

BILL ANALYSIS

C.S.H.B. 2000
By: McCall
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A number of children are born with potentially life-threatening allergies and related diseases prohibiting them from consuming the formula and food required for proper nutrition. The best options for the small percentage of children and infants currently suffering from these conditions are amino acid-based elemental formulas. Amino acid-based elemental formulas are made from single non-allergenic amino acids, unlike regular dairy or soy-based formulas, and foods that contain complete proteins. Amino acid-based elemental formulas are made of proteins broken down to an "elemental level" so that the proteins can be easily absorbed and digested. In many cases, amino acid-based formulas are the only thing an affected infant or child can properly digest and tolerate due to various allergies or gastrointestinal conditions. Although Medicaid and the Women, Infants and Children program cover qualifying children, these products are not typically covered by insurance. The estimated average cost of regular formula for one year is \$1,716 compared to the estimated average cost of elemental formula at \$5,809, a 238-percent difference. There are two ways to feed a child amino acid-based elemental formulas: orally, by using a bottle or a cup, or internally, through a feeding tube inserted in the child's stomach. In most instances, insurers will cover the cost of the elemental formula when administered through a feeding tube but will not cover the cost of the same formula if it is delivered orally through a bottle or cup. Oral feeding is less invasive, less expensive, and easier on the child and the parents than surgically inserting a feeding tube into an infant's stomach.

C.S.H.B. 2000 requires certain health benefit plans to provide coverage for amino acid-based elemental formulas, regardless of the formula delivery method.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2000 amends the Insurance Code to require certain health benefit plans to provide coverage for amino acid-based elemental formulas, regardless of the formula delivery method, that are used for the diagnosis and treatment of immunoglobulin E and non-immunoglobulin E mediated allergies to multiple food proteins, severe food protein-induced enterocolitis syndrome, eosinophilic disorders, and impaired absorption of nutrients caused by disorders affecting the absorptive surface, functional length, and motility of the gastrointestinal tract. The bill requires such coverage if the treating physician has issued a written order stating that the amino acid-based elemental formula is medically necessary for the treatment of an enrollee who is diagnosed with such a disease or disorder, and requires the coverage to include any medically necessary services associated with the administration of the formula. The bill requires a health benefit plan to provide this coverage on a basis no less favorable than the basis on which prescription drugs and other medications and related services are covered by the plan and to the same extent that the plan provides coverage for drugs that are available only on the orders of a physician.

C.S.H.B. 2000 authorizes a utilization review agent acting on behalf of a health benefit plan issuer to review a treating physician's determination of the medical necessity of the use of an amino acid-based elemental formula and provides that this utilization review is subject to statutory provisions related to utilization review agents in general.

C.S.H.B. 2000 specifies the types of insurance providers required to provide coverage for amino acid-based elemental formulas and exempts certain types of plans and policies from these requirements.

C.S.H.B. 2000 applies its provisions to a health benefit plan that is delivered, issued for delivery, or renewed on or after January 1, 2010.

C.S.H.B. 2000 defines "enrollee."

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2000 removes provisions in the original that include a risk pool created under the Texas Political Subdivision Employees Uniform Group Benefits Act and a standard health benefit plan provided under a consumer choice of benefits plan in the health benefit plans to which the provisions of the bill apply.