HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 597 CS Cystic Fibrosis Treatment
SPONSOR(S): Reagan and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 318

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Insurance Committee	12 Y, 5 N, w/CS	Sayler	Cooper
2) Health Care General Committee			
3) Health Care Appropriations Committee			
4) Commerce Council			
5)			

SUMMARY ANALYSIS

Cystic fibrosis is a progressive genetic disease that causes a range of symptoms primarily affecting the lungs and digestive system. This bill mandates certain health care coverage for cystic fibrosis. Currently, symptoms of cystic fibrosis are treated by most insurers, except where contractually excluded. There is disagreement over the best way and how frequently to treat the disease, i.e., what constitutes "medically appropriate and necessary," and also who makes those determinations. This bill mandates all medically appropriate and necessary treatments prescribed by the patient's treating physician or a physician who specializes in the treatment of cystic fibrosis.

This bill requires that group health insurance policies, and HMO contracts, provide coverage for all medically necessary equipment, supplies, enteral formulas, and patient self-management training and educational services used to treat cystic fibrosis as deemed necessary by the patient's treating physician or a physician who specializes in the treatment of cystic fibrosis. It does not limit what may be deemed "medically appropriate and necessary." This bill also mandates treatment of cystic fibrosis as a benefit to be provided by an out-of-state group policy.

Regarding group health insurance policies, this bill applies to group policies sold to employers with over 50 employees (large group). However, it would not apply to any standard policy, basic policy or limited benefit policy sold to a small employer since a mandated benefit does not apply unless the bill expressly amends the law relating to these policies and mandates coverage for the specific health care service or benefit, as required by s. 627.6699(16), F.S.

The fiscal impact of this bill to all insurance policies issued in this state is not known because there is a wide range of possible costs tied to frequency of the utilization of cystic fibrosis treatments. The increased frequency of treatment is expected to increase once cystic fibrosis treatments are mandated by statute, but the amount and costs associated with such a mandate is not adequately known at this time.

The bill states that "the Legislature finds that this act fulfills an important state interest."

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government – This bill mandates insurance companies to offer coverage for cystic fibrosis. The cost for this type of coverage would be spread among insurance providers and paid by policyholders.

Ensure Lower Taxes – This bill could reduce the pressure on limited state resources by shifting the burden of funding for cystic fibrosis health care from Medicaid to the private insurance industry where the risk may be better absorbed. However, this shift could also lead to higher premiums for policyholders.

Promote Personal Responsibility – This bill could reduce the amount of cystic fibrosis sufferers currently dependent upon Medicaid and other forms of public assistance.

Empower Families – The cost of caring for a cystic fibrosis sufferer is quite high. With insurance coverage for cystic fibrosis, family funds currently spent on such care could be spent on other family members and reduce the need for the whole family to be dependant upon Medicaid.

B. EFFECT OF PROPOSED CHANGES:

Background

Background on Cystic Fibrosis

Cystic fibrosis is a progressive genetic disease that causes a range of symptoms primarily affecting the lungs and the digestive system.[1] According to the Cystic Fibrosis Foundation, "the basic problem in cystic fibrosis is an error in the salt and water exchange in some cells. This causes the body to make thick, sticky mucous, which clogs the lungs and the pancreas."[2] This mucous can also prevent pancreatic enzymes from reaching the intestines to digest food and absorb food which results in malnutrition, slow growth, and poor weight gain. Approximately 10-20 percent of cystic fibrosis patients also have cystic fibrosis-related diabetes which usually begins in their teens or young-adult years.

The disease is the most common life-shortening genetic disorder among Caucasian individuals worldwide. Approximately 40 percent of children with cystic fibrosis live beyond age 18. The average life expectancy for those who live to adulthood is 30-33 years of age. The incident rate for cystic fibrosis in the United States is approximately one out of every 2,500 infants. Nationwide, approximately 30,000 adults and children have this disorder. According to the Cystic Fibrosis Foundation Patient Registry Annual Data Report 2003, an estimated 1,006 Floridians were reported to have cystic fibrosis in 2003.

However, according to the Agency for Healthcare Administration, there were 1,653 individuals with Medicaid claims where there was a primary or secondary diagnosis of cystic fibrosis for fiscal year 2003-2004. If the incident rate reported by the Cystic Fibrosis Foundation (foundation) is adjusted upward to reflect the actual number of Medicaid individuals with cystic fibrosis, the actual number of Floridians with cystic fibrosis appears to be at least 2,299.

