Legislative Analysis

Mary Ann Cleary, Director
Phone: (517) 373-8080
http://www.house.mi.gov/hfa

PARITY FOR ORAL CANCER DRUGS

House Bill 4751
Sponsor: Rep. Gail Haines
Committee: Health Policy

Complete to 11-11-13

A SUMMARY OF HOUSE BILL 4751 AS INTRODUCED 5-21-13

The bill would apply to health insurance policies that provide coverage both for prescribed orally administered cancer medications and for cancer medications administered intravenously or by injection, and would prohibit the policies from treating orally administered cancer medications in a more restrictive manner than the other cancer medications as regards deductibles and copays, as well as limits on the scope or duration of treatment.

Specifically, House Bill 4751 would add a new section to the Insurance Code (MCL 500.3406t) to apply to an insurer that issues, issues for delivery, or renews in this state an expense-incurred hospital, medical, or surgical policy or certificate and to a health maintenance organization (HMO) that issues or renews a group or individual contract that provides coverage for the medications described above. The bill would apply to policies, certificates, and contracts delivered, executed, issued, amended, adjusted, or renewed in the state, or outside the state if covering Michigan residents, beginning 180 days after enactment.

The bill would ensure that financial requirements and treatment limitations applicable to prescribed orally administered cancer drugs were not more restrictive than those for cancer drugs administered by IV or injection, and that there were no separate treatment limitations applied only to prescribed orally administered cancer medications.

"Cancer medication" would mean a medication used to kill or slow the growth of cancerous cells. "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.

In addition, the bill would specify that an insurer or HMO could not achieve compliance by increasing financial requirements or imposing more restrictive treatment limitations on prescribed orally administered cancer medications or intravenously administered or injected cancer medications that are covered under the policy, certificate, or contract on the bill's effective date.

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

[The bill is similar to House Bill 5132 and Senate Bill 540 of the 2011-2012 legislative session.]

FISCAL IMPACT:

House Bill 4751 would not have a significant fiscal impact on the Department of Insurance and Financial Services. If patients are, in fact, paying more out-of-pocket costs for orally administered cancer medications than intravenously administered cancer medications, then state and local units of government providing insurance to public employees would likely experience an indeterminate, yet likely nominal, increase in health insurance costs under House Bill 4751. There would be no fiscal impact on Medicaid as the state's program has a very limited use of cost-sharing.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Paul Holland
Steve Stauff