Legislative Analysis

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ORAL ANTICANCER MEDICINE

Senate Bill 492 (S-1) as passed by the Senate
Sponsor: Sen. Goeffrey Hansen
1st House Committee: Insurance
2nd House Committee: Health Policy
Senate Committee: Insurance
Complete to 12-4-18

SUMMARY:

Senate Bill 492 would add a new section to the Insurance Code to prohibit a health insurance policy from imposing higher financial requirements on orally administered anticancer medications than it imposes on intravenously administered or injected anticancer medications.

Under the bill, health insurance policies delivered, issued for delivery, or renewed in Michigan on or after the effective date of the bill that provide coverage for prescribed orally administered anticancer medications and intravenously administered or injected anticancer medications would have to ensure both of the following:

- That ***financial requirements*** applicable to prescribed orally administered anticancer medications are no more restrictive than those applicable to intravenously administered or injected anticancer medications that are covered by the policy, and that there are no separate cost-sharing requirements that are applicable only to prescribed orally administered anticancer medications; or that the ***financial requirement*** for a 30-day supply of orally administered anticancer medication would not exceed $100 (subject to an annual adjustment for changes in the consumer price index for prescription drugs).

- That ***treatment limitations*** applicable to prescribed orally administered anticancer medications are no more restrictive than the treatment limitations applied to intravenously administered or injected anticancer medications that are covered, and that there are no separate treatment limitations that are applicable only to prescribed oral anticancer drugs.

Financial requirement would mean deductibles, copayments, coinsurance, out-of-pocket expenses, aggregate lifetime limits, and annual limits.

Treatment limitations would mean limits on the frequency of treatment, days of coverage, or other similar limits on the scope or duration of treatment, and would not include the application of utilization management techniques described in the bill.

Beginning when the bill took effect, an insurer could not achieve compliance with these requirements by increasing financial requirements, reclassifying benefits for anticancer medications, or imposing more restrictive treatment limitations on orally administered medications or intravenously administered or injected medications covered under the policy, certificate, or contract.

For a health insurance policy that was a high deductible plan, the financial requirements and treatment limitations stipulated in the bill would only apply after the minimum annual deductible specified in the Internal Revenue Code had been reached ($1,000 for self-only coverage and $2,000 for family coverage).[1]

The proposed section would not prohibit an insurer from applying utilization management techniques, including prior authorization, step therapy, limits on quantity dispensed, and days' supply per fill for any administered anticancer medication.

The requirements would not apply to a health insurance policy that provided coverage for specific diseases or accidents only, or to a hospital indemnity, Medicare supplement, longer-term care, disability income, or one-time limited duration policy or certificate that had a term of six months or less.

Unless otherwise provided, the bill would apply to health insurance policies delivered, executed, issued, amended, adjusted, or renewed after December 31, 2018 if they are in Michigan or covering residents of Michigan,.

Proposed MCL 500.3406u

FISCAL IMPACT:

The bill would have a minimal fiscal cost for state and local employee health insurance, as any reduced employee out-of-pocket costs for anticancer medications would likely be offset by increases in health insurance premium rates that are at least partially paid for by the state or local unit of government.

Medicaid has strict cost-sharing limits, so this bill would not have a fiscal impact on the state Medicaid program.

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[1] 26 USC 223(C)(2)