[1] Background information drawn from Senate Bill 318 analysis.
[2] Website: www.cff.org

Medical Care for Cystic Fibrosis

The treatment of cystic fibrosis requires a comprehensive approach comprised of drugs, dietary supplements, and airway clearance techniques. The treatment of the disease is contingent upon the severity of the disease and the organs affected.[3] The following is a breakdown and summary of typical treatment components based upon information obtained from the Cystic Fibrosis Foundation Patient Registry Annual Data Report (2003) and the Cystic Fibrosis Foundation website:[4]

Drugs: Approximately 67.4 percent of all cystic fibrosis patients use pulmozyme; a medication designed to breakdown the viscosity of the mucous. This, if not removed, can cause significant reduction in lung function and creates an environment where infections can easily grow. Approximately 6.1 percent of all patients use TOBI, an antibiotic specifically designed for cystic fibrosis patients to minimize the frequency of infection. Over 90 percent of the patients use pancreatic enzymes that enable them to digest food. Without this enzyme, patients are unable to digest food and nutrients.

Dietary Supplements: A serious symptom of cystic fibrosis is the inability to gain or maintain proper weight. This, in and of itself, can reduce the ability of the patient to fight infection and maintain the rigorous treatments required for survival. Dietary treatments can include any of a number of high-calorie supplements as well as prescription vitamins.

Airway Clearance Techniques (ACTs): Clearing mucous from the lungs is an integral part of the daily treatment regiment to reduce lung infection and improve the functionality of the lungs. According to the Cystic Fibrosis Foundation, "For infants and toddlers, ACTs can be done by almost anyone. Older kids and adults can do their own ACTs." [5] The types of ACTs include chest physiotherapy, oscillating positive expiratory pressure, high-frequency wall oscillation, and positive expiratory therapy. Chest physiotherapy is a technique that includes postural drainage and chest percussions. Chest percussions consist of clapping and vibrating the chest to dislodge mucous. Oscillating positive expiratory pressure is a procedure where the person blows out of a specialized device numerous times to open the airways. High-frequency chest wall oscillation is a method where an inflatable vest is attached to a machine that vibrates at a very high frequency to open up the airways.

In 1999, the American Academy of Pediatrics published the study "The Cost of Medical Care for Patients With Cystic Fibrosis In a Health Maintenance Organization."[6] This study evaluated the medical costs of 136 cystic fibrosis patients enrolled in the Kaiser Permanente Medical Care Plan, a health maintenance organization (HMO).[7] The results of the study indicated that the annual cost of medical care in 1996 averaged $13,300 and ranged from $6,200 among patients with mild disease to $43,300 among patients with severe disease.[8] If these observed costs were used to extrapolate the costs of medical care for the cystic fibrosis population in the United States, these total costs were estimated to be $314 million per year in 1996 dollars. Of these total costs, 47 percent were attributable to hospitalization, 18 percent from Pulmozyme, 12 percent from clinic visits, and 10 percent were from outpatient antibiotics. The study included the cost of hospital, laboratory, radiology, outpatient, and pharmaceutical services. The study excluded the home health nursing visits for intravenous antibiotic administration because these services were not covered by the health plan since parents or patients could either administer the medication themselves or visit the outpatient clinic for such services. Another study estimated that the average cost of home health care was approximately 20 percent of

[3] Reach for the Stars Foundation to Benefit Individuals with Cystic Fibrosis. *Legislative Study*. February 24, 2005.
[4] Website: cff.org.
[5] Cystic Fibrosis Foundation website. *An Introduction to Airway Clearance Techniques*. 2004.
[6] Lieu, Tracy, et. al., *The Cost of Medical Care for Patients with Cystic Fibrosis in a Health Maintenance Organization, Pediatrics.* 1999:103;72-76. *available at* http://pediatrics.aappublications.org/cgi/reprint/103/6/e72.
[7] The age of the patients included in this study ranged from 9 months to 56 years of age. The breakout of the clinical characteristics of this population of patients was 41 percent had mild disease, 31 percent had moderate disease, and 15 percent had severe disease.
[8] Supra Note 6.

the total annual cost.[9] If the results of the 1999 study were adjusted for the personal consumption deflator for medical services (which increased 28% over this period), the 1996 average cost would result in a 2005 average of $17,060. The 1999 range of costs would result in a 2005 range from $7,953 to $55,543. If 20 percent was added to address home health care, the 2005 average cost would be $20,472, and the range of costs, expressed in 2005 dollars would increase to $9,544 to $66,652.

