (1) such specialized formulas and (2) amino acid modified food preparations and low protein modified food products to treat inherited metabolic diseases, including cystic fibrosis, when prescribed by and administered under a physician's direction. It extends the coverage requirements to individual and group health insurance policies amended or continued in Connecticut that cover (1) basic hospital expenses; (2) basic medical-surgical expenses; (3) major medical expenses; or (4) hospital or medical services, including coverage under an HMO plan. Current law already applies to such policies delivered, issued, or renewed in the state.

The bill removes an erroneous reference to accident only policies.

(Due to federal law (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.)

EFFECTIVE DATE: January 1, 2012

BACKGROUND***Specialized Formula***

“Specialized formula” is a nutritional formula that is exempt from the federal Food and Drug Administration’s general nutritional labeling requirements. It is intended for use solely under medical supervision in the dietary management of specific diseases.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 14 Nay 4 (02/17/2011)