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BILL ANALYSIS

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Senate Bills 540 and 541 (as introduced 6-29-11)
Sponsor: Senator Roger Kahn, M.D.
Committee: Insurance

Date Completed: 11-7-11

CONTENT

Senate Bills 540 and 541 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.

Senate Bill 540 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 would apply to a Blue Cross Blue Shield of Michigan (BCBSM) group or nongroup certificate that provided such coverage.

Specifically, the policy, certificate, or contract would have to ensure that financial requirements and treatment limitations applicable to prescribed orally administered cancer medications were no more restrictive than those applicable to covered 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.

("Financial requirements" would mean deductibles, copayments, coinsurance, out-of-pocket expenses, aggregate lifetime limits, and annual limits. "Treatment limitation" would mean limits on the frequency of treatment, days of coverage, or other similar limits on the scope or duration of treatment.)

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.

Proposed MCL 500.3406s (S.B. 540) Legislative Analyst: Julie Cassidy
Proposed MCL 550.1416e (S.B. 541)

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.

Fiscal Analyst: Steve Angelotti

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