Cystic Fibrosis-Related Statutory Coverage

Currently, there is no specific health insurance mandate that requires the coverage of cystic fibrosis. Section 627.42395, F.S., requires insurers to make available to any policyholder, for an additional premium, coverage for certain prescription and nonprescription enteral formulas[10] for any insured individual through the age of 24 for the treatment of certain inherited diseases of amino acid, organic acid, carbohydrate, or fat metabolism, and malabsorption which would generally cover cystic fibrosis. For coverage to apply, the formula must be for home use and prescribed by a physician as medically necessary. Such coverage is capped at $2,400 annually. In addition, the insurance code mandates individual and group coverage for all medically necessary equipment, supplies, and diabetes outpatient self-management training and educational services used to treat diabetes.[11] Under the provisions applicable to group insurers, s. 627.6617, F.S., coverage for home health care is required. Such coverage must provide for at least $1,000 in reimbursements per policy year. Generally, policyholders and subscribers of health maintenance organizations are responsible for co-payments and deductibles associated with coverage, including mandated benefits.

Medicaid Coverage

According to the Florida Medicaid Summary of Services, FY 2004-2005, issued by the Agency for Health Care Administration, Medicaid serves 2.1 million people in Florida with about half of those being children under the age of 21. Medicaid is a medical assistance program that provides access to health care for low-income families and individuals and provides assistance for the payment of nursing care facilities and other medical expenses for the elderly and disabled population. Eligibility is generally based on a family or individual's income.

Florida Kidcare is a program that provides comprehensive health coverage for previously uninsured children and is broken into the following components:

- Medicaid – entitlement program for children under age 21 whose family income qualifies them for services.
- Medikids – insurance for children ages 1 – 5 years. Enrollees receive most of Medicaid services, including immunizations, dental, and transportation.
- Florida Healthy Kids – insurance for children ages 4 to 19 years.
- Children's Medical Services Network – for children ages 1 to 19 years with special health care needs.

Medicaid provides coverage for inpatient and outpatient hospital and physician services. Medicaid generally does not reimburse for over-the-counter drugs. Food supplements, if authorized for medical necessity, are reimbursable through the prescribed drug program. Medicaid provides coverage for respiratory therapy which includes chest physiotherapy in the home or other appropriate setting. For Medicaid recipients under the age of 21, Medicaid reimburses for medically necessary respiratory

[9] Wildhagen MF, Hilderink, HB, et al., *Costs, Effects, and Savings of Screening for Cystic Fibrosis Gene Carriers*, Journal of Epidemiology and Community Health. 1998: 52; 459-467.

[10] "Enteral nutrition formulas are used as nutritional replacements for patients who are unable to get enough nutrients in their diet. These formulas are taken by mouth or through a feeding tube and are used by the body for energy and to form substances needed for normal body functions." Enteral formula description & overview *available at* http://health.yahoo.com/drug/202673/overview. Last viewed March 26, 2005.

[11] Sections 627.6408 and 627.4754, F.S.

therapy services. For recipients age 21 and older, respiratory therapy is provided under the outpatient hospital services program. Medicaid reimbursement is limited to one initial evaluation per recipient, per provider, and one re-evaluation every six months per recipient, per provider. A respiratory therapy treatment must have a minimum duration of 15 minutes with a maximum of 14 units-of-service per week. Daily treatments may not exceed four units-of-service. These services must be prescribed by the patient's primary physician and be provided by a licensed registered respiratory therapist.

Home health services deemed medically necessary are provided in a recipient's home or other authorized setting to promote, maintain, or restore health or to minimize the effects of illness and disability when either leaving the home is medically contraindicated or the recipient is unable to leave home without the assistance of another person. Medicaid reimbursement for home health services are subject to a limit of 60 visits by nurses or aides per lifetime, per recipient. Any exceptions to the 60-day limit for children and adults must be authorized prior to the provision of the services.

