



# House of Representatives

General Assembly

**File No. 14**

January Session, 2013

Substitute House Bill No. 6320

*House of Representatives, February 26, 2013*

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## ***AN ACT CONCERNING HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED MEDICATIONS.***

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

1 Section 1. (NEW) (*Effective January 1, 2014*) Each insurance company,  
2 hospital service corporation, medical service corporation, health care  
3 center, fraternal benefit society or other entity that delivers, issues for  
4 delivery, renews, amends or continues in this state individual health  
5 insurance policies providing coverage of the type specified in  
6 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
7 statutes and that provide coverage for intravenously administered  
8 medications for the treatment or palliation or therapeutic intervention  
9 for the prevention of disabling or life-threatening chronic diseases  
10 shall provide coverage for orally administered medications for such  
11 treatment, palliation or intervention on a basis no less favorable than  
12 intravenously administered medications.

13 Sec. 2. (NEW) (*Effective January 1, 2014*) Each insurance company,  
14 hospital service corporation, medical service corporation, health care

15 center, fraternal benefit society or other entity that delivers, issues for  
 16 delivery, renews, amends or continues in this state group health  
 17 insurance policies providing coverage of the type specified in  
 18 subdivisions (1), (2), (4), (11) and (12) of section 38a-469 of the general  
 19 statutes and that provide coverage for intravenously administered  
 20 medications for the treatment or palliation or therapeutic intervention  
 21 for the prevention of disabling or life-threatening chronic diseases  
 22 shall provide coverage for orally administered medications for such  
 23 treatment, palliation or intervention on a basis no less favorable than  
 24 intravenously administered medications.

This act shall take effect as follows and shall amend the following sections:		
Section 1	January 1, 2014	New section
Sec. 2	January 1, 2014	New section

**Statement of Legislative Commissioners:**

In sections 1 and 2, "to provide coverage for orally administered medications" was changed to "shall provide coverage for orally administered medications" for clarity.

**INS**      *Joint Favorable Subst. -LCO*

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.

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**OFA Fiscal Note**

**State Impact:** None – See Below

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 14 \$</b>	<b>FY 15 \$</b>
Various Municipalities	STATE MANDATE - Cost	Potential	Potential

**Explanation**

The bill requires orally-administered medications for patients with disabling or life threatening chronic diseases to be covered on the same basis as intravenously administered medications. This provision of the bill is not anticipated to impact costs to the state employee and retiree health plans since the state's pharmacy benefit manager currently covers oral medications with a required copayment.<sup>1</sup>

The bill's provisions may increase costs to fully-insured municipal plans which do not currently offer the coverage mandated. The coverage requirements may result in increased premium costs when municipalities enter into new health insurance contracts on or after January 1, 2014. Due to federal law, municipalities with self-insured health plans are exempt from state health insurance benefit mandates.

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<sup>1</sup> The state employee and retiree health plans have a three tier pharmacy copayment: Tier 1- Generic \$5, Tier 2 – Preferred brand name \$10/\$20 non maintenance, Tier 3 – Non-preferred brand name \$25/\$35 non maintenance. Members enrolled in the Health Enhancement Program (HEP) receive reduced copayments on medications used to treat chronic conditions covered by HEP.

***The Out Years***

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

*Sources: Office of the State Comptroller*

**OLR Bill Analysis****sHB 6320*****AN ACT CONCERNING HEALTH INSURANCE COVERAGE OF ORALLY AND INTRAVENOUSLY ADMINISTERED MEDICATIONS.*****SUMMARY:**

This bill requires certain health insurance policies that cover intravenously administered medications to (1) treat or (2) provide palliation or therapeutic intervention to prevent disabling or life-threatening chronic diseases to cover, on at least as favorable a basis, orally administered medications used for the same purposes. The bill applies to individual and group policies issued, renewed, 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. It applies to coverage provided by an insurance company, HMO, or other insurer.

Due to the federal Employee Retirement Income Security Act (ERISA), state insurance benefit mandates do not apply to self-insured benefit plans.

EFFECTIVE DATE: January 1, 2014

**BACKGROUND*****Related Federal Law***

The Affordable Care Act (P.L. 111-148) allows a state to require health plans sold through its exchange to offer benefits beyond those already included in its "essential health benefits," but the act requires the state to defray the cost of these additional benefits. The requirement applies to mandates enacted after December 31, 2011. As a result, the state would be required to pay the insurance carrier or enrollee to defray the cost of any new benefits mandated after this

date.

**COMMITTEE ACTION**

Insurance and Real Estate Committee

Joint Favorable

Yea 16 Nay 3 (02/14/2013)