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BILL ANALYSIS

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Senate Bill 492 (as introduced 6-22-17)
Sponsor: Senator Goeff Hansen
Committee: Insurance

Date Completed: 10-11-17

CONTENT

The bill would amend the Insurance Code to restrict treatment limitations and financial requirements applicable to prescribed orally administered anticancer medications under a health insurance policy that also covered intravenously administered or injected anticancer medications, unless a study done by the Department of Insurance and Financial Services determined that the bill's provisions would cause an insurer's costs for claims and administrative expenses to increase more than 1% per year.

Except as otherwise provided, the bill's requirements would apply to health insurance policies delivered, executed, issued, amended, adjusted, or renewed in Michigan, or outside of Michigan if covering Michigan residents, after December 31, 2018.

Specifically, the bill would require a health insurance policy to ensure that treatment limitations applicable to prescribed orally administered anticancer medications were not more restrictive than those applicable to intravenously administered or injected anticancer medications covered by the policy, and that there were no separate treatment limitations applicable only to the orally administered medication. Additionally, the health insurance policy would have to ensure either of the following:

-- That financial requirements applicable to prescribed orally administered anticancer medications were not more restrictive than those applicable to intravenously administered or injected medications covered by the policy, and that there were no separate cost-sharing requirements applicable only to the orally administered medications.
-- That the financial requirement for orally administered medication did not exceed $100 per 30-day supply.

(Beginning January 1, 2019, and then each January 1, the financial requirement for a 30-day supply would have to be adjusted by an amount that reflected the cumulative annual change in the prescription drug index of the medical care component of the U.S. consumer price index.)

If all of the following applied, an insurer would not be required to comply with the above provisions beginning the next benefit year after the date on which all of the following applied:

-- The insurer submitted to the Department a written request that it conduct a study measuring the impact of implementing the bill's provisions.
-- The Department determined from the study that compliance with the bill for a period of at least six months would independently cause the insurer's costs for claims and

administrative expenses for all covered benefits to increase more than 1% per year, and the increase in costs reasonably justified an increase of more than 1% in the annual premiums or rates charged by the insurer.

The Department could request information from the insurer needed to complete the study. The insurer would have to provide the information within 14 days after the request. The Department would have to make its determination within 90 days after receiving the insurer's written request.

An insurer could not achieve compliance with the bill's requirements by increasing financial requirements, reclassifying benefits with respect to anticancer medications, or imposing more restrictive treatment limitations on prescribed orally administered anticancer medications or intravenously administered or injected anticancer medications covered under the policy, certificate, or contract.

For a health insurance policy that was a high-deductible plan, the bill's financial requirements would apply only after the minimum annual deductible specified in 26 USC 223(c)(2) was reached. (Under that section of the U.S. Code, "high deductible health plan" means a plan with an annual deductible of at least $1,000 for self-only coverage or $2,000 for family coverage; and the sum of the annual deductible and other out-of-pocket expenses required to be paid under the plan (excluding premiums) for covered benefits does not exceed $5,000 for self-only coverage or $10,000 for family coverage.)

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

The bill would define "financial requirement" as 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. Treatment limitation would not include the application of utilization management techniques. "Anticancer medication" would mean a medication used to kill, slow, or prevent the growth of cancerous cells.

Proposed MCL 500.3406u — Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would result in minor administrative costs for the Department of Insurance and Financial Services due to the requirement that, upon an insurer's request, the Department conduct a study of the impact of implementing the legislation.

The bill would result in very minor increases in the cost of insurance for State and local government and would have no impact on Medicaid costs. To the extent that copayments and other out-of-pocket costs are greater for orally administered anticancer medications, the bill would reduce such costs for patients. The reduced costs would effectively be picked up by a small increase in the cost of insurance. Given the limited range of medications affected by this legislation relative to the overall cost of pharmaceuticals and health care in general, the cost increase would be nominal.

The State's Medicaid program has tight limits on cost sharing for pharmaceuticals, so the legislation would have no impact on Medicaid spending.

Fiscal Analyst: Steve Angelotti

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