The Medicaid Waiver for Adult Cystic Fibrosis program will provide an array of services, such as nutritional counseling, respiratory therapy, personal care, personal emergency response service, skilled nursing, specialized medical equipment, transportation, vitamins, and nutritional supplements. This program targets cystic fibrosis patients, age 18 or older, who are determined to be at risk of hospitalization and meet certain disability and income tests. This program is designed to provide services for approximately 150 individuals at a cost of approximately $10,000 per recipient per year when fully implemented.

According to the Agency for Health Care Administration, for fiscal year 2003-2004, there were 1,653 individuals with Medicaid claims where there was a primary or secondary diagnosis of cystic fibrosis. Those 1,653 individuals averaged $17,830 each in total claims for that year.

State Employee Insurance Coverage

The Division of State Group Insurance of the Department of Management Services contracts with Blue Cross Blue Shield of Florida to administer the state employees' Preferred Provider Organization (PPO) plan. The State also contracts with health maintenance organizations (HMOs) to health care services to state employees. These plans do not have a specific dollar or number limitation for chest physiotherapy treatments or home respiratory chest percussion treatments per year. The services and treatment for cystic fibrosis, as well as all other services and conditions, are subject to medical necessity and medical policy guidelines.

The plans do have specific circumstances and provisions for home health care services, not specific to services or conditions, but for all home health care. For example, for home health care services to be covered, the following requirements must be met: the patient must be confined to home, the physician must provide a detailed written plan of treatment, the costs must be less expensive than for in-patient care, the services must all be approved in advance, the home health care agency must provide weekly reports to the treating physician and must provide detailed invoices for reimbursement, and providers of service must be licensed.

Coverage Issues

Advocates for the bill were asked about current coverage gaps or issues related to equipment, supplies, and supplements which are benefits mandated by the bill. The results of a 2004 survey conducted by the Reach for the Stars Foundation indicated that cystic fibrosis individuals have been denied coverage for durable medical equipment, brand name medications, nutritional supplements, and access to a cystic fibrosis specialist. The cystic fibrosis individuals also report that some policies will cover lung transplantation but not the drugs needed after the surgery. According to advocates for the bill, most cystic fibrosis patients do not attempt to obtain coverage for nutritional supplements and vitamins because they always are denied despite the law that makes coverage for enteral formulas for persons under age 24 required under certain circumstances. The advocates provided documentation

related to one parent who appealed the denial of coverage for liquid supplements and ultimately prevailed in obtaining the coverage. Commonly used over-the-counter drugs for indigestion include Prilosec, Xantax, and Maalox.

According to the advocates, medical equipment is generally covered, but there have been cases where insurance companies will not provide the exact equipment prescribed; and instead, they will provide the most cost-effective equipment instead. The advocates of the bill indicated that, based on recent conversations with cystic fibrosis patients, there did not appear to be a problem obtaining coverage for diabetes equipment and diabetes related-drugs covered. However, generic drugs are frequently substituted for brand name drugs.

According to advocates for the bill, typical policies offer limited home health care benefits. According to The Reach for the Stars Foundation's survey, 55 percent of the population surveyed had a limit on the number of home health care visits allowed by their insurance company. According to advocates for the bill, insurers routinely deny coverage for in-home chest physiotherapy by a licensed respiratory therapist because the service does not meet the definition of medical necessity for the particular insurance plan. According to the Reach for the Stars Foundation's survey, 59 percent of the population surveyed had been denied coverage for chest physiotherapy provided by a licensed respiratory therapist.

Based on conversations with representatives of insurers in Florida, coverage for CPT or home respiratory chest percussion treatments provided by a licensed respiratory therapist is generally covered by an insurer if such service is medically necessary to stabilize the patient or service is needed when the patient's pulmonary condition is unstable. Some plans limit the number of such services to 60 treatments per benefit year. Some plans may offer more in-home visits while some plans may offer less. According to the insurers, family members and neighbors have been trained in providing the chest percussion techniques needed to dislodge the mucus in the lungs, thus, reducing the frequency in which the respiratory therapist was needed to check on the patient.

