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Senate Bill 540 (Substitute S-1 as reported)
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Sponsor: Senator Roger Kahn, M.D.
Committee: Insurance

CONTENT

Senate Bills 540 (S-1) and 541 (S-1) would amend the Insurance Code and the Nonprofit Health Care Corporation Reform Act, respectively, to require a policy, certificate, or contract to ensure that financial requirements and treatment limitations applicable to prescribed orally administered cancer medications were not more restrictive than those applicable to intravenously administered or injected cancer medications, and that there were no separate cost-sharing requirements or treatment limitations applicable only to the orally administered medications.

Senate Bill 540 (S-1) would apply to an expense-incurred hospital, medical, or surgical policy or certificate delivered, issued for delivery, or renewed in this State, as well as a health maintenance organization (HMO) group or individual contract, that provided coverage for the medications described above. Senate Bill 541 (S-1) would apply to a Blue Cross Blue Shield of Michigan (BCBSM) group or nongroup certificate that provided such coverage.

An insurer, HMO, or BCBSM could not achieve compliance with the bills' requirement by increasing financial requirements or imposing restrictive treatment limitations on prescribed orally administered cancer medications or intravenously administered or injected cancer medications covered under the policy, certificate, or contract on the bills' effective date.

The bill would not prohibit an insurer, HMO, or BCBSM from increasing cost-sharing for all benefits; or from applying use management techniques, including prior authorization, step therapy, limits on quantity dispensed, and days' supply per fill for an orally administered cancer medication.

Proposed MCL 500.3406s (S.B. 540)
Proposed MCL 550.1416e (S.B. 541)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The legislation would require equivalent out-of-pocket costs for oral and injectable cancer medications. Anecdotal evidence indicates that many patients using orally administered medications face greater out-of-pocket costs. If those costs were reduced to the costs for injectable cancer medications, there would be a small indeterminate impact on State and local governments, as there would be a slight increase in health insurance costs. Due to the very limited use of cost-sharing in Michigan's Medicaid program, there would be no fiscal impact on Medicaid.

Date Completed: 11-9-11

Fiscal Analyst: Steve Angelotti