



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 625 (as introduced 12-1-15)
Sponsor: Senator Goeff Hansen
Committee: Insurance

Date Completed: 1-22-16

CONTENT

The bill would amend the Insurance Code to require a policy, certificate, or contract to ensure that financial requirements and treatment limitations applicable to prescribed orally administered anticancer medications were not more restrictive than those applicable to intravenously administered or injected anticancer medications.

The bill 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.

Specifically, the policy, certificate, or contract would have to ensure that financial requirements and treatment limitations applicable to prescribed orally administered anticancer medications were no more restrictive than those applicable to covered intravenously administered or injected anticancer medications, and that there were no separate cost-sharing requirements or treatment limitations applicable only to the orally administered medications.

An insurer or HMO could not achieve compliance with the bill's requirement 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 on the bill's effective date.

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

Proposed MCL 500.3406t

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

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