According to the United States Census Bureau, 54.2 percent of all residents of Florida obtained health insurance through an employer-based insurance plan.[12] Therefore, it can be estimated that at least half of the 1,006 individuals registered with the Cystic Fibrosis Patient Registry had insurance coverage through an employer group plan. Based on the limited data, it appears that limitations or exclusions on the provision of chest physiotherapy provided by a licensed respiratory therapist resulted in a range of additional annual costs of $9,800 (one treatment per day) to $19,600 (two treatments per day). The estimated additional cost of providing such treatments, once or twice daily would be in the range of $5,341,000 – $10,682,000 for these 545 individuals. An additional administrative cost associated with such claims of 20 percent was added to arrive at an adjusted estimate range of $6,409,200 – $12,818,400. According to the Office of Insurance Regulation, there are 1,612,288 insureds in the large group market.[13] These insureds may experience an increase in premiums in the range of $3.98 – $7.95 per year associated with the cost of mandating this chest physiotherapy benefit. Staff was unable to estimate the additional costs associated with the home health care benefit. In regards to the enteral formula benefit, data for three individuals provided by the Cystic Fibrosis Foundation indicated that the annual costs of such formulas ranges from $607- $884. The estimated total cost of providing this benefit to 545 individuals was estimated to be in the range of $396,978 – $578,136 per year, after adjusting upward for administrative costs of 20 percent. This would result in an estimated increase in annual premiums in the large group market of $0.25 - $0.36 per policyholder in the large group market.

The Office of Insurance Regulation contacted the Department of Financial Services to determine the extent of coverage issues and disputes regarding coverage. As of April 12, 2005, the Division of Consumer Services of the Department of Financial Services had received two service requests filed regarding cystic fibrosis in the past two years. In both cases, the insurance company was denying the

[12] U.S. Census Bureau, Current Population Survey, 2004 Annual Social and Economic Supplement.
[13] Office of Insurance Regulation, *Summary of Enrollment Information, Calendar Year 2002*. November 24, 2003.

payment of cystic fibrosis related medication. [14] The Subscriber Assistance Panel (panel) of the Agency for Healthcare Administration, which handles coverage disputes between subscribers and health maintenance organizations, reported four disputes related to cystic fibrosis coverage (equipment and services) for the period of 2000- 2004. In all four cases, the panel recommended that the Office of Insurance Regulation order the HMO to cover the cost of such equipment or services. Two cases involved coverage for The Vest Airways Clearance System and two cases involved chest physiotherapy. In one of the CPT cases, the panel determined that the health plan was required to cover the cost of respiratory therapy administered at home, until it was no longer deemed medically necessary. In the remaining CPT case, the panel found that the definition of home health care did not include CPT under the terms of that coverage; and therefore, the CPT was not subject to the home health limitations and CPT was not specifically excluded or limited by the agreement.

The Disagreement Over Cystic Fibrosis Treatment Frequency

Opponents and proponents disagree with the frequency of the medical treatments listed above. Opponents of this bill assert that medically necessary cystic fibrosis treatments are adequately provided for those who suffer with the symptoms of cystic fibrosis. They would assert that the coverage limits provided comply with what has been medically determined to be the "medically appropriate and necessary" frequency of such treatments based upon the prevailing medical standard for treating cystic fibrosis. Proponents of this bill would argue that the frequency of such treatments should be increased in order to provide optimal outcomes for cystic fibrosis sufferers.

Opponents of this bill believe that by specifically mandating treatment for cystic fibrosis in statute would substitute the Legislature's medical judgment for that of the prevailing medical community. The opponents would argue that those with privately provided insurance coverage receive the treatments that the medical community deems currently necessary for treating cystic fibrosis. However, as medical science advances in its ability to treat debilitating conditions, like cystic fibrosis, the definition of what is "medically necessary" changes. The opponents also say that there is an appeals process where a covered individual may appeal a denial of coverage and that some companies have reversed their decision and provided an increased number of treatments.

Further, opponents believe that allowing *individual* physicians to determine what is medically necessary for a cystic fibrosis sufferer, as opposed to the prevailing consensus of the medical community regarding the standard of medical care, would be, in effect, a blank check and drive up insurance costs across the board. However, opponents of this bill have not provided an estimate for how much the cost is likely to increase. As written, there is no upper limit for the amount of "medically necessary" treatments that a physician might believe would be medically necessary. According to the opponents, there are no safeguards to limit costs and that insurance companies would be mandated to pay for ALL such cystic fibrosis treatment costs listed in this bill, even if the prevailing medical community deems the frequency of such treatments not to be medically necessary.

Opponents oppose any statutorily carved out mandates. However, if any such mandate should be statutorily mandated for cystic fibrosis, the opponents believe that any such mandate for providing health care treatment should be tied to the prevailing consensus of the medical community regarding what are the "medically appropriate and necessary" treatments for cystic fibrosis and the frequency of such treatments. Then, as the medical community changes its standard of treatment for cystic fibrosis, then insurance companies would be statutorily required to respond. Opponents assert that this would create a climate of predictability that would allow insurance companies to determine actuarially sound rates that, in turn, must be approved by OIR.

[14] Email from DFS representative, dated April 12, 2005, on file with the Insurance Committee.

Mandate Impact Study

According to s. 624.215, F.S, a mandate impact study by the proponents must be presented to AHCA and the legislative committee having jurisdiction. The law requires this study whenever there are proposals for legislation which mandate health benefit coverage. This study is designed to assist the Legislature in determining whether mandating a particular coverage is in the public interest. Such a study was provided.[15] However, the facts and assertions contained within this study have not been independently verified.

Changes this Bill Provides

This bill requires that group health insurance policies and HMO contracts provide coverage for all medically necessary equipment, supplies, enteral formulas, and patient self-management training and educational services used to treat cystic fibrosis. The patient's treating physician or a cystic fibrosis specialist authorized by the insurer would determine what is "medically necessary."

As it relates to group health insurance policies, this bill would apply to group policies sold to employers with over 50 employees (large group). However, it would not apply to any standard policy, basic policy or limited benefit policy sold to a small employer since a mandated benefit does not apply unless the bill expressly amends the law relating to these policies and mandates coverage for the specific health care service or benefit, as required by s. 627.6699(16), F.S.

As drafted, the bill may not be clear what benefits insurance companies are specifically required to provide. Although advocates for the bill indicate that additional coverage for chest physiotherapy treatments at the patient's home and performed by a licensed, registered respiratory therapist, and additional home health care visits is needed, the bill does not appear to mandate coverage for these specific benefits. Opponents would argue that the bill provides a blank check and no limitation on the treatments an individual physician could theoretically prescribe.

C. SECTION DIRECTORY:

Section 1 – Creates s. 627.6614, F.S., and mandates group health insurance policies to provide coverage for all medically appropriate and necessary equipment, supplies, enteral formulas, and patient self-management training and educational services used to treat cystic fibrosis.

Section 2 – Amends s. 627.6515(2), F.S., and includes the newly created s. 627.6614, F.S., as one of the mandated benefits that an out-of-state policy must provide.

Section 3 – Amends s. 641.31, F.S., and mandates health maintenance organizations to provide coverage for all medically appropriate and necessary equipment, supplies, enteral formulas, and patient self-management training and educational services used to treat cystic fibrosis.

Section 4 – Finds that "the Legislature finds that this act fulfills an important state interest."

Section 5 – this bill provides an October 1, 2005, effective date, and applies to policies and contracts issued or renewed on or after that date.

[15] A copy of the Reach for the Stars Foundation's study was received on March 28, 2005 and is on file with the Insurance Committee.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   This bill would impact the cost of state provided group health insurance and require that cystic fibrosis be included in any such offered policy. As a result, the cost for state provided insurance could increase; however, the amount of the increase is indeterminate.

   According to the Office of Insurance Regulation bill analysis, this bill will require all insurers and HMOs to file new contracts and rates with OIR. They anticipate being able to absorb the impact of this one-time workload increase within their current budgetary resources.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   This bill would impact the cost of local government provided group health insurance and require that cystic fibrosis be included in any such offered policy. As a result, the cost for local government provided insurance could increase; however, the amount of the increase is indeterminate.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The cost for private sector health insurance may increase by an indeterminate amount.

D. FISCAL COMMENTS:

The amount of any increase to health policy premiums remains indeterminate. Opponents argue that this bill increases the cost of health insurance for both the public and private sector. However, by increasing treatment frequency, proponents argue that any cost increase would be offset by the decrease in hospitalization costs that insurers and the state currently absorb.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   In as much as this bill increases the cost of providing health insurance for local government employees, local government will have to pay this increase. However, this bill is not likely to trigger the Mandate Provision of the Constitution because this bill would likely increase the cost of health insurance for both the public and private sector.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On April 14, 2005, the Insurance Committee adopted a strike-everything amendment. The difference between the bill as filed and the committee substitute is as follows: the bill now defines "supplements" as "enteral formulas;" it eliminated the mandate for individual health insurance policies; and provided a legislative finding. This analysis reflects the CS version of